To establish the Paycheck Protection Program Second Draw Loan and amend the 7(a) loan guaranty program for recovery sector business concerns, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mr. RUBIO (for himself and Ms. COLLINS) introduced the following bill; which was read twice and referred to the Committee on _______________________

A BILL

To establish the Paycheck Protection Program Second Draw Loan and amend the 7(a) loan guaranty program for recovery sector business concerns, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the “Continuing Small Business Recovery and Paycheck Protection Program Act”.

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:
Sec. 1. Short title; table of contents.
Sec. 2. Definitions.
Sec. 3. Emergency rulemaking authority.

**TITLE I—PAYCHECK PROTECTION PROGRAM IMPROVEMENTS**

Sec. 101. Additional eligible expenses.
Sec. 102. Lender safe harbor.
Sec. 103. Selection of covered period for forgiveness.
Sec. 104. Simplified application.
Sec. 105. Group insurance payments as payroll costs.
Sec. 106. Paycheck protection program second draw loans.
Sec. 107. Continued access to the paycheck protection program.
Sec. 108. Increased ability for paycheck protection program borrowers to request an increase in loan amount due to updated regulations.
Sec. 109. Calculation of maximum loan amount for farmers and ranchers under the paycheck protection program.
Sec. 110. Farm Credit System institutions.
Sec. 111. Definition of seasonal employer.
Sec. 112. Changes to the 7(a) loan guaranty program for recovery sector business concerns.
Sec. 113. Eligibility of 501(c)(6) organizations for loans under the paycheck protection program.
Sec. 114. Prohibition on use of loan proceeds for lobbying activities.
Sec. 115. Effective date; applicability.
Sec. 116. Bankruptcy provisions.
Sec. 117. Conflicts of interest.

**TITLE II—SMALL BUSINESS PROGRAMS GENERALLY**

Sec. 121. Small business investment company program.

**TITLE III—APPROPRIATIONS**

Sec. 131. Commitment authority and appropriations.

1 **SEC. 2. DEFINITIONS.**

2 In this Act:

3 (1) **ADMINISTRATION; ADMINISTRATOR.**—The terms “Administration” and “Administrator” mean the Small Business Administration and the Administrator thereof.

4 (2) **SMALL BUSINESS CONCERN.**—The term “small business concern” has the meaning given the term in section 3 of the Small Business Act (15 U.S.C. 632).
SEC. 3. EMERGENCY RULEMAKING AUTHORITY.

Not later than 30 days after the date of enactment of this Act, the Administrator shall issue regulations to carry out this Act and the amendments made by this Act without regard to the notice requirements under section 553(b) of title 5, United States Code.

TITLE I—PAYCHECK PROTECTION PROGRAM IMPROVEMENTS

SEC. 101. ADDITIONAL ELIGIBLE EXPENSES.

(a) ALLOWABLE USE OF PPP LOAN.—Section 7(a)(36)(F)(i) of the Small Business Act (15 U.S.C. 636(a)(36)(F)(i)) is amended—

(1) in subclause (VI), by striking “and” at the end;

(2) in subclause (VII), by striking the period at the end and inserting a semicolon; and

(3) by adding at the end the following:

“(VIII) covered operations expenditures, as defined in section 1106(a) of the CARES Act (15 U.S.C. 9005(a));

“(IX) covered property damage costs, as defined in such section 1106(a);
“(X) covered supplier costs, as defined in such section 1106(a); and

“(XI) covered worker protection expenditures, as defined in such section 1106(a).”.

(b) LOAN FORGIVENESS.—Section 1106 of the CARES Act (15 U.S.C. 9005) is amended—

(1) in subsection (a)—

(A) by redesignating paragraphs (6), (7), and (8) as paragraphs (10), (11), and (12), respectively;

(B) by redesignating paragraph (5) as paragraph (8);

(C) by redesignating paragraph (4) as paragraph (6);

(D) by redesignating paragraph (3) as paragraph (4);

(E) by inserting after paragraph (2) the following:

“(3) the term ‘covered operations expenditure’ means a payment for any business software or cloud computing service that facilitates business operations, product or service delivery, the processing, payment, or tracking of payroll expenses, human resources, sales and billing functions, or accounting or
tracking of supplies, inventory, records and expenses;”;

(F) by inserting after paragraph (4), as so redesignated, the following:

“(5) the term ‘covered property damage cost’ means a cost related to property damage and vandalism or looting due to public disturbances that occurred during 2020 that was not covered by insurance or other compensation;”;

(G) by inserting after paragraph (6), as so redesignated, the following:

“(5) the term ‘covered supplier cost’ means an expenditure made by an entity to a supplier of goods pursuant to a contract in effect before February 15, 2020 for the supply of goods that are essential to the operations of the entity at the time at which the expenditure is made;”;

(H) by inserting after paragraph (8), as so redesignated, the following:

“(9) the term ‘covered worker protection expenditure’—

“(A) means an operating or a capital expenditure that is required to facilitate the adaptation of the business activities of an entity to comply with requirements established or guid-
ance issued by the Department of Health and Human Services, the Centers for Disease Control, or the Occupational Safety and Health Administration during the period beginning on March 1, 2020 and ending December 31, 2020 related to the maintenance of standards for sanitation, social distancing, or any other worker or customer safety requirement related to COVID–19;

“(B) may include—

“(i) the purchase, maintenance, or renovation of assets that create or expand—

“(I) a drive-through window facility;

“(II) an indoor, outdoor, or combined air or air pressure ventilation or filtration system;

“(III) a physical barrier such as a sneeze guard;

“(IV) an indoor, outdoor, or combined commercial real property;

“(V) an onsite or offsite health screening capability; or
“(VI) other assets relating to the compliance with the requirements or guidance described in subparagraph (A), as determined by the Administrator in consultation with the Secretary of Health and Human Services and the Secretary of Labor; and

“(ii) the purchase of—

“(I) covered materials described in section 328.103(a) of title 44, Code of Federal Regulations, or any successor regulation;

“(II) particulate filtering face-piece respirators approved by the National Institute for Occupational Safety and Health, including those approved only for emergency use authorization; or

“(III) other kinds of personal protective equipment, as determined by the Administrator in consultation with the Secretary of Health and Human Services and the Secretary of Labor; and
“(C) does not include residential real property or intangible property;” ; and

(I) in paragraph (11), as so redesignated—

(i) in subparagraph (C), by striking “and” at the end;

(ii) in subparagraph (D), by striking “and” at the end; and

(iii) by adding at the end the following:

“(E) covered operations expenditures;

“(F) covered property damage costs;

“(G) covered supplier costs; and

“(H) covered worker protection expenditures; and”;

(2) in subsection (b), by adding at the end the following:

“(5) Any covered operations expenditure.

“(6) Any covered property damage cost.

“(7) Any covered supplier cost.

“(8) Any covered worker protection expenditure.”;

(3) in subsection (d)(8), by inserting “any payment on any covered operations expenditure, any payment on any covered property damage cost, any
payment on any covered supplier cost, any payment
on any covered worker protection expenditure,” after
“rent obligation,”; and
(4) in subsection (c)—
(A) in paragraph (2), by inserting “pay-
ments on covered operations expenditures, pay-
ments on covered property damage costs, pay-
ments on covered supplier costs, payments on
covered worker protection expenditures,” after
“lease obligations,”; and
(B) in paragraph (3)(B), by inserting
“make payments on covered operations expendi-
tures, make payments on covered property dam-
age costs, make payments on covered supplier
costs, make payments on covered worker protec-
tion expenditures,” after “rent obligation,”.

SEC. 102. LENDER SAFE HARBOR.
Subsection (h) of section 1106 of the CARES Act
(15 U.S.C. 9005) is amended to read as follows:
“(h) HOLD HARMLESS.—
“(1) IN GENERAL.—A lender may rely on any
certification or documentation submitted by an ap-
plicant for a covered loan or an eligible recipient of
a covered loan that—
“(A) is submitted pursuant to any statutory requirement relating to covered loans or any rule or guidance issued to carry out any action relating to covered loans; and

“(B) attests that the applicant or eligible recipient, as applicable, has accurately verified any certification or documentation provided to the lender.

“(2) NO ENFORCEMENT ACTION.—With respect to a lender that relies on a certification or documentation described in paragraph (1)—

“(A) an enforcement action may not be taken against the lender acting in good faith relating to origination or forgiveness of a covered loan based on such reliance; and

“(B) the lender acting in good faith shall not be subject to any penalties relating to origination or forgiveness of a covered loan based on such reliance.”.

SEC. 103. SELECTION OF COVERED PERIOD FOR FORGIVENESS.

Section 1106 of the CARES Act (15 U.S.C. 9005) is amended—

(1) by amending subsection (a)(3) to read as follows:
“(3) the term ‘covered period’ means the period—

“(A) beginning on the date of the origination of a covered loan; and

“(B) ending on a date selected by the eligible recipient of the covered loan that occurs during the period—

“(i) beginning on the date that is 8 weeks after such date of origination; and

“(ii) ending on December 31, 2020;”; and

(2) by striking subsection (l).

SEC. 104. SIMPLIFIED APPLICATION.

Section 1106 of the CARES Act (15 U.S.C. 9005), as amended by section 103 of this Act, is amended—

(1) in subsection (e), in the matter preceding paragraph (1), by striking “An eligible” and inserting “Except as provided in subsection (l), an eligible”; 

(2) in subsection (f), by inserting “or the information required under subsection (l), as applicable” after “subsection (e)”; and

(3) by adding at the end the following:

“(l) SIMPLIFIED APPLICATION.—

“(1) COVERED LOANS UNDER $150,000.—
“(A) IN GENERAL.—Notwithstanding subsection (e), with respect to a covered loan made to an eligible recipient that is not more than $150,000, the covered loan amount shall be forgiven under this section if the eligible recipient—

“(i) signs and submits to the lender an attestation that the eligible recipient made a good faith effort to comply with the requirements under section 7(a)(36) of the Small Business Act (15 U.S.C. 636(a)(36)); and

“(ii) for the 3-year period following submission of the attestation under clause (i), retains records relevant to the attestation that prove compliance with those requirements.

“(B) DEMOGRAPHIC INFORMATION.—An eligible recipient of a covered loan described in subparagraph (A) may complete and submit any form related to borrower demographic information.

“(C) AUDIT.—The Administrator may—

“(i) review and audit covered loans described in subparagraph (A); and
“(ii) in the case of fraud, ineligibility, or other material noncompliance with applicable loan or loan forgiveness requirements, modify—

“(I) the amount of a covered loan described in subparagraph (A); or

“(II) the loan forgiveness amount with respect to a covered loan described in subparagraph (A).

“(2) Covered Loans Between $150,000 and $2,000,000.—

“(A) In General.—Notwithstanding subsection (e), with respect to a covered loan made to an eligible recipient that is more than $150,000 and not more than $2,000,000—

“(i) the eligible recipient seeking loan forgiveness under this section—

“(I) is not required to submit the supporting documentation described in paragraph (1) or (2) of subsection (e) or the certification described in subsection (e)(3)(A); 

“(II) shall retain all relevant schedules, worksheets, and supporting documentation for the 3-year period
following submission of the applica-
tion for loan forgiveness; and

“(III) may complete and submit
any form related to borrower demo-
graphic information;

“(ii) review by the lender of an appli-
cation submitted by the eligible recipient
for loan forgiveness under this section shall
be limited to whether the lender received a
complete application, with all fields com-
pleted, initialed, or signed, as applicable;
and

“(iii) the lender shall—

“(I) accept the application sub-
mitted by the eligible recipient for
loan forgiveness under this section;
and

“(II) submit the application to
the Administrator.

“(B) AUDIT.—The Administrator may—

“(i) review and audit covered loans
described in subparagraph (A); and

“(ii) in the case of fraud, ineligibility,
or other material noncompliance with ap-
applicable loan or loan forgiveness requirements, modify—

“(I) the amount of a covered loan described in subparagraph (A); or

“(II) the loan forgiveness amount with respect to a covered loan described in subparagraph (A).

“(3) Audit plan.—

“(A) In general.—Not later than 30 days after the date of enactment of the Continuing Small Business Recovery and Paycheck Protection Program Act, the Administrator shall submit to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives an audit plan that details—

“(i) the policies and procedures of the Administrator for conducting reviews and audits of covered loans; and

“(ii) the metrics that the Administrator shall use to determine which covered loans will be audited for each category of covered loans described in paragraphs (1) and (2).
“(B) Reports.—Not later than 30 days after the date on which the Administrator submits the audit plan required under subparagraph (A), and each month thereafter, the Administrator shall submit to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives a report on the review and audit activities of the Administrator under this subsection, which shall include—

“(i) the number of active reviews and audits;

“(ii) the number of reviews and audits that have been ongoing for more than 60 days; and

“(iii) any substantial changes made to the audit plan submitted under subparagraph (A).”.

SEC. 105. GROUP INSURANCE PAYMENTS AS PAYROLL COSTS.


SEC. 106. PAYCHECK PROTECTION PROGRAM SECOND DRAW LOANS.

Section 7(a) of the Small Business Act (15 U.S.C. 636(a)) is amended by adding at the end the following:

“(37) PAYCHECK PROTECTION PROGRAM SECOND DRAW LOANS.—

“(A) DEFINITIONS.—In this paragraph—

“(i) the terms ‘community financial institutions’, ‘credit union’, ‘eligible self-employed individual’, ‘insured depository institution’, ‘nonprofit organization’, ‘payroll costs’, ‘seasonal employer’, and ‘veterans organization’ have the meanings given those terms in paragraph (36), except that ‘eligible entity’ shall be substituted for ‘eligible recipient’ each place it appears in the definitions of those terms;

“(ii) the term ‘covered loan’ means a loan made under this paragraph;

“(iii) the terms ‘covered mortgage obligation’, ‘covered operating expenditure’, ‘covered property damage cost’, ‘covered rent obligation’, ‘covered supplier cost’, ‘covered utility payment’, and ‘covered worker protection expenditure’ have the meanings given those terms in section
1106(a) of the CARES Act (15 U.S.C. 9005(a));

“(iv) the term ‘covered period’ means the period beginning on the date of the origination of a covered loan and ending on December 31, 2020;

“(v) the terms ‘exchange’, ‘issuer’, and ‘security’ have the meanings given those terms in section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a));

“(vi) the term ‘eligible entity’—

“(I) means any business concern, nonprofit organization, veterans organization, Tribal business concern, eligible self-employed individual, sole proprietor, independent contractor, or small agricultural cooperative that—

“(aa)(AA) with respect to a business concern, would qualify as a small business concern by the annual receipts size standard (if applicable) established by section 121.201 of title 13, Code of
Federal Regulations, or any successor regulation; or

“(BB) if the entity does not qualify as a small business concern, meets the alternative size standard established under section 3(a)(5);

“(bb) employs not more than 300 employees; and

“(cc)(AA) except as provided in subitems (BB), (CC), and (DD), had gross receipts during the first or second quarter in 2020 that are not less than 50 percent less than the gross receipts of the entity during the same quarter in 2019;

“(BB) if the entity was not in business during the first or second quarter of 2019, but was in business during the third and fourth quarter of 2019, had gross receipts during the first or second quarter of 2020 that are less than 50 percent of the amount of
the gross receipts of the entity
during the third or fourth quar-
ter of 2019;

“(CC) if the entity was not
in business during the first, sec-
ond, or third quarter of 2019,
but was in business during the
fourth quarter of 2019, had gross
receipts during the first or sec-
ond quarter of 2020 that are less
than 50 percent of the amount of
the gross receipts of the entity
during the fourth quarter of
2019; or

“(DD) if the entity was not
in business during 2019, but was
in operation on February 15,
2020, had gross receipts during
the second quarter of 2020 that
are less than 50 percent of the
amount of the gross receipts of
the entity during the first quar-
ter of 2020; and

“(II) does not include—
“(aa) an issuer, the securities of which are listed on an exchange registered a national securities exchange under section 6 of the Securities Exchange Act of 1934 (15 U.S.C. 78f);

“(bb) any entity that—

“(AA) is a type of business concern described in subsection (b), (c), (d), (e), (f), (h), (l) (m), (p), (q), (r), or (s) of section 120.110 of title 13, Code of Federal Regulations, or any successor regulation;

“(BB) is a type of business concern described in section 120.110(g) of title 13, Code of Federal Regulations, or any successor regulation, except as otherwise provided in the interim final rule of the Administration entitled ‘Business Loan Program Temporary Changes’;
Paycheck Protection Program—Additional Eligibility Criteria and Requirements for Certain Pledges of Loans’ (85 Fed. Reg. 21747 (April 20, 2020));

“(CC) is a type of business concern described in section 120.110(i) of title 13, Code of Federal Regulations, or any successor regulation, except if the business concern is an organization described in paragraph (36)(D)(vii);

“(DD) is a type of business concern described in section 120.110(j) of title 13, Code of Federal Regulations, or any successor regulation, except as otherwise provided in the interim final rules of the Administration entitled ‘Business Loan Program Temporary Changes;
Paycheck Protection Program—Eligibility of Certain Electric Cooperatives’ (85 Fed. Reg. 29847 (May 19, 2020)) and ‘Business Loan Program Temporary Changes; Paycheck Protection Program—Eligibility of Certain Telephone Cooperatives’ (85 Fed. Reg. 35550 (June 11, 2020)) or any other guidance or rule issued or that may be issued by the Administrator;

“(EE) is a type of business concern described in section 120.110(n) of title 13, Code of Federal Regulations, or any successor regulation, except as otherwise provided in the interim final rule of the Administration entitled ‘Business Loan Program Temporary Changes; Paycheck Protection Pro-
gram—Additional Eligibility

Revisions to First Interim Final Rule’ (85 Fed. Reg. 38301 (June 26, 2020)) or any other guidance or rule issued or that may be issued by the Administrator;

“(FF) is a type of business concern described in section 120.110(o) of title 13, Code of Federal Regulations, or any successor regulation, except as otherwise provided in any guidance or rule issued or that may be issued by the Administrator;

or

“(GG) is an entity that is organized for research or for engaging in advocacy in areas such as public policy or political strategy or otherwise describes itself as a think tank in any public documents;
“(HH) is an entity that would be described in the subsections listed in subitems (AA) through (GG) if the entity were a business concern; or

“(II) is assigned, or was approved for a loan under paragraph (36) with, a North American Industry Classification System code beginning with 52;

“(cc) any business concern or entity primarily engaged in political or lobbying activities, which shall include any entity that is organized for research or for engaging in advocacy in areas such as public policy or political strategy or otherwise describes itself as a think tank in any public documents; or

“(dd) any business concern or entity—
“(AA) for which an entity created in or organized under the laws of the People’s Republic of China or the Special Administrative Region of Hong Kong, or that has significant operations in the People’s Republic of China or the Special Administrative Region of Hong Kong, owns or holds, directly or indirectly, not less than 20 percent of the economic interest of the business concern or entity, including as equity shares or a capital or profit interest in a limited liability company or partnership; or

“(BB) that retains, as a member of the board of directors of the business concern, a person who is a resident of the People’s Republic of China; and
“(vii) the term ‘Tribal business concern’ means a Tribal business concern described in section 31(b)(2)(C).

“(B) Loans.—Except as otherwise provided in this paragraph, the Administrator may guarantee covered loans to eligible entities under the same terms, conditions, and processes as a loan made under paragraph (36).

“(C) Maximum Loan Amount.—

“(i) In general.—Except as otherwise provided in this subparagraph, the maximum amount of a covered loan made to an eligible entity is the lesser of—

“(I) the product obtained by multiplying—

“(aa) the average total monthly payment for payroll costs incurred or paid by the eligible entity during the 1-year period before the date on which the loan is made; by

“(bb) 2.5; or

“(II) $2,000,000.

“(ii) Seasonal Employers.—The maximum amount of a covered loan made
to an eligible entity that is a seasonal employer is the lesser of—

“(I) the product obtained by multiplying—

“(aa) at the election of the eligible entity, the average total monthly payments for payroll costs incurred or paid by the eligible entity—

“(AA) for a 12-week period beginning February 15, 2019 or March 1, 2019 and ending June 30, 2019; or

“(BB) for a consecutive 12-week period between May 1, 2019 and September 15, 2019; by

“(bb) 2.5; or

“(II) $1,000,000.

“(iii) NEW ENTITIES.—The maximum amount of a covered loan made to an eligible entity that did not exist during the 1-year period preceding February 15, 2020 is the lesser of—
“(I) the product obtained by multiplying—

“(aa) the quotient obtained by dividing—

“(AA) the sum of the total monthly payments by the eligible entity for payroll costs paid or incurred by the eligible entity as of the date on which the eligible entity applies for the covered loan; by

“(BB) the number of months in which those payroll costs were paid or incurred; by

“(bb) 2.5; or

“(II) $2,000,000.

“(iv) Business concerns with more than 1 physical location.—

“(I) In general.—Any eligible entity that employs not more than 300 employees per physical location of the eligible entity and that is assigned a North American Industry Classifica-
tion System Code beginning with 72 at the time of disbursal shall be eligi-
ble to receive a covered loan.

“(II) LIMIT FOR MULTIPLE LOCATIONS.—With respect to an eligible entity with more than 1 physical loca-
tion, the total amount of all covered loans shall be not more than $2,000,000.

“(v) LOAN NUMBER LIMITATION.—An eligible entity may only receive 1 covered loan.

“(vi) 90 DAY RULE FOR MAXIMUM LOAN AMOUNT.—The maximum aggregate loan amount of loans guaranteed under this subsection that are approved for an el-
igible entity (including any affiliates) within 90 days of approval of another loan under this subsection for the eligible entity (including any affiliates) shall not exceed $10,000,000.

“(D) EXCEPTION FROM CERTAIN CERTIFI-
CATION REQUIREMENTS.—An eligible entity ap-
plying for a covered loan shall not be required
to make the certification described in subclause (III) or (IV) of paragraph (36)(G)(i).

“(E) Fee waiver.—With respect to a covered loan—

“(i) in lieu of the fee otherwise applicable under paragraph (23)(A), the Administrator shall collect no fee; and

“(ii) in lieu of the fee otherwise applicable under paragraph (18)(A), the Administrator shall collect no fee.

“(F) Eligible churches and religious organizations.—

“(i) Sense of Congress.—It is the sense of Congress that the interim final rule of the Administration entitled ‘Business Loan Program Temporary Changes; Paycheck Protection Program’ (85 Fed. Reg. 20817 (April 15, 2020)) properly clarified the eligibility of churches and religious organizations for loans made under paragraph (36).

“(ii) Applicability of prohibition.—The prohibition on eligibility established by section 120.110(k) of title 13, Code of Federal Regulations, or any suc-
cessor regulation, shall not apply to a covered loan.

“(G) GROSS RECEIPTS FOR NONPROFIT AND VETERANS ORGANIZATIONS.—For purposes of calculating gross receipts under subparagraph (A)(vi)(I)(cc) for an entity that is a nonprofit organization or a veterans organization, gross receipts—

“(i) shall include proceeds from fund-raising events, federated campaigns, gifts, donor-advised funds, and funds from similar sources; and

“(ii) shall not include—

“(I) Federal grants (excluding any loan forgiveness on loans received under paragraph (36) or this paragraph;

“(II) revenues from a supporting organization;

“(III) grants from private foundations that are disbursed over the course of more than 1 calendar year;

or

“(IV) any contribution of property other than money, stocks, bonds,
and other securities, provided that the non-cash contribution is not sold by the organization in a transaction unrelated to the tax-exempt purpose of the organization.

“(H) LOAN FORGIVENESS.—

“(i) IN GENERAL.—Except as provided otherwise provided in this subparagraph, an eligible entity shall be eligible for forgiveness of indebtedness on a covered loan in the same manner as an eligible recipient with respect to a loan made under paragraph (36), as described in section 1106 of the CARES Act (15 U.S.C. 9005).

“(ii) FORGIVENESS AMOUNT.—An eligible entity shall be eligible for forgiveness of indebtedness on a covered loan in an amount equal to the sum of the following costs incurred or expenditures made during the covered period:

“(I) Payroll costs.

“(II) Any payment of interest on any covered mortgage obligation (which shall not include any prepay-
ment of or payment of principal on a covered mortgage obligation).

“(III) Any covered operations expenditure.

“(IV) Any covered property damage cost.

“(V) Any payment on any covered rent obligation.

“(VI) Any covered utility payment.

“(VII) Any covered supplier cost.

“(VIII) Any covered worker protection expenditure.

“(iii) LIMITATION ON FORGIVENESS FOR ALL ELIGIBLE ENTITIES.—The forgiveness amount under this subparagraph shall be equal to the lesser of—

“(I) the amount described in clause (ii); and

“(II) the amount equal to the quotient obtained by dividing—

“(aa) the amount of the covered loan used for payroll costs during the covered period; and

“(bb) 0.60.
“(I) Lender Eligibility.—Except as otherwise provided in this paragraph, a lender approved to make loans under paragraph (36) may make covered loans under the same terms and conditions as in paragraph (36).

“(J) Reimbursement for Loan Processing and Servicing.—The Administrator shall reimburse a lender authorized to make a covered loan in an amount that is—

“(i) 3 percent of the principal amount of the financing of the covered loan up to $350,000; and

“(ii) 1 percent of the principal amount of the financing of the covered loan above $350,000, if applicable.

“(K) Set Aside for Small Entities.—Not less than $25,000,000,000 of the total amount of covered loans guaranteed by the Administrator shall be made to eligible entities with not more than 10 employees as of February 15, 2020.

“(L) Set Aside for Community Financial Institutions, Small Insured Depository Institutions, Credit Unions, and Farm Credit System Institutions.—Not less
than $10,000,000,000 of the total amount of
covered loans guaranteed by the Administrator
shall be made by—

“(i) community financial institutions;

“(ii) insured depository institutions
with consolidated assets of less than
$10,000,000,000;

“(iii) credit unions with consolidated
assets of less than $10,000,000,000; and

“(iv) institutions of the Farm Credit
System chartered under the Farm Credit
consolidated assets of less than
$10,000,000,000 (not including the Fed-
eral Agricultural Mortgage Corporation).

“(M) Publication of guidance.—Not
later than 10 days after the date of enactment
of this paragraph, the Administrator shall issue
guidance addressing barriers to accessing cap-
ital for minority, underserved, veteran, and
women-owned business concerns for the purpose
of ensuring equitable access to covered loans.

“(N) Standard operating procedure.—The Administrator shall, to the max-
imum extent practicable, allow a lender ap-
proved to make covered loans to use existing
program guidance and standard operating pro-
cedures for loans made under this subsection.

“(O) Compliance with oversight re-
quirements.—

“(i) In general.—Except as pro-
vided in clause (ii), on and after the date
of enactment of this paragraph, the Ad-
ministrator shall comply with any data or
information requests or inquiries made by
the Comptroller General of the United
States or the Inspector General of any
agency not later than 30 days (or such
later date as the Comptroller General or
Inspector General, as applicable, may
specify) after receiving the request or in-
quiry.

“(ii) Exception.—If the Adminis-
trator is unable to comply with a request
or inquiry described in clause (i) within the
30-day period or, if applicable, later period
described in that clause, the Administrator
shall, during that 30-day (or later) period,
submit to the Committee on Small Busi-
ness and Entrepreneurship of the Senate
and the Committee on Small Business of the House of Representatives a notification that includes a detailed justification for the inability of the Administrator to comply with the request or inquiry.

“(P) PROHIBITION ON USE OF PROCEEDS FOR LOBBYING ACTIVITIES.—None of the proceeds of a covered loan may be used for lobbying activities, as defined in section 3 of the Lobbying Disclosure Act of 1995 (2 U.S.C. 1602).”.

SEC. 107. CONTINUED ACCESS TO THE PAYCHECK PROTECTION PROGRAM.

(a) In General.—Section 7(a)(36)(E)(ii) of the Small Business Act (15 U.S.C. 636(a)(36)(E)(ii)) is amended by striking “$10,000,000” and inserting “$2,000,000”.

(b) Applicability of Maximum Loan Amount Calculation.—

(1) Definitions.—In this subsection, the terms “covered loan” and “eligible recipient” have the meanings given those terms in section 7(a)(36) of the Small Business Act (15 U.S.C. 636(a)(36)).

(2) Applicability.—The amendment made by subsection (a) shall apply only with respect to a cov-
ered loan applied for by an eligible recipient on or after the date of enactment of this Act.

SEC. 108. INCREASED ABILITY FOR PAYCHECK PROTECTION PROGRAM BORROWERS TO REQUEST AN INCREASE IN LOAN AMOUNT DUE TO UP-DATED REGULATIONS.

(a) DEFINITIONS.—In this section, the terms “covered loan” and “eligible recipient” have the meanings given those terms in section 7(a)(36) of the Small Business Act (15 U.S.C. 636(a)(36)).

(b) INCREASED AMOUNT.—Notwithstanding the interim final rule issued by the Administration entitled “Business Loan Program Temporary Changes; Paycheck Protection Program—Loan Increases” (85 Fed. Reg. 29842 (May 19, 2020)), an eligible recipient of a covered loan that is eligible for an increased covered loan amount as a result of any interim final rule that allows for covered loan increases may submit a request for an increase in the covered loan amount even if—

(1) the initial covered loan amount has been fully disbursed; or

(2) the lender of the initial covered loan has submitted to the Administration a Form 1502 report related to the covered loan.
SEC. 109. CALCULATION OF MAXIMUM LOAN AMOUNT FOR FARMERS AND RANCHERS UNDER THE PAY-CHECK PROTECTION PROGRAM.

(a) In General.—Section 7(a)(36) of the Small Business Act (15 U.S.C. 636(a)(36)), as amended by section 107 of this Act, is amended—

(1) in subparagraph (E), in the matter preceding clause (i), by striking “During” and inserting “Except as provided in subparagraph (T), during”;

and

(2) by adding at the end the following:

“(T) CALCULATION OF MAXIMUM LOAN AMOUNT FOR FARMERS AND RANCHERS.—

“(i) DEFINITION.—In this subparagraph, the term ‘covered recipient’ means an eligible recipient that—

“(I) operates as a sole proprietorship or as an independent contractor, or is an eligible self-employed individual;

“(II) reports farm income or expenses on a Schedule F (or any equivalent successor schedule); and

“(III) was in business during the period beginning on February 15, 2019 and ending on June 30, 2019.
“(ii) NO EMPLOYEES.—With respect to covered recipient without employees, the maximum covered loan amount shall be the lesser of—

“(I) the sum of—

“(aa) the product obtained by multiplying—

“(AA) the gross income of the covered recipient in 2019, as reported on a Schedule F (or any equivalent successor schedule), that is not more than $100,000, divided by 12; and

“(BB) 2.5; and

“(bb) the outstanding amount of a loan under subsection (b)(2) that was made during the period beginning on January 31, 2020 and ending on April 3, 2020 that the borrower intends to refinance under the covered loan, not including any amount of any advance under the
loan that is not required to be re-
paid; or

“(II) $2,000,000.

“(iii) WITH EMPLOYEES.—With re-
spect to a covered recipient with employ-
ees, the maximum covered loan amount
shall be calculated using the formula de-
scribed in subparagraph (E), except that
the gross income of the covered recipient
described in clause (ii)(I)(aa)(AA) of this
subparagraph, as divided by 12, shall be
added to the sum calculated under sub-
paragraph (E)(i)(I).

“(iv) RECALCULATION.—A lender that
made a covered loan to a covered recipient
before the date of enactment of this sub-
paragraph may, at the request of the cov-
ered recipient—

“(I) recalculate the maximum
loan amount applicable to that cov-
ered loan based on the formula de-
scribed in clause (ii) or (iii), as appli-
cable, if doing so would result in a
larger covered loan amount; and
“(II) provide the covered recipient with additional covered loan amounts based on that recalculation.”.

SEC. 110. FARM CREDIT SYSTEM INSTITUTIONS.

(a) Definition of Farm Credit System Institution.—In this section, the term “Farm Credit System institution”—

(1) means an institution of the Farm Credit System chartered under the Farm Credit Act of 1971 (12 U.S.C. 2001 et seq.); and

(2) does not include the Federal Agricultural Mortgage Corporation.

(b) Facilitation of Participation in PPP and Second Draw Loans.—

(1) Applicable Rules.—Solely with respect to loans under paragraphs (36) and (37) of section 7(a) of the Small Business Act (15 U.S.C. 636(a)), Farm Credit Administration regulations and guidance issued as of July 14, 2020, and compliance with such regulations and guidance, shall be deemed functionally equivalent to requirements referenced in section 3(a)(iii)(II) of the interim final rule of the Administration entitled “Business Loan Program Temporary Changes; Paycheck Protection Program”
(85 Fed. Reg. 20811 (April 15, 2020)) or any similar requirement referenced in that interim final rule in implementing such paragraph (37).

(2) APPLICABILITY OF CERTAIN LOAN REQUIREMENTS.—For purposes of making loans under paragraph (36) or (37) of section 7(a) of the Small Business Act (15 U.S.C. 636(a)) or forgiving those loans in accordance with section 1106 of the CARES Act (15 U.S.C. 9005) and subparagraph (H) of such paragraph (37), sections 4.13, 4.14, and 4.14A of the Farm Credit Act of 1971 (12 U.S.C. 2199, 2202, 2202a) (including regulations issued under those sections) shall not apply.

(3) RISK WEIGHT.—

(A) IN GENERAL.—With respect to the application of Farm Credit Administration capital requirements, a loan described in subparagraph (B)—

(i) shall receive a risk weight of zero percent; and

(ii) shall not be included in the calculation of any applicable leverage ratio or other applicable capital ratio or calculation.

(B) LOANS DESCRIBED.—A loan referred to in subparagraph (A) is—
(i) a loan made by a Farm Credit Bank described in section 1.2(a) of the Farm Credit Act of 1971 (12 U.S.C. 2002(a)) to a Federal Land Bank Association, a Production Credit Association, or an agricultural credit association described in that section to make loans under paragraph (36) or (37) of section 7(a) of the Small Business Act (15 U.S.C. 636(a)) or forgive those loans in accordance with section 1106 of the CARES Act (15 U.S.C. 9005) and subparagraph (H) of such paragraph (37); or

(ii) a loan made by a Federal Land Bank Association, a Production Credit Association, an agricultural credit association, or the bank for cooperatives described in section 1.2(a) of the Farm Credit Act of 1971 (12 U.S.C. 2002(a)) under paragraph (36) or (37) of section 7(a) of the Small Business Act (15 U.S.C. 636(a)).

(4) RESERVATION OF LOAN GUARANTEES.—

Section 7(a)(36)(S) of the Small Business Act (15 U.S.C. 636(a)(36)(S)) is amended—

(A) in clause (i)—
(i) in subclause (I), by striking “and” at the end;

(ii) in subclause (II), by striking the period at the end and inserting “; and”;

and

(iii) by adding at the end the following:

“(III) institutions of the Farm Credit System chartered under the Farm Credit Act of 1971 (12 U.S.C. 2001 et seq.) with consolidated assets of not less than $10,000,000,000 and less than $50,000,000,000.”; and

(B) in clause (ii)—

(i) in subclause (II), by striking “and” at the end;

(ii) in subclause (III), by striking the period at the end and inserting “; and”;

and

(iii) by adding at the end the following:

“(IV) institutions of the Farm Credit System chartered under the Farm Credit Act of 1971 (12 U.S.C.
SEC. 111. DEFINITION OF SEASONAL EMPLOYER.

(a) PPP LOANS.—Section 7(a)(36)(A) of the Small Business Act (15 U.S.C. 636(a)(36)(A)) is amended—

(1) in clause (xi), by striking “and” at the end;

(2) in clause (xii), by striking the period at the end and inserting “; and”; and

(3) by adding at the end the following:

“(xiii) the term ‘seasonal employer’ means an eligible recipient that—

“(I) does not operate for more than 7 months in any calendar year;

or

“(II) during the preceding calendar year, had gross receipts for any 6 months of that year that were not more than 33.33 percent of the gross receipts of the employer for the other 6 months of that year.”.

(b) LOAN FORGIVENESS.—Paragraph (12) of section 1106(a) of the CARES Act (15 U.S.C. 9005(a)), as so redesignated by by section 101(b) of this Act, is amended to read as follows:
“(12) the terms ‘payroll costs’ and ‘seasonal employer’ have the meanings given those terms in section 7(a)(36) of the Small Business Act (15 U.S.C. 636(a)(36)).”.

SEC. 112. CHANGES TO THE 7(A) LOAN GUARANTY PROGRAM FOR RECOVERY SECTOR BUSINESS CONCERNS.

Section 7(a) of the Small Business Act (15 U.S.C. 636(a)), as amended by section 106 of this Act, is amended by adding at the end the following:

“(38) RECOVERY SECTOR LOANS.—

“(A) DEFINITIONS.—In this paragraph—

“(i) the term ‘covered loan’ means a loan made under this paragraph; 

“(ii) the term ‘covered population census tract’ means a population census tract for which—

“(I) in the case of a tract that is not located within a metropolitan area, the median income does not exceed 80 percent of the statewide (or, with respect to a possession or territory of the United States, the possession- or territory-wide) median family income; or

“(II) in the case of a tract that is located within a metropolitan area, the median income does not exceed 80 percent of the metropolitan median family income.”
“(II) in the case of a tract that is located within a metropolitan area, the median family income does not exceed 80 percent of the greater of the statewide (or, with respect to a possession or territory of the United States, the possession- or territory-wide) median family income and the metropolitan area median family income;

“(iii) the term ‘covered seasonal employer’ means a small business concern that—

“(I) is a seasonal employer, as defined in paragraph (36); and

“(II) during the preceding calendar year—

“(aa) had gross receipts as described in paragraph (36)(A)(xiii)(II); and

“(bb) employed not more than 250 employees during not fewer than 5 months out of that year;

“(iv) the term ‘eligible entity’—
“(I) means any small business concern that—

“(aa) except with respect to a covered seasonal employer, employs not more than 500 employees;

“(bb)(AA) except as provided in subitems (BB), (CC), and (DD), had gross receipts during the first or second quarter in 2020 that are less than 50 percent of the gross receipts of the business concern during the same quarter in 2019;

“(BB) if the small business concern was not in business during the first or second quarter of 2019, but was in business during the third and fourth quarter of 2019, had gross receipts during the first or second quarter of 2020 that are less than 50 percent of the amount of the gross receipts of the small business
concern during the third or fourth quarter of 2019;

“(CC) if the small business concern was not in business during the first, second, or third quarter of 2019, but was in business during the fourth quarter of 2019, had gross receipts during the first or second quarter of 2020 that are less than 50 percent of the amount of the gross receipts of the small business concern during the fourth quarter of 2019; or

“(DD) if the small business concern was not in business during the first or second quarter of 2020, had gross receipts during any 2-month period during 2020 that are less than 50 percent of the amount of the gross receipts of the small business concern during any other 2-month period during 2020; and
“(cc)(AA) is a covered seasonal employer seeking a covered loan of not more than $1,000,000; or

“(BB) is a small business concern the principal place of business of which is in, and not less than 50 percent of the total gross income of which is derived from the active conduct of the business concern within, a small business low-income census tract; and

“(II) does not include—

“(aa) an entity described in paragraph (37)(A)(vi)(II);

“(bb) any entity that received a loan under paragraph (37); or

“(cc) any entity that received a loan under paragraph (36) after the date of enactment of this paragraph; and

“(v) the term ‘small business low-income census tract’—
“(I) means—

“(aa) a covered population census tract for which the poverty rate is not less than 20 percent; or

“(bb) an area—

“(AA) that is not tracted as a population census tract;

“(BB) for which the poverty rate in the equivalent county division (as defined by the Bureau of the Census) is not less than 20 percent; and

“(CC) for which the median income in the equivalent county division (as defined by the Bureau of the Census) does not exceed 80 percent of the statewide (or, with respect to a possession or territory of the United States, the possession- or
territory-wide) median income; and

“(II) does not include any area or population census tract with a median family income that is not less than 120 percent of the median family income in the United States, according to the most recent American Communities Survey data from the Bureau of the Census.

“(B) Loans.—Except as otherwise provided in this paragraph, the Administrator may guarantee covered loans made to eligible entities—

“(i) under the same terms, conditions, and processes as a loan made under this subsection; and

“(ii) to meet working capital needs, acquire fixed assets, or refinance existing indebtedness while recovering from the COVID–19 pandemic.

“(C) Maximum Loan Amount.—The maximum amount of a covered loan made to an eligible entity shall be the lesser of—

“(i) $10,000,000; or
“(ii) the amount equal to 200 percent of the average annual receipts of the eligible entity.

“(D) Loan number limitation.—An eligible entity may only receive 1 covered loan.

“(E) 90 day rule for maximum loan amount.—The maximum aggregate loan amount of loans guaranteed under this subsection that are approved for an eligible entity (including any affiliates) within 90 days of approval of another loan under this subsection for the eligible entity (including any affiliates) shall not exceed $10,000,000.

“(F) Application deadline.—An eligible entity desiring a covered loan shall submit an application not later than December 31, 2020.

“(G) Fee waiver.—With respect to a covered loan—

“(i) in lieu of the fee otherwise applicable under paragraph (23)(A), the Administrator shall collect no fee; and

“(ii) in lieu of the fee otherwise applicable under paragraph (18)(A), the Administrator shall collect no fee.
“(H) Loan terms.—

“(i) In general.—In order to receive a covered loan, an eligible entity shall not be required to show that the eligible entity is unable to obtain credit elsewhere.

“(ii) Maturity and interest rate.—A covered loan shall—

“(I) have a maturity of 20 years;

and

“(II) bear an interest rate of equal to the sum of—

“(aa) the Secured Overnight Financing Rate in effect for each of the days in the relevant quarter that interest is charged, as compiled and released by the Federal Reserve Bank of New York; and

“(bb) 300 basis points.

“(iii) Guarantee.—In an agreement to participate in a covered loan on a deferred basis, the participation by the Administration shall be 100 percent of the covered loan.
“(iv) Subsidy for Interest Payments.—

“(I) In general.—The Administrator shall pay the amount of interest that is owed on a covered loan in regular servicing status for the maturity of the loan such that the interest rate paid by the eligible entity is, at all times, equal to a rate of 1 percent.

“(II) Timing of Payment.—The Administrator shall—

“(aa) begin making payments under subclause (I) not later than 30 days after the date on which the first such payment is due; and

“(bb) make payments without regard to the payment deferral described in clause (iv).

“(III) Application of Payment.—Any payment made by the Administrator under subclause (I) shall be applied to the covered loan such that the eligible entity is relieved of the obligation to pay that amount.
“(v) Payment deferral.—

“(I) In general.—No payment of principal or interest shall be due on a covered loan for the first 2 years of the covered loan.

“(II) Additional deferral.—After the 2-year deferral period under subclause (I), the Administrator may grant not more than an additional 2 years of principal deferral to the eligible entity if the eligible entity is certified by the Administrator and the Secretary as economically distressed based on publicly available criteria established by the Administrator.

“(vi) Limitation on changes in terms.—Notwithstanding any other provision of this subsection, for a covered loan, the Administrator shall not approve any increase in loan amount or change in guaranty percentage, interest rate, interest accrual method, or maturity, except for such changes as may be necessary for prepayment and the deferment of payment under clause (v).
“(I) Prohibition on use of proceeds for disaster loans.—An eligible entity shall not use the proceeds of a covered loan to refinance any loan made under subsection (b).

“(J) Secondary market.—In order to increase the liquidity of the secondary market for covered loans, the Administrator shall, not later than 60 days after the date of enactment of this paragraph, substantially reduce barriers to the sale of covered loans on the secondary market.

“(K) Lender eligibility.—In order to increase access to and the equitable distribution of covered loans, the Administrator shall establish a process by which a lender approved to make loans under paragraph (36) may make covered loans.

“(L) Reimbursement for loan processing and servicing.—The Administrator shall reimburse a lender authorized to make a covered loan in an amount that is—

“(i) 3 percent of the principal amount of the financing of the covered loan up to $350,000; and
“(ii) 1 percent of the principal amount of the financing of the covered loan above $350,000, if applicable.

“(M) STANDARD OPERATING PROCEDURE.—The Administrator shall, to the maximum extent practicable, allow a lender approved to make covered loans to use existing program guidance and standard operating procedures for loans made under this subsection.”.

SEC. 113. ELIGIBILITY OF 501(C)(6) ORGANIZATIONS FOR LOANS UNDER THE PAYCHECK PROTECTION PROGRAM.

Section 7(a)(36)(D) of the Small Business Act (15 U.S.C. 636(a)(36)(D)) is amended—

(1) in clause (v), by inserting “or whether an entity described in clause (vii) employs not more than 50 employees,” after “clause (i)(I),”; and

(2) by adding at the end the following:

“(vii) ELIGIBILITY FOR CERTAIN 501(C)(6) ORGANIZATIONS.—

“(I) IN GENERAL.—Except as provided in subclause (II), during the covered period, any organization that is described in section 501(c)(6) of the Internal Revenue Code and that is
exempt from taxation under section 501(a) of such Code shall be eligible to receive a covered loan if—

“(aa) the organization does not receive more than 10 percent of its receipts from lobbying activities;

“(bb) the lobbying activities of the organization do not comprise more than 10 percent of the total activities of the organization;

“(cc) the organization employs not more than 50 employees; and

“(dd) the covered loan is not more than $500,000.

“(II) CHAMBERS OF COMMERCE AND DESTINATION MARKETING ORGANIZATIONS.—Notwithstanding sub-clause (I), during the covered period—

“(aa) any chamber of commerce that is described in section 501(c)(6) of the Internal Rev-
MIR20E10 S50

62

venue Code and that is exempt from taxation under section 501(a) of such Code shall be eligi-
ble to receive a covered loan if the chamber of commerce employs not more than 300 employ-
es; and

“(bb) any destination mar-
keting organization shall be eligi-
ble to receive a covered loan if the destination marketing organi-
zation employs not more than 300 employees and—

“(AA) is described in section 501(c) of the Inter-
nal Revenue Code and is ex-
empt from taxation under section 501(a) of such Code; or

“(BB) is a quasi-gov-
ernmental entity or is a po-
litical subdivision of a State or local government, includ-
ing any instrumentality of those entities.”.
SEC. 114. PROHIBITION ON USE OF LOAN PROCEEDS FOR LOBBYING ACTIVITIES.

Section 7(a)(36)(F) of the Small Business Act (15 U.S.C. 636(a)(36)(F)) is amended by adding at the end the following:

“(vi) PROHIBITION.—None of the proceeds of a covered loan may be used for lobbying activities, as defined in section 3 of the Lobbying Disclosure Act of 1995 (2 U.S.C. 1602).”.

SEC. 115. EFFECTIVE DATE; APPLICABILITY.

The amendments made to paragraph (36) of section 7(a) of the Small Business Act (15 U.S.C. 636(a)) and title I of the CARES Act (Public Law 116–136) under this title shall be effective as if included in the CARES Act and shall apply to any loan made pursuant to section 7(a)(36) of the Small Business Act (15 U.S.C. 636(a)(36)).

SEC. 116. BANKRUPTCY PROVISIONS.

(a) IN GENERAL.—Section 364 of title 11, United States Code, is amended by adding at the end the following:

“(g)(1) The court, after notice and a hearing, may authorize a debtor in possession or a trustee that is authorized to operate the business of the debtor under section 1183, 1184, 1203, 1204, or 1304 of this title to ob-
tain a loan under section 7(a)(36) of the Small Business Act (15 U.S.C. 636(a)(36)), and such loan shall be treated as a debt to the extent the loan is not forgiven under section 1106 of the CARES Act (15 U.S.C. 9005) with priority equal to a claim of the kind specified in subsection (c)(1) of this section.

“(2) The trustee may incur debt described in paragraph (1) notwithstanding any provision in a contract, prior order authorizing the trustee to incur debt under this section, prior order authorizing the trustee to use cash collateral under section 363, or applicable law that prohibits the debtor from incurring additional debt.

“(3) The court shall hold a hearing within 7 days after the filing and service of the motion to obtain a loan described in paragraph (1).”.

(b) ALLOWANCE OF ADMINISTRATIVE EXPENSES.—Section 503(b) of title 11, United States Code, is amended—

(1) in paragraph (8)(B), by striking “and” at the end;

(2) in paragraph (9), by striking the period at the end and inserting “; and”; and

(3) by adding at the end the following:

“(10) any debt incurred under section 364(g)(1) of this title.”.
(c) Confirmation of Plan for Reorganization.—Section 1191 of title 11, United States Code, is amended by adding at the end the following:

“(f) Special Provision Related to COVID–19 Pandemic.—Notwithstanding section 1129(a)(9)(A) of this title and subsection (e) of this section, a plan that provides for payment of a claim of a kind specified in section 503(b)(10) of this title may be confirmed under subsection (b) of this section if the plan proposes to make payments on account of such claim when due under the terms of the loan giving rise to such claim.”.

(d) Confirmation of Plan for Family Farmers and Fishermen.—Section 1225 of title 11, United States Code, is amended by adding at the end the following:

“(d) Notwithstanding section 1222(a)(2) of this title and subsection (b)(1) of this section, a plan that provides for payment of a claim of a kind specified in section 503(b)(10) of this title may be confirmed if the plan proposes to make payments on account of such claim when due under the terms of the loan giving rise to such claim.”.

(e) Confirmation of Plan for Individuals.—Section 1325 of title 11, United States Code, is amended by adding at the end the following:
“(d) Notwithstanding section 1322(a)(2) of this title and subsection (b)(1) of this section, a plan that provides for payment of a claim of a kind specified in section 503(b)(10) of this title may be confirmed if the plan proposes to make payments on account of such claim when due under the terms of the loan giving rise to such claim.”.

(f) EFFECTIVE DATE; SUNSET.—

(1) EFFECTIVE DATE.—The amendments made by subsections (a) through (e) shall—

(A) take effect on the date on which the Administrator of the Small Business Administration submits to the Director of the Executive Office for United States Trustees a written determination that, subject to satisfying any other eligibility requirements, any debtor in possession or trustee that is authorized to operate the business of the debtor under section 1183, 1184, 1203, 1204, or 1304 of title 11, United States Code, would be eligible for a loan under section 7(a)(36) of the Small Business Act (15 U.S.C. 636(a)(36)); and

(B) apply to any case pending on or commenced on or after the date described in subparagraph (A).
(2) SUNSET.—

(A) IN GENERAL.—If the amendments made by this section take effect under paragraph (1), effective on the date that is 2 years after the date of enactment of this Act—

(i) section 364 of title 11, United States Code, is amended by striking subsection (g);

(ii) section 503(b) of title 11, United States Code, is amended—

(I) in paragraph (8)(B), by adding “and” at the end;

(II) in paragraph (9), by striking “; and” at the end and inserting a period; and

(III) by striking paragraph (10);

(iii) section 1191 of title 11, United States Code, is amended by striking subsection (f);

(iv) section 1225 of title 11, United States Code, is amended by striking subsection (d); and

(v) section 1325 of title 11, United States Code, is amended by striking subsection (d).
(B) APPLICABILITY.—Notwithstanding the amendments made by subparagraph (A) of this paragraph, if the amendments made by subsections (a), (b), (c), (d), and (e) take effect under paragraph (1) of this subsection, such amendments shall apply to any case under title 11, United States Code, commenced before the date that is 2 years after the date of enactment of this Act.

SEC. 117. CONFLICTS OF INTEREST.

(a) DEFINITIONS.—In this section:

(1) CONTROLLING INTEREST.—The term “controlling interest” means owning, controlling, or holding not less than 20 percent, by vote or value, of the outstanding amount of any class of equity interest in an entity.

(2) COVERED ENTITY.—

(A) DEFINITION.—The term “covered entity” means an entity in which a covered individual directly or indirectly holds a controlling interest.

(B) TREATMENT OF SECURITIES.—For the purpose of determining whether an entity is a covered entity, the securities owned, controlled, or held by 2 or more individuals who are related
as described in paragraph (3)(B) shall be aggregated.

(3) COVERED INDIVIDUAL.—The term “covered individual” means—

(A) the President, the Vice President, the head of an Executive department, or a Member of Congress; and

(B) the spouse, child, son-in-law, or daughter-in-law, as determined under applicable common law, of an individual described in subparagraph (A).

(4) EXECUTIVE DEPARTMENT.—The term “Executive department” has the meaning given the term in section 101 of title 5, United States Code.

(5) MEMBER OF CONGRESS.—The term “Member of Congress” means a Member of the Senate or House of Representatives, a Delegate to the House of Representatives, and the Resident Commissioner from Puerto Rico.

(6) EQUITY INTEREST.—The term “equity interest” means—

(A) a share in an entity, without regard to whether the share is—

(i) transferable; or
(ii) classified as stock or anything similar;

(B) a capital or profit interest in a limited liability company or partnership; or

(C) a warrant or right, other than a right to convert, to purchase, sell, or subscribe to a share or interest described in subparagraph (A) or (B), respectively.

(b) REQUIREMENT.—The principal executive officer and the principal financial officer, or individuals performing similar functions, of an entity seeking to enter a transaction made under paragraph (36), (37), or (38) of section 7(a) of the Small Business Act (15 U.S.C. 636(a)), as added and amended by this title, shall, before that transaction is approved, disclose to the Administrator whether the entity is a covered entity.

(c) APPLICABILITY.—The requirement under subsection (b)—

(1) shall apply with respect to any transaction made under paragraph (36), (37), or (38) of section 7(a) of the Small Business Act (15 U.S.C. 636(a)), as added and amended by this title, on or after the date of enactment of this Act; and

(2) shall not apply with respect to—
(A) any transaction described in paragraph (1) that was made before the date of enactment of this Act; or

(B) forgiveness under section 1106 of the CARES Act (15 U.S.C. 9005) or any other provision of law of any loan associated with any transaction described in paragraph (1) that was made before the date of enactment of this Act.

TITLE II—SMALL BUSINESS PROGRAMS GENERALLY

SEC. 121. SMALL BUSINESS INVESTMENT COMPANY PROGRAM.


(1) in section 302(a) (15 U.S.C. 682(a))—

(A) in paragraph (1)—

(i) in subparagraph (A), by striking “or” at the end;

(ii) in subparagraph (B), by striking the period at the end and inserting “; or”; and

(iii) by adding at the end the following:
“(C) $20,000,000, adjusted every 5 years for inflation, with respect to each licensee authorized or seeking authority to sell bonds to Administration as a participating investment company under section 321.”; and

(2) by adding at the end the following:

“SEC. 321. SMALL BUSINESS AND DOMESTIC PRODUCTION RECOVERY INVESTMENT FACILITY.

“(a) DEFINITIONS.—In this section:

“(1) ELIGIBLE SMALL BUSINESS CONCERN.—

The term ‘eligible small business concern’—

“(A) means a small business concern that—

“(i) meets the revenue reduction requirements established by paragraph (37)(A)(vi)(I)(ce) of section 7(a) of the Small Business Act (15 U.S.C. 636(a));

“(ii) is a manufacturing business that is assigned a North American Industry Classification System code beginning with 31, 32, or 33 at the time at which the small business concern receives an investment from a participating investment company under the facility; or
“(iii) is located in a small business low-income census tract; and
“(B) does not include an entity described in paragraph (37)(A)(vi)(II) of such section 7(a).
“(2) FACILITY.—The term ‘facility’ means the facility established under subsection (b).
“(3) FUND.—The term ‘Fund’ means the fund established under subsection (h).
“(4) PARTICIPATING INVESTMENT COMPANY.—The term ‘participating investment company’ means a small business investment company approved under subsection (d) to participate in the facility
“(5) PROTÉGÉ INVESTMENT COMPANY.—The term ‘protégé investment company’ means a small business investment company that—
“(A) is majority managed by new, inexperienced, or otherwise underrepresented fund managers; and
“(B) elects and is selected by the Administration to participate in the pathway-protégé program under subsection (g).
“(6) SMALL BUSINESS CONCERN.—The term ‘small business concern’ has the meaning given the
term in section 3(a) of the Small Business Act (15 U.S.C. 632(a)).

"(7) SMALL BUSINESS LOW-INCOME CENSUS TRACT.—The term ‘small business low-income census tract’ has the meaning given the term in section 7(a)(38)(A) of the Small Business Act.

“(b) ESTABLISHMENT.—

“(1) FACILITY.—The Administrator shall establish and carry out a facility to improve the recovery of eligible small business concerns from the COVID–19 pandemic, increase resiliency in the manufacturing supply chain of eligible small business concerns, and increase the economic development of small business low-income census tracts by providing financial assistance to participating investment companies that facilitate equity financings to eligible small business concerns in accordance with this section.

“(2) ADMINISTRATION OF FACILITY.—The facility shall be administered by the Administrator acting through the Associate Administrator described in section 201.

“(e) APPLICATIONS.—
“(1) IN GENERAL.—Any small business investment company may submit to the Administrator an application to participate in the facility.

“(2) REQUIREMENTS FOR APPLICATION.—An application to participate in the facility shall include the following:

“(A) A business plan describing how the applicant intends to make successful equity investments in eligible small business concerns.

“(B) Information regarding the relevant investment qualifications and backgrounds of the individuals responsible for the management of the applicant.

“(C) A description of the extent to which the applicant meets the selection criteria under subsection (d)(2).

“(3) EXCEPTIONS TO APPLICATION FOR NEW LICENSEES.—Not later than 90 days after the date of enactment of this section, the Administrator shall reduce requirements for applicants applying to operate as a participating investment company under this section in order to encourage the participation of new small business investment companies in the facility under this section, which may include the requirements established under part 107 of title 13,
Code of Federal Regulations, or any successor regulation, relating to—

“(A) the approval of initial management expenses;

“(B) the management ownership diversity requirement;

“(C) the disclosure of general compensatory practices and fee structures; or

“(D) any other requirement that the Administrator determines to be an obstacle to achieving the purposes described in this paragraph.

“(d) Selection of Participating Investment Companies.—

“(1) Determination.—

“(A) In general.—Except as provided in paragraph (3), not later than 60 days after the date on which the Administrator receives an application under subsection (c), the Administrator shall—

“(i) make a final determination to approve or disapprove such applicant to participate in the facility; and

“(ii) transmit the determination to the applicant in writing.
“(B) COMMITMENT AMOUNT.—Except as provided in paragraph (3), at the time of approval of an applicant, the Administrator shall make a determination of the amount of the commitment that may be awarded to the applicant under this section.

“(2) SELECTION CRITERIA.—In making a determination under paragraph (1), the Administrator shall consider—

“(A) the probability that the investment strategy of the applicant will successfully repay any financial assistance provided by the Administration, including the probability of a return significantly in excess thereof;

“(B) the probability that the investments made by the applicant will—

“(i) provide capital to eligible small business concerns; or

“(ii) create or preserve jobs in the United States;

“(C) the probability that the applicant will meet the objectives in the business plan of the applicant, including the financial goals, and, if applicable, the pathway-protégé program in accordance with subsection (g); and
“(D) the probability that the applicant will assist eligible small business concerns in achieving profitability.

“(3) Approval of participating investment companies.—

“(A) Provisional approval.—

“(i) In general.—Notwithstanding paragraph (1), with respect to an application submitted by an applicant to operate as a participating investment company under this section, the Administrator may provide provisional approval for the applicant in lieu of a final determination of approval and determination of the amount of the commitment under that paragraph.

“(ii) Purpose.—The purpose of a provisional approval under clause (i) is to—

“(I) encourage applications from investment companies with an investment mandate from the committed private market capital of the investment company that does not conform to the requirements described in this section at the time of application;
“(II) allow the applicant to more effectively raise capital commitments in the private markets by referencing the intent of the Administrator to award the applicant a commitment; and

“(III) allow the applicant to more precisely request the desired amount of commitment pending the securing of capital from private market investors.

“(iii) LIMIT ON PERIOD OF THE TIME.—The period between a provisional approval under clause (i) and the final determination of approval under paragraph (1) shall not exceed 12 months.

“(e) COMMITMENTS AND SBIC BONDS.—

“(1) IN GENERAL.—The Administrator may, out of amounts available in the Fund, purchase or commit to purchase from a participating investment company 1 or more accruing bonds that include equity features as described in this subsection.

“(2) BOND TERMS.—A bond purchased by the Administrator from a participating investment com-
pany under this subsection shall have the following terms and conditions:

“(A) TERM AND INTEREST.—

“(i) IN GENERAL.—The bond shall be issued for a term of not less than 15 years and shall bear interest at a rate determined by the Administrator of not more than 2 percent.

“(ii) ACCRUAL OF INTEREST.—Interest on the bond shall accrue and shall be payable in accordance with subparagraph (D).

“(iii) PREPAYMENT.—The bond shall be prepayable without penalty after the end of the 1-year period beginning on the date on which the bond was purchased.

“(B) PROFITS.—

“(i) IN GENERAL.—The Administration shall be entitled to receive a share of the profits net of any profit sharing performance compensation of the participating investment company equal to the quotient obtained by dividing—

“(I) one-third of the commitment that the participating investment com-
pany is approved for under subsection (d); by

"(II) the commitment approved under subsection (d) plus the regulatory capital of the participating investment company at the time of approval under that subsection.

"(ii) DETERMINATION OF PERCENTAGE.—The share to which the Administration is entitled under clause (i)—

"(I) shall be determined at the time of approval under subsection (d); and

"(II) without the approval of the Administration, shall not be revised, including to reflect subsequent distributions of profits, returns of capital, or repayments of bonds, or otherwise.

"(C) PROFIT SHARING PERFORMANCE COMPENSATION.—

"(i) RECEIPT BY ADMINISTRATION.—

The Administration shall receive a share of profits of not more than 2 percent, which shall be deposited into the Fund and be
available to make commitments under this subsection.

“(ii) Receipt by Managers.—The managers of the participating investment company may receive a maximum profit sharing performance compensation of 25 percent minus the share of profits paid to the Administration under clause (i).

“(D) Prohibition on Distributions.—No distributions on capital, including profit distributions, shall be made by the participating investment company to the investors or managers of the participating investment company until the Administration has received payment of all accrued interest on the bond committed under this section.

“(E) Repayment of Principal.—Except as described in subparagraph (F), repayments of principal of the bond of a participating investment company shall be—

“(i) made at the same time as returns of private capital; and

“(ii) in amounts equal to the pro rata share of the Administration of the total
amount being repaid or returned at such time.

“(F) LIQUIDATION OR DEFAULT.—Upon any liquidation event or default, as defined by the Administration, any unpaid principal or accrued interest on the bond shall—

“(i) have a priority over all equity of the participating investment company; and

“(ii) be paid before any return of equity or any other distributions to the investors or managers of the participating investment company.

“(3) AMOUNT OF COMMITMENTS AND PURCHASES.—

“(A) MAXIMUM AMOUNT.—The maximum amount of outstanding bonds and commitments to purchase bonds for any participating investment company under the facility shall be the lesser of—

“(i) twice the amount of the regulatory capital of the participating investment company; or

“(ii) $200,000,000.

“(4) COMMITMENT PROCESS.—Commitments by the Administration to purchase bonds under the fa-
cility shall remain available to be sold by a participating investment company until the end of the fourth fiscal year following the year in which the commitment is made, subject to review and approval by the Administration based on regulatory compliance, financial status, change in management, deviation from business plan, and such other limitations as may be determined by the Administration by regulation or otherwise.

“(5) COMMITMENT CONDITIONS.—

“(A) IN GENERAL.—As a condition of receiving a commitment under the facility, not less than 50 percent of amounts invested by the participating investment company shall be invested in eligible small business concerns.

“(B) EXAMINATIONS.—In addition to the matters set forth in section 310(c), the Administration shall examine each participating investment company in such detail so as to determine whether the participating investment company has complied with the requirements under this subsection.

“(f) DISTRIBUTIONS AND FEES.—

“(1) DISTRIBUTION REQUIREMENTS.—
“(A) DISTRIBUTIONS.—As a condition of receiving a commitment under the facility, a participating investment company shall make all distributions to the Administrator in the same form and in a manner as are made to investors, or otherwise at a time and in a manner consistent with regulations or policies of the Administration.

“(B) ALLOCATIONS.—A participating investment company shall make allocations of income, gain, loss, deduction, and credit to the Administrator with respect to any outstanding bonds as if the Administrator were an investor.

“(2) FEES.—The Administrator may not charge fees for participating investment companies other than examination fees that are consistent with the license of the participating investment company.

“(3) BIFURCATION.—Losses on bonds issued by participating investment companies shall not be offset by fees or any other charges on debenture small business investment companies.

“(g) PROTÉGÉ PROGRAM.—The Administrator shall establish a pathway-protégé program in which a protégé investment company may receive technical assistance and program support from a participating investment company
on a voluntary basis and without penalty for non-participation.

“(h) **Loss Limiting Fund.**—

“(1) **In General.**—There is established in the
Treasury a fund for making commitments and pur-
chasing bonds with equity features under the facility
and receiving capital returned by participating in-
vestment companies.

“(2) **Use of Funds.**—Amounts appropriated
to the Fund or deposited in the Fund under para-
graph (3) shall be available to the Administrator,
without further appropriation, for making commit-
ments and purchasing bonds under the facility and
expenses and payments, excluding administrative ex-
spenses, relating to the operations of the Adminis-
trator under the facility.

“(3) **Depositing of Amounts.**—

“(A) **In General.**—All amounts received
by the Administrator from a participating in-
vestment company relating to the facility, in-
cluding any moneys, property, or assets derived
by the Administrator from operations in con-
nection with the facility, shall be deposited in
the Fund.
“(B) Period of availability.—Amounts deposited under subparagraph (A) shall remain available until expended.

“(i) Application of other sections.—To the extent not inconsistent with requirements under this section, the Administrator may apply sections 309, 311, 312, 313, and 314 to activities under this section and an officer, director, employee, agent, or other participant in a participating investment company shall be subject to the requirements under such sections.

“(j) Authorization of appropriations.—There is authorized to be appropriated for the first fiscal year beginning after the date of enactment of this part $10,000,000,000 to carry out the facility. Amounts appropriated pursuant to this subsection shall remain available until the end of the second fiscal year beginning after the date of enactment of this section.”.

(b) Approval of bank-owned, non-leveraged applicants.—Section 301(c)(2) of the Small Business Investment Act of 1958 (15 U.S.C. 681(c)(2)) is amended—

(1) in subparagraph (B), in the matter preceding clause (i), by striking “Within” and inserting “Except as provided in subparagraph (C), within”;

and
(2) by adding at the end the following:

“(C) EXCEPTION FOR BANK-OWNED, NON-
LEVERAGED APPLICANTS.—Notwithstanding
subparagraph (B), not later than 45 days after
the date on which the Administrator receives a
completed application submitted by a bank-
owned, non-leveraged applicant in accordance
with this subsection and in accordance with
such requirements as the Administrator may
prescribe by regulation, the Administrator
shall—

“(i) review the application in its en-
tirety; and

“(ii)(I) approve the application and
issue a license for such operation to the
applicant if the requirements of this sec-
tion are satisfied; or

“(II) disapprove the application and
notify the applicant in writing of the dis-
approval.”.

(c) ELECTRONIC SUBMISSIONS.—Part A of title III
681 et seq.), as amended by subsection (a) of this section,
is amended by adding at the end the following:
“SEC. 322. ELECTRONIC SUBMISSIONS.

“The Administration shall permit any document submitted under this title, or pursuant to a regulation carrying out this title, to be submitted electronically, including by permitting an electronic signature for any signature that is required on such a document.

TITLE III—APPROPRIATIONS

SEC. 131. COMMITMENT AUTHORITY AND APPROPRIATIONS.

(a) COMMITMENT AUTHORITY.—

(1) CARES ACT AMENDMENTS.—Section 1102(b) of the CARES Act (Public Law 116–136) is amended—

(A) in paragraph (1)—

(i) in the paragraph heading, by inserting “AND SECOND DRAW” after “PPP”;

(ii) by striking “August 8, 2020” and inserting “December 31, 2020”;

(iii) by striking “paragraph (36)” and inserting “paragraphs (36) and (37)”;

(iv) by striking “$659,000,000,000” and inserting “$749,000,000,000”; and

(B) by amending paragraph (2) to read as follows:
“(2) OTHER 7(A) LOANS.—During fiscal year 2020, the amount authorized for commitments for section 7(a) of the Small Business Act (15 U.S.C. 636(a)) under the heading ‘Small Business Administration—Business Loans Program Account’ in the Financial Services and General Government Appropriations Act, 2020 (division C of Public Law 116–193) shall apply with respect to any commitments under such section 7(a) other than under paragraphs (36), (37), and (38) of such section 7(a).”.

(2) RECOVERY SECTOR LOANS.—During the period beginning on the date of enactment of this Act and ending on December 31, 2020, the amount authorized for commitments under paragraph (38) of section 7(a) of the Small Business Act (15 U.S.C. 636(a)), as added by this title, shall be $100,000,000,000.

(b) DIRECT APPROPRIATIONS.—

(1) RESCISSION.—With respect to unobligated balances under the heading “‘Small Business Administration—Business Loans Program Account, CARES Act’” as of the day before the date of enactment of this Act, $100,000,000,000 shall be rescinded and deposited into the general fund of the Treasury.
(2) NEW DIRECT APPROPRIATIONS.—There is appropriated, out of amounts in the Treasury not otherwise appropriated, for the fiscal year ending September 30, 2020—

(A) to remain available until September 30, 2021, for additional amounts—

(i) $190,000,000,000 under the heading “Small Business Administration—Business Loans Program Account, CARES Act” for the cost of guaranteed loans as authorized under paragraph (36) and (37) of section 7(a) of the Small Business Act (15 U.S.C. 636(a)), as amended and added by this Act; and

(ii) $57,700,000,000 under the heading “Small Business Administration—Recovery Sector Loans” for the cost of guaranteed loans as authorized under paragraph (38) of section 7(a) of the Small Business Act (15 U.S.C. 636(a)), as added by this Act; and

(B) to remain available until September 30, 2023, $10,000,000,000 under the heading “Small Business Administration—SBIC” to carry out part D of title III of the Small Busi-

(c) EMERGENCY DESIGNATION.—

(1) IN GENERAL.—The amounts provided under this section are designated as an emergency requirement pursuant to section 4(g) of the Statutory Pay-As-You-Go Act of 2010 (2 U.S.C. 933(g)).

(2) DESIGNATION IN SENATE.—In the Senate, this section is designated as an emergency requirement pursuant to section 4112(a) of H. Con. Res. 71 (115th Congress), the concurrent resolution on the budget for fiscal year 2018.