

Bipartisan Duckworth Bill to Prevent SBA's Flagship Small Business Loan Program from Shutting Down Passes Senate

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WASHINGTON, DC – Bipartisan legislation authored by U.S. Senator Tammy Duckworth (D-IL) to prevent the Small Business Administration's (SBA) flagship loan program from shutting down passed the Senate unanimously yesterday. Duckworth's *Small Business Lending Continuity Act of 2020*, which was co-led by U.S. Senate Committee on Small Business & Entrepreneurship Chairman Marco Rubio (R-FL) and fellow committee members Senators Chris Coons (D-DE) and James Risch (R-ID), would fix an error in the *CARES Act* that inadvertently results in the SBA's flagship 7(a) Loan Guarantee Program shutting down whenever the newly-created Paycheck Protection Program (PPP) runs out of funding. If left unfixed, SBA's 7(a) Loan Guarantee Program's Fiscal Year 2020 \$30 billion authorization cap would be void until July 1, 2020, and the program runs the risk of shutting down if PPP reaches its authorization cap of \$310 billion.

“As small businesses work to recover from the COVID-19 pandemic, we should be making it easier—not more cumbersome—for them to access and rely on loan programs,” said Duckworth. “I’m proud to introduce this bipartisan bill that offers a simple fix to prevent SBA’s 7(a) loan program from shutting down, while reinstating the flagship program’s full authorization level to make sure small business owners may continue to access critical working capital funds.”

“The 7(a) loan program is a lifeline to small businesses seeking flexible capital amid this unprecedented crisis,” Chairman Rubio said. “Having this program shut down due to a technical error is not an option. I am proud that we were able to work in a bipartisan manner to rectify this issue, and I urge my colleagues in the House to pass this bill without delay.”

“SBA-backed loans are an important resource for Main Street business across America, and they are especially vital with an economy in crisis,” said Senator Coons. “The Small Business Lending Continuity Act ensures that not only will the SBA keep its flagship 7(a) lending program running, but it will also continue to make the first six months of payments on behalf of all new 7(a) small business borrowers, as provided for by the *CARES Act*.”

“The Small Business Administration lending programs have provided a lifeline to millions of small businesses across America impacted by the COVID-19 pandemic,” said Senator Risch. “It is critical that the 7(a) program continue dispersing relief to small business owners without interruption in the event the Paycheck Protection Program runs out of funding. The Small Business Lending Continuity Act will provide the necessary technical fix to the *CARES Act* so Main Street businesses can continue to access the 7(a) program without hesitation or delay.”

The *CARES Act* also authorized a \$17 billion small business debt relief program, directing SBA to cover loan payments for six months to all small business borrowers of SBA-backed loans and for borrowers that take out SBA-backed loans within six months of the *CARES Act* passage. If the SBA 7(a) loan program shuts down—which the *Small Business Lending Continuity Act* would prevent—small businesses seeking these loans won’t be able to access them and wouldn’t be eligible for six months of SBA covering their loan payments.

This bill was also co-sponsored by Senator Ben Cardin (D-MD), Ranking Member of Small Business & Entrepreneurship, as well as Senator Jeanne Shaheen (D-NH) and Senator Marsha Blackburn (R-TN).