

116TH CONGRESS  
2D SESSION

# S. 4676

To improve the debt relief program under the CARES Act, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

SEPTEMBER 23, 2020

Mr. COONS (for himself, Mr. CARDIN, Ms. KLOBUCHAR, Mrs. SHAHEEN, Ms. CANTWELL, Mr. MARKEY, Ms. HIRONO, Mrs. GILLIBRAND, Mr. VAN HOLLEN, and Mr. KING) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To improve the debt relief program under the CARES Act,  
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 “Small Business Debt  
5 Relief Extension Act of 2020”.

6 **SEC. 2. SUBSIDY FOR CERTAIN LOAN PAYMENTS.**

7 (a) IN GENERAL.—Section 1112 of the CARES Act  
8 (15 U.S.C. 9011) is amended—

9 (1) in subsection (c)—

1 (A) in paragraph (1)—

2 (i) in the matter preceding subpara-  
3 graph (A), by inserting “, without regard  
4 to the date on which the covered loan is  
5 fully disbursed and subject to availability  
6 of funds” after “status”;

7 (ii) by amending subparagraphs (A)  
8 and (B) to read as follows:

9 “(A) with respect to a covered loan ap-  
10 proved by the Administration before the date of  
11 enactment of this Act and not on deferment—

12 “(i) except as provided in clauses (ii)  
13 and (iii), for the 6-month period beginning  
14 with the next payment due on the covered  
15 loan after the covered loan is fully dis-  
16 bursed;

17 “(ii) for the 11-month period begin-  
18 ning with the next payment due on the  
19 covered loan after the covered loan is fully  
20 disbursed, with respect to a covered loan  
21 that—

22 “(I) is described in subsection  
23 (a)(1)(B) or is a loan guaranteed by  
24 the Administration under section 7(a)  
25 of the Small Business Act (15 U.S.C.

1 636(a)) other than a loan described in  
2 clause (i) or (ii) of subsection  
3 (a)(1)(A); and

4 “(II) is made to a borrower oper-  
5 ating primarily in an industry other  
6 than an industry that is assigned a  
7 North American Industry Classifica-  
8 tion System code beginning with 61,  
9 71, or 72; and

10 “(iii) for the 18-month period begin-  
11 ning with the next payment due on the  
12 covered loan after the covered loan is fully  
13 disbursed, with respect to—

14 “(I) a covered loan described in  
15 paragraph (1)(A)(i) or paragraph (2)  
16 of subsection (a); or

17 “(II) any covered loan made to a  
18 borrower operating primarily in an in-  
19 dustry that is assigned—

20 “(aa) a North American In-  
21 dustry Classification System code  
22 beginning with 61, 71, or 72; or

23 “(bb) the North American  
24 Industry Classification System  
25 Code 485510;

1           “(B) with respect to a covered loan ap-  
2 proved by the Administration before the date of  
3 enactment of this Act and on deferment—

4           “(i) except as provided in clauses (ii)  
5 and (iii), for the 6-month period beginning  
6 with the next payment due on the covered  
7 loan after the deferment period and after  
8 the covered loan is fully disbursed;

9           “(ii) for the 11-month period begin-  
10 ning with the next payment due on the  
11 covered loan after the deferment period  
12 and after the covered loan is fully dis-  
13 bursed, with respect to a covered loan de-  
14 scribed in subclause (I) or (II) of subpara-  
15 graph (A)(ii); and

16           “(iii) for the 18-month period begin-  
17 ning with the next payment due on the  
18 covered loan after the deferment period  
19 and after the covered loan is fully dis-  
20 bursed, with respect to a covered loan de-  
21 scribed in subclause (I) or (II) of subpara-  
22 graph (A)(iii); and”;

23           (iii) in subparagraph (C)—

1 (I) by striking “covered loan  
2 made” and inserting “covered loan  
3 approved by the Administration”;

4 (II) by striking “6 months after”  
5 and inserting “18 months after”;

6 (III) by inserting “(or, for a cov-  
7 ered loan made by an intermediary to  
8 a small business concern using loans  
9 or grants received under section 7(m)  
10 of the Small Business Act (15 U.S.C.  
11 636(m)) or guaranteed by the Admin-  
12 istration under the Community Ad-  
13 vantage Pilot Program of the Admin-  
14 istration, for the 12-month period)”  
15 after “6-month period”; and

16 (IV) by inserting “after the cov-  
17 ered loan is fully disbursed” after  
18 “due on the covered loan”; and

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

20 “(4) ADDITIONAL PROVISIONS FOR NEW  
21 LOANS.—With respect to a loan described in para-  
22 graph (1)(C)—

23 “(A) the Administrator may further extend  
24 the 18-month period described in paragraph

1 (1)(C) if there are sufficient funds to continue  
2 those payments; and

3 “(B) during the underwriting process, a  
4 lender of such a loan may consider the pay-  
5 ments under this section as part of a com-  
6 prehensive review to determine the ability to  
7 repay over the entire period of maturity of the  
8 loan.

9 “(5) ELIGIBILITY.—Eligibility for a covered  
10 loan to receive such payments of principal, interest,  
11 and any associated fees under this subsection shall  
12 be based on the date on which the covered loan is  
13 approved by the Administration.

14 “(6) AUTHORITY TO REVISE EXTENSIONS.—

15 “(A) IN GENERAL.—As part of preparing  
16 the reports under subsection (i)(5) that are re-  
17 quired to be submitted not later than January  
18 15, 2021, and not later than June 15, 2021,  
19 the Administrator conduct an evaluation of  
20 whether amounts made available to make pay-  
21 ments under this subsection are sufficient to  
22 make the payments for the period described in  
23 paragraph (1).

24 “(B) PLAN.—If the Administrator deter-  
25 mines under subparagraph (A) that the

1 amounts made available to make payments  
2 under this subsection are insufficient, the Ad-  
3 ministrator shall—

4 “(i) develop a plan to proportionally  
5 reduce the number of months provided for  
6 each period described in paragraph (1),  
7 while ensuring all amounts made available  
8 to make payments under this subsection  
9 are fully expended; and

10 “(ii) before taking action under the  
11 plan developed under clause (i), include in  
12 the applicable report under subsection  
13 (i)(5) the plan and the data that informs  
14 the plan.

15 “(7) RULE OF CONSTRUCTION.—Nothing in  
16 this subsection shall preclude a borrower from re-  
17 ceiving full payments of principal, interest, and any  
18 associated fees as authorized by subsection.”;

19 (2) by redesignating subsection (f) as sub-  
20 section (k); and

21 (3) by inserting after subsection (e) the fol-  
22 lowing:

23 “(f) ELIGIBILITY FOR NEW LOANS.—For each indi-  
24 vidual lending program under this section, the Adminis-  
25 trator may establish a minimum loan maturity period, tak-

1 ing into consideration the normal underwriting require-  
2 ments for each such program, with the goal of preventing  
3 abuse under the program.

4 “(g) LIMITATION ON ASSISTANCE.—A borrower may  
5 not receive assistance under subsection (c) for more than  
6 1 covered loan of the borrower described in paragraph  
7 (1)(C) of that subsection.

8 “(h) TAXABILITY.—For purposes of the Internal  
9 Revenue Code of 1986—

10 “(1) any payment made under subsection (c)  
11 shall be treated as paid by the person on whose be-  
12 half such payment is made,

13 “(2) no amount shall be included in the gross  
14 income of the borrower by reason of a payment  
15 made under subsection (c), and

16 “(3) no deduction shall be denied or reduced,  
17 no tax attribute shall be reduced, and no basis in-  
18 crease shall be denied, by reason of the exclusion  
19 from gross income provided by paragraph (2).

20 “(i) REPORTING AND OUTREACH.—

21 “(1) UPDATED INFORMATION.—

22 “(A) IN GENERAL.—Not later than 7 days  
23 after the date of enactment of the Small Busi-  
24 ness Debt Relief Extension Act of 2020, the  
25 Administrator shall make publicly available in-



1           formation regarding the modifications to the as-  
2           sistance provided under this section under the  
3           amendments made by such Act.

4           “(B) GUIDANCE.—Not later than 14 days  
5           after the date of enactment of the Small Busi-  
6           ness Debt Relief Extension Act of 2020, the  
7           Administrator shall issue guidance on imple-  
8           menting the modifications to the assistance pro-  
9           vided under this section under the amendments  
10          made by such Act.

11          “(2) PUBLICATION OF LIST.—Not later than 14  
12         days after the date of enactment of the Small Busi-  
13         ness Debt Relief Extension Act of 2020, the Admin-  
14         istrator shall transmit to each lender of a covered  
15         loan a list of each borrower of a covered loan that  
16         includes the North American Industry Classification  
17         System code assigned to the borrower, based on the  
18         records of the Administration, to assist the lenders  
19         in identifying which borrowers qualify for an exten-  
20         sion of payments under subsection (c).

21          “(3) EDUCATION AND OUTREACH.—The Ad-  
22         ministrator shall provide education, outreach, and  
23         communication to lenders, borrowers, district offices,  
24         and resource partners of the Administration in order  
25         to ensure full and proper compliance with this sec-

1 tion, encourage broad participation with respect to  
2 covered loans that have not yet been approved by the  
3 Administrator, and help lenders transition borrowers  
4 from subsidy payments under this section directly to  
5 a deferral when suitable for the borrower.

6 “(4) NOTIFICATION.—Not later than 30 days  
7 after the date of enactment of the Small Business  
8 Debt Relief Extension Act of 2020, the Adminis-  
9 trator shall mail a letter to each borrower of a cov-  
10 ered loan that includes—

11 “(A) an overview of assistance provided  
12 under this section;

13 “(B) the rights of the borrower to receive  
14 that assistance;

15 “(C) how to seek recourse with the Admin-  
16 istrator or the lender of the covered loan if the  
17 borrower has not received that assistance; and

18 “(D) the rights of the borrower to request  
19 a loan deferral from a lender, and guidance on  
20 how to do successfully transition directly to a  
21 loan deferral once subsidy payments under this  
22 section are concluded.

23 “(5) MONTHLY REPORTING.—Not later than  
24 the 15th of each month beginning after the date of  
25 enactment of the Small Business Debt Relief Exten-

1 sion Act of 2020, the Administrator shall submit to  
2 Congress a report on assistance provided under this  
3 section, which shall include—

4 “(A) monthly and cumulative data on pay-  
5 ments made under this section as of the date of  
6 the report, including a breakdown by—

7 “(i) the number of participating bor-  
8 rowers;

9 “(ii) the volume of payments made for  
10 each type of covered loan; and

11 “(iii) the volume of payments made  
12 for covered loans made before the date of  
13 enactment of this Act and loans made  
14 after such date of enactment;

15 “(B) the names of any lenders of covered  
16 loans that have not submitted information on  
17 the covered loans to the Administrator during  
18 the preceding month; and

19 “(C) an update on the education and out-  
20 reach activities of the Administration carried  
21 out under paragraph (3).”.

22 (b) EFFECTIVE DATE.—The amendments made by  
23 this section shall apply as if included in the enactment  
24 of section 1112 of the CARES Act (15 U.S.C. 9011).

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