

115TH CONGRESS
1ST SESSION

H. R. 2488

To provide for small business concerns located in Puerto Rico, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 17, 2017

Ms. VELÁZQUEZ (for herself, Miss GONZÁLEZ-COLÓN of Puerto Rico, Mr. SERRANO, Mr. MACARTHUR, Mr. SOTO, Mr. DUFFY, and Mrs. MURPHY of Florida) introduced the following bill; which was referred to the Committee on Small Business

A BILL

To provide for small business concerns located in Puerto Rico, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Puerto Rico Small
5 Business Assistance Act of 2017”.

6 **SEC. 2. TABLE OF CONTENTS.**

7 The table of contents for this Act is as follows:

- Sec. 1. Short title.
- Sec. 2. Table of contents.
- Sec. 3. Definitions.

- Sec. 101. Microloan program for Puerto Rico small business concerns.
 Sec. 102. Fee reductions.
 Sec. 103. Economic stimulus lending program for small businesses.
 Sec. 104. Contribution percentages for 504 projects.
 Sec. 105. Independent subsidy calculation.

TITLE II—PROCUREMENT

- Sec. 201. Contracting preference for Puerto Rico businesses.
 Sec. 202. Priority for surplus property transfers.
 Sec. 203. Subcontracting incentives for protege firms that are Puerto Rico businesses.
 Sec. 204. Additional mentor-protege relationships for protege firms that are Puerto Rico businesses.

TITLE III—ENTREPRENEURIAL DEVELOPMENT

- Sec. 301. Veteran Business Outreach Center in Puerto Rico.
 Sec. 302. FAST grant program for Puerto Rico.

TITLE IV—SMALL BUSINESS ADMINISTRATION OVERSIGHT

- Sec. 401. Requirement for the District Director of Puerto Rico.

1 **SEC. 3. DEFINITIONS.**

2 (a) **THIS ACT.**—In this subtitle:

3 (1) **ADMINISTRATOR.**—The term “Adminis-
 4 trator” means the Administrator of the Small Busi-
 5 ness Administration.

6 (2) **OVERSIGHT BOARD TERMINATION DATE.**—
 7 The term “Oversight Board termination date”
 8 means the date on which the Oversight Board estab-
 9 lished under section 101 of the Puerto Rico Over-
 10 sight, Management, and Economic Stability Act (48
 11 U.S.C. 2121) terminates.

12 (3) **PUERTO RICO.**—The term “Puerto Rico”
 13 means the Commonwealth of Puerto Rico.

14 (4) **PUERTO RICO BUSINESS.**—The term “Puer-
 15 to Rico business” means a small business concern

1 that has its principal office located in the Common-
2 wealth of Puerto Rico.

3 (5) SMALL BUSINESS CONCERN.—The term
4 “small business concern” has the meaning given
5 such term under section 3 of the Small Business Act
6 (15 U.S.C. 632).

7 (b) SMALL BUSINESS ACT.—Section 3 of the Small
8 Business Act (15 U.S.C. 632) is amended by adding at
9 the end the following:

10 “(ee) PUERTO RICO BUSINESS.—In this Act, the
11 term ‘Puerto Rico business’ means a small business con-
12 cern that has its principal office located in the Common-
13 wealth of Puerto Rico.”.

14 **TITLE I—LENDING**

15 **SEC. 101. MICROLOAN PROGRAM FOR PUERTO RICO SMALL** 16 **BUSINESS CONCERNS.**

17 (a) INCREASE IN ACCESS TO CAPITAL FOR CERTAIN
18 INTERMEDIARIES.—Section 7(m)(3)(C) of the Small Busi-
19 ness Act (15 U.S.C. 636(m)(3)(C)) is amended—

20 (1) by inserting “and except as provided in
21 clause (ii)” after “subsection (a)(3)”;

22 (2) by striking “Notwithstanding” and insert-
23 ing the following:

24 “(i) IN GENERAL.—Notwithstanding”;

25 and

1 (3) by adding at the end the following:

2 “(ii) EXCEPTION FOR CERTAIN PUER-
3 TO RICO BUSINESSES.—

4 “(I) IN GENERAL.—No loan shall
5 be made under this subsection if the
6 total amount outstanding and com-
7 mitted to 1 covered intermediary (ex-
8 cluding outstanding grants) from the
9 business loan and investment fund es-
10 tablished by this Act would, as a re-
11 sult of such loan, exceed \$6,000,000
12 in the remaining years of the covered
13 intermediary’s participation in the
14 program.

15 “(II) DEFINITION.—In this
16 clause, the term ‘covered inter-
17 mediary’ means an intermediary
18 that—

19 “(aa) is participating in the
20 program; and

21 “(bb) submits to the Admin-
22 istrator a certification that not
23 less than 20 percent of the
24 microloans made by the inter-
25 mediary under this subsection,

1 during such period as the Admin-
2 istrator may specify, will be made
3 to Puerto Rico businesses.”.

4 (b) WAIVER OF 25/75 RULE FOR MICROLOANS TO
5 PUERTO RICO SMALL BUSINESS CONCERNS.—

6 (1) WAIVER AUTHORIZED.—Section 7(m)(4)(E)
7 of the Small Business Act (15 U.S.C. 636(m)(4)(E))
8 is amended—

9 (A) in clause (i), by striking “Each” and
10 inserting “Except as provided in clause (iii),
11 each”; and

12 (B) by adding at the end the following:

13 “(iii) EXCEPTION FOR CERTAIN
14 INTERMEDIARIES.—The Administrator
15 shall waive the requirements of clause (i)
16 for an intermediary for which not less than
17 25 percent of the loans made by the inter-
18 mediary are made to Puerto Rico busi-
19 nesses.”.

20 (2) STUDY.—Not later than 18 months after
21 the date of enactment of this Act, the Administrator
22 shall submit to Congress a report on the impact of
23 waiving the requirements of section 7(m)(4)(E)(i) of
24 the Small Business Act for all intermediaries receiv-
25 ing grant funds under section 7(m)(1)(B)(ii) of the

1 Small Business Act, which shall include an analysis
2 of the effectiveness and feasibility of expanding the
3 waiver to small business concerns nationwide.

4 (c) PROSPECTIVE REPEAL.—Subsections (a) and (b)
5 shall be repealed, and the provisions of law amended by
6 such subsections shall be restored as if such subsections
7 had not been enacted, on the Oversight Board termination
8 date.

9 (d) GAO STUDY.—Not later than 180 days after the
10 date of enactment of this Act, the Comptroller General
11 of the United States shall complete a study and submit
12 to the Committee on Small Business and Entrepreneur-
13 ship of the Senate and the Committee on Small Business
14 of the House of Representatives a report on the following:

15 (1) The operations (including services provided,
16 structure, size, and area of operation) of a rep-
17 resentative sample of—

18 (A) intermediaries that are eligible for par-
19 ticipation in the microloan program under sec-
20 tion 7(m) of the Small Business Act (15 U.S.C.
21 636(m)) and that participate in the microloan
22 program; and

23 (B) intermediaries (including those oper-
24 ated for profit, operated as nonprofit organiza-
25 tions, and affiliated with a United States insti-

1 tution of higher learning (as defined in section
2 3452 of title 38, United States Code) that are
3 so eligible and that do not participate in the
4 microloan program.

5 (2) The reasons why intermediaries described in
6 paragraph (1)(B) choose not to participate in the
7 microloan program.

8 (3) Recommendations on how to encourage in-
9 creased participation in the microloan program by
10 intermediaries described in paragraph (1)(B).

11 (4) Recommendations for increasing the num-
12 ber of intermediaries located in the territories of the
13 United States or in economically distressed areas (as
14 defined in section 7(m)(11)(D) of the Small Busi-
15 ness Act (15 U.S.C. 636(m)(11)(D)) that are eligi-
16 ble for participation in the microloan program under
17 section 7(m) of such Act.

18 (5) Recommendations on how to decrease the
19 costs associated with participation in the microloan
20 program for eligible intermediaries.

21 **SEC. 102. FEE REDUCTIONS.**

22 (a) ADMINISTRATIVE PROVISIONS FOR THE SMALL
23 BUSINESS ADMINISTRATION.—

24 (1) DEFINITION.—In this subsection, the term
25 “covered business loan” means a loan—

1 (A) of not more than \$2,000,000;

2 (B) that is guaranteed by the Adminis-
3 trator under section 7(a) of the Small Business
4 Act (15 U.S.C. 636(a));

5 (C) for which the application is approved
6 on or after the date of enactment of this Act;
7 and

8 (D) that is made to a Puerto Rico busi-
9 ness.

10 (2) FEES.—During the period beginning on the
11 date of enactment of this Act and ending on the
12 Oversight Board termination date, and to the extent
13 that the cost of such elimination or reduction of fees
14 is offset by appropriations, with respect to each cov-
15 ered business loan, the Administrator shall—

16 (A) in lieu of the fee otherwise applicable
17 under section 7(a)(23)(A) of the Small Busi-
18 ness Act, collect no fee or reduce fees to the
19 maximum extent possible; and

20 (B) in lieu of the fee otherwise applicable
21 under section 7(a)(18)(A) of the Small Busi-
22 ness Act, collect no fee or reduce fees to the
23 maximum extent possible.

24 (b) TEMPORARY FEE ELIMINATION FOR THE 504
25 LOAN PROGRAM.—

1 (1) IN GENERAL.—During the period beginning
2 on the date of enactment of this Act and ending on
3 the Oversight Board termination date, and to the ex-
4 tent the cost of such elimination in fees is offset by
5 appropriations, with respect to each loan of not more
6 than \$2,000,000 guaranteed by the Administrator
7 under title V of the Small Business Investment Act
8 of 1958 (15 U.S.C. 695 et seq.) with respect to a
9 development company that has its principal office lo-
10 cated in Puerto Rico and for which an application
11 is approved or pending approval on or after the date
12 of enactment of this Act—

13 (A) the Administrator shall, in lieu of the
14 fee otherwise applicable under section 503(d)(2)
15 of the Small Business Investment Act of 1958
16 (15 U.S.C. 697(d)(2)), collect no fee; and

17 (B) a development company shall, in lieu
18 of the processing fee under section
19 120.971(a)(1) of title 13, Code of Federal Reg-
20 ulations (relating to fees paid by borrowers), or
21 any successor thereto, collect no fee.

22 (2) REIMBURSEMENT FOR WAIVED FEES.—

23 (A) IN GENERAL.—To the extent that the
24 cost of such payments is offset by appropria-
25 tions, the Administrator shall reimburse each

1 development company that does not collect a
2 processing fee under paragraph (1)(B).

3 (B) AMOUNT.—The reimbursement to a
4 development company under subparagraph (A)
5 shall be in an amount equal to 1.5 percent of
6 the net debenture proceeds for which the devel-
7 opment company does not collect a processing
8 fee under paragraph (1)(B).

9 (c) APPLICATION OF FEE ELIMINATIONS.—To the
10 extent that amounts are made available to the Adminis-
11 trator for the purpose of fee eliminations or reductions
12 under subsection (a), the Administrator shall—

13 (1) first use any amounts provided to eliminate
14 or reduce fees paid by borrowers under clauses (i),
15 (ii), and (iii) of section 7(a)(18)(A) of the Small
16 Business Act (15 U.S.C. 636(a)(18)(A)), to the
17 maximum extent possible;

18 (2) to the extent amounts provided remain after
19 use in accordance with paragraph (1), use any
20 amounts provided to eliminate or reduce fees under
21 section 7(a)(23)(A) of the Small Business Act (15
22 U.S.C. 636(a)(23)(A)) paid by lenders with assets of
23 not more than \$1,000,000,000, as of the date of en-
24 actment of this Act; and

1 (3) to the extent amounts provided remain after
2 use in accordance with paragraphs (1) and (2), use
3 any remaining amounts provided to reduce fees
4 under section 7(a)(23)(A) of the Small Business Act
5 paid by lenders other than those described under
6 paragraph (2).

7 **SEC. 103. ECONOMIC STIMULUS LENDING PROGRAM FOR**
8 **SMALL BUSINESSES.**

9 (a) **AUTHORITY.**—Notwithstanding section 7(a) of
10 the Small Business Act (15 U.S.C. 636(a)), for a quali-
11 fying small business loan the Administrator may guar-
12 antee not more than 90 percent of the balance of the fi-
13 nancing outstanding at the time of disbursement of the
14 loan, if such balance is less than or equal to \$2,000,000.

15 (b) **QUALIFYING SMALL BUSINESS LOAN DE-**
16 **FINED.**—For purposes of this section, the term “quali-
17 fying small business loan” means any loan to a Puerto
18 Rico business made pursuant to section 7(a) of the Small
19 Business Act (15 U.S.C. 636(a)), except for such loans
20 made under section 7(a)(31) of such Act (15 U.S.C.
21 636(a)(31)).

22 (c) **QUALIFIED BORROWERS.**—

23 (1) **ALIENS UNLAWFULLY PRESENT IN THE**
24 **UNITED STATES.**—The Administrator may not guar-
25 antee a loan made under this section to a small busi-

1 ness concern if an individual who is an alien unlaw-
2 fully present in the United States—

3 (A) has an ownership interest in that con-
4 cern; or

5 (B) has an ownership interest in another
6 concern that itself has an ownership interest in
7 that concern.

8 (2) FIRMS IN VIOLATION OF IMMIGRATION
9 LAWS.—The Administrator may not guarantee a
10 loan made under this section to any entity, based on
11 a determination by the Secretary of Homeland Secu-
12 rity or the Attorney General, found to have engaged
13 in a pattern or practice of hiring, recruiting, or re-
14 ferring for a fee for employment in the United
15 States an alien, if such entity knows that the person
16 is an unauthorized alien.

17 (d) CRIMINAL BACKGROUND CHECKS.—Prior to
18 guaranteeing a loan made under this section, the Adminis-
19 trator may verify the applicant’s criminal background, or
20 lack thereof, through the best available means, including,
21 if possible, use of the National Crime Information Center
22 computer system at the Federal Bureau of Investigation.

23 (e) APPLICATION OF OTHER LAW.—Nothing in this
24 section shall be construed to exempt any activity of the

1 Administrator under this section from the Federal Credit
2 Reform Act of 1990.

3 (f) SMALL BUSINESS ACT PROVISIONS.—Except as
4 otherwise provided in this section, the requirements of sec-
5 tion 7 of the Small Business Act (and regulations promul-
6 gated thereunder) applicable to loan guarantees on or be-
7 fore the date of enactment of this Act shall apply to loan
8 guarantees made under this section.

9 (g) SUNSET.—The Administrator may not guarantee
10 a loan made under this section after the Oversight Board
11 termination date.

12 **SEC. 104. CONTRIBUTION PERCENTAGES FOR 504**
13 **PROJECTS.**

14 Notwithstanding section 502(3) of the Small Busi-
15 ness Investment Act of 1958 (15 U.S.C. 696(3)), during
16 the period beginning on the date of enactment of this Act
17 and ending on the Oversight Board termination date, the
18 Administrator may guarantee a debenture issued by a de-
19 velopment company that has its principal office located in
20 Puerto Rico if, of the total cost of the project financed—

21 (1) 50 percent is derived from a loan from a
22 private sector lender;

23 (2) 45 percent is derived from a loan made
24 from the proceeds of such debenture issued by the
25 development company; and

1 (3) 5 percent is provide by the borrower of such
2 loans.

3 **SEC. 105. INDEPENDENT SUBSIDY CALCULATION.**

4 In making calculations under section 7(a)(26) of the
5 Small Business Act (15 U.S.C. 636(a)(26)) or section
6 503(g) of the Small Business Investment Act of 1958 (15
7 U.S.C. 697(g)), the Director of the Office of Management
8 and Budget shall make such calculations separately for
9 loans purchased or guaranteed under the authority under
10 section 102, 103, or 104 of this Act.

11 **TITLE II—PROCUREMENT**

12 **SEC. 201. CONTRACTING PREFERENCE FOR PUERTO RICO**
13 **BUSINESSES.**

14 Section 15 of the Small Business Act (15 U.S.C. 644)
15 is amended by adding at the end the following:

16 “(u) CONTRACTING PREFERENCE FOR PUERTO RICO
17 BUSINESSES.—

18 “(1) CONTRACTING PREFERENCE.—An agency
19 shall provide a contracting preference for a Puerto
20 Rico business during the period beginning on the
21 date of enactment of this subsection and ending on
22 the date on which the Oversight Board established
23 under section 101 of the Puerto Rico Oversight,
24 Management, and Economic Stability Act (48
25 U.S.C. 2121) terminates. The preference under this

1 subsection shall take priority over any preference for
2 purchasing from the procurement list established
3 pursuant to section 8503 of title 41, United States
4 Code, or the Federal Prison Industries catalog de-
5 scribed under section 4124(d) of title 18, United
6 States Code.

7 “(2) CREDIT FOR MEETING CONTRACTING
8 GOALS.—If an agency awards a contract to a Puerto
9 Rico business as described in paragraph (1), the
10 value of the contract shall be doubled for purposes
11 of determining compliance with the goals for pro-
12 curement contracts under subsection (g)(1)(A).”.

13 **SEC. 202. PRIORITY FOR SURPLUS PROPERTY TRANSFERS.**

14 Section 7(j)(13)(F) of the Small Business Act (15
15 U.S.C. 636(j)(13)(F)) is amended by adding at the end
16 the following:

17 “(iii)(I) In this clause, the term ‘covered period’
18 means the period beginning on the date of enact-
19 ment of this clause and ending on the date on which
20 the Oversight Board established under section 101
21 of the Puerto Rico Oversight, Management, and
22 Economic Stability Act (48 U.S.C. 2121) termi-
23 nates.

24 “(II) The Administrator may transfer tech-
25 nology or surplus property under clause (i) on a pri-

1 ority basis to a Puerto Rico business if the Puerto
2 Rico business meets the requirements for such a
3 transfer, without regard to whether the Puerto Rico
4 business is a Program Participant.”.

5 **SEC. 203. SUBCONTRACTING INCENTIVES FOR PROTEGE**
6 **FIRMS THAT ARE PUERTO RICO BUSINESSES.**

7 Section 45(a) of the Small Business Act (15 U.S.C.
8 657r(a)) is amended by adding at the end the following:

9 “(3) PUERTO RICO BUSINESSES.—

10 “(A) IN GENERAL.—During the period be-
11 ginning on the date of enactment of this para-
12 graph and ending on the date on which the
13 Oversight Board established under section 101
14 of the Puerto Rico Oversight, Management, and
15 Economic Stability Act (48 U.S.C. 2121) termi-
16 nates, the Administrator shall provide addi-
17 tional incentives to covered mentors, including
18 providing additional credit for subcontracts
19 awarded to covered proteges and costs incurred
20 for providing training to covered proteges.

21 “(B) DEFINITIONS.—In this paragraph—

22 “(i) the term ‘covered mentor’ means
23 a mentor that enters into an agreement
24 under this Act, or under any mentor-pro-

1 tege program approved under subsection
2 (b)(1), with a covered protege; and

3 “(ii) the term ‘covered protege’ means
4 a protege—

5 “(I) of a covered mentor; and

6 “(II) that has its principal office
7 located in the Commonwealth of Puer-
8 to Rico.”.

9 **SEC. 204. ADDITIONAL MENTOR-PROTEGE RELATIONSHIPS**
10 **FOR PROTEGE FIRMS THAT ARE PUERTO**
11 **RICO BUSINESSES.**

12 Section 45(b)(3)(A) of the Small Business Act (15
13 U.S.C. 657r(b)(3)(A)) is amended by inserting “, except
14 that such restrictions shall not apply to a relationship that
15 was entered into before the date on which the Oversight
16 Board established under section 101 of the Puerto Rico
17 Oversight, Management, and Economic Stability Act (48
18 U.S.C. 2121) terminates and in which the principal office
19 of the protege is located in the Commonwealth of Puerto
20 Rico” after “each participant”.

1 **TITLE III—ENTREPRENEURIAL**
2 **DEVELOPMENT**

3 **SEC. 301. VETERAN BUSINESS OUTREACH CENTER IN**
4 **PUERTO RICO.**

5 (a) IN GENERAL.—Section 32 of the Small Business
6 Act (15 U.S.C. 657b) is amended—

7 (1) by redesignating subsection (f) as sub-
8 section (g); and

9 (2) by inserting after subsection (e) the fol-
10 lowing:

11 “(f) VETERAN BUSINESS OUTREACH CENTER IN
12 PUERTO RICO.—The Administrator shall partner with an
13 organization to establish a Veteran Business Outreach
14 Center in the Commonwealth of Puerto Rico to provide
15 entrepreneurial development services to small business
16 concerns owned and controlled by service-disabled veterans
17 and small business concerns owned and controlled by vet-
18 erans located in the Commonwealth of Puerto Rico. If the
19 Administrator cannot partner with an organization, the
20 Administrator shall use amounts appropriated to carry out
21 this subsection to provide such services to veterans who
22 own or are considering starting a Puerto Rico business.”.

23 (b) PROSPECTIVE REPEAL.—Subsection (a) shall be
24 repealed, and the provisions of law amended by such sub-

1 section shall be restored as if such subsection had not been
2 enacted, on the Oversight Board termination date.

3 **SEC. 302. FAST GRANT PROGRAM FOR PUERTO RICO.**

4 (a) IN GENERAL.—Section 34 of the Small Business
5 Act (15 U.S.C. 657d) is amended by adding at the end
6 the following:

7 “(j) FAST GRANT PROGRAM FOR PUERTO RICO.—

8 “(1) ESTABLISHMENT.—The Administrator
9 shall establish a program that shall be part of the
10 FAST program to make awards to, or enter into co-
11 operative agreements with, a Puerto Rico business.

12 “(2) TECHNICAL ASSISTANCE.—If no applicant
13 is selected to receive assistance under this sub-
14 section, the Administrator shall use amounts appro-
15 priated to carry out this subsection to provide busi-
16 ness advice and counseling to a Puerto Rico busi-
17 ness.

18 “(3) WAIVER OF MATCHING REQUIREMENTS.—
19 The Administrator may, upon application, waive the
20 matching requirements under subsection (e)(2) for
21 an applicant that receives an award or has in effect
22 a cooperative agreement under this subsection.

23 “(4) FUNDING.—There is authorized to be ap-
24 propriated \$100,000 for fiscal year 2017, and each
25 fiscal year thereafter, to carry out this subsection.”.

1 (b) PROSPECTIVE REPEAL.—Subsection (a) shall be
2 repealed, and the provisions of law amended by such sub-
3 section shall be restored as if such subsection had not been
4 enacted, on the Oversight Board termination date.

5 **TITLE IV—SMALL BUSINESS**
6 **ADMINISTRATION OVERSIGHT**

7 **SEC. 401. REQUIREMENT FOR THE DISTRICT DIRECTOR OF**
8 **PUERTO RICO.**

9 (a) IN GENERAL.—During the period beginning on
10 the date of enactment of this Act and ending on the Over-
11 sight Board termination date, the director of the district
12 office of the Small Business Administration located in
13 Puerto Rico shall submit directly to Congress and the Ad-
14 ministrator an annual report on the activities of the Small
15 Business Administration in Puerto Rico.

16 (b) COORDINATION.—In preparing each report de-
17 scribed in subsection (a), the director described in such
18 subsection shall consult with other Federal agencies to col-
19 lect data on grants, programs, and outreach activities car-
20 ried out by such agencies that affect any Puerto Rico busi-
21 ness.

○