

105TH CONGRESS  
1ST SESSION

# H. CON. RES. 85

Expressing the sense of Congress that the Small Business Administration should appoint a commission to examine the credit needs of small business concerns.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 21, 1997

Mr. LAFALCE submitted the following concurrent resolution; which was referred to the Committee on Small Business

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## CONCURRENT RESOLUTION

Expressing the sense of Congress that the Small Business Administration should appoint a commission to examine the credit needs of small business concerns.

Whereas small business concerns are a vital part of the economy and provide most of the new jobs, new products, and new services created in the United States;

Whereas adequate access to capital is a critical component of small business formation, expansion, and success;

Whereas many small business concerns are unable to secure access to credit without some type of Federal assistance;

Whereas access to capital is a particularly acute problem for minority-owned businesses, women-owned businesses, small businesses in economically distressed areas, and for

those individuals without experience in owning and operating a small business concern;

Whereas the primary credit assistance program for general purpose small business financing is the 7(a) loan guarantee program of the Small Business Administration (SBA);

Whereas the 7(a) loan program is now operating at a subsidy rate of 2.5 percent as compared to twice that amount five years ago, primarily due to quality improvement, reduced administrative costs, and the imposition of higher user fees;

Whereas despite these improvements in the 7(a) program, demand exceeds the annual program level permitted by the amount of Federal dollars appropriated to support the program, thereby necessitating administrative action to eliminate otherwise eligible loan applicants twice in the past three years, including as recently as May 5, 1997;

Whereas a major source of credit assistance for plant and equipment financing by small businesses is the certified development company or 504 development company guarantee program of the Small Business Administration;

Whereas the 504 program is now operating at a subsidy rate of zero as compared to 0.5 percent five years ago, primarily due to quality improvement, reduced administrative costs, and the imposition of higher user fees;

Whereas the 504 program will cease operations at the end of this fiscal year unless legislation is enacted to extend user fee charges; and

Whereas the appropriation of additional Federal monies to expand the 7(a) loan program or mitigate the fees now

imposed upon participants in the 504 program is very difficult: Now, therefore, be it

1       *Resolved by the House of Representatives (the Senate*  
2 *concurring)*, That it is the sense of the Congress—

3           (1) the Administrator of the Small Business  
4 Administration should appoint a blue ribbon com-  
5 mission to examine the small business need for cred-  
6 it and the ability of the Federal Government to as-  
7 sist in meeting that need, both during the current  
8 fiscal year and during future fiscal years;

9           (2) the commission should include individuals  
10 with expertise in the delivery of financial assistance  
11 to small businesses, and their associations, such as  
12 the National Association of Government Guaranteed  
13 Lenders, the Independent Bankers Association of  
14 America, the American Bankers Association, the Na-  
15 tional Association of Development Companies, and  
16 small businesses which customarily use such pro-  
17 grams, and associations which represent them or  
18 provide other assistance to them, such as the Na-  
19 tional Federation of Independent Business, National  
20 Small Business United, the Chamber of Commerce  
21 of the United States, and the Association of Small  
22 Business Development Centers;

23           (3) the commission should also include rep-  
24 resentatives of the Small Business Administration,

1 but the commission should not be deemed to be a  
2 Federal entity and thus should not be subject to the  
3 customary restrictions imposed upon Federal enti-  
4 ties, including the conduct of meetings or the need  
5 for clearance or approval by the administration;

6 (4) the commission should evaluate the dispar-  
7 ate credit needs of different types of small business  
8 and their locale, and should examine the broadest  
9 possible range of possible solutions, and provide con-  
10 clusions and recommendations thereon, such as, but  
11 not limited to, (A) changes in the existing 7(a) and  
12 504 programs such as additional user fees, dollar  
13 loan limitations per borrower, dollar loan limitations  
14 per participating lender, limitations on the use of  
15 loan proceeds, and changes in borrower qualification,  
16 (B) establishment of new programs such as a  
17 government-sponsored enterprise; and

18 (5) the commission should provide a written re-  
19 port within thirty days evaluating short term solu-  
20 tions and within six months evaluating longer range  
21 solutions.

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