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(Original Signature of Member)

116TH CONGRESS  
2D SESSION

**H. R.** \_\_\_\_\_

To amend the Small Business Act to provide no interest rate loans to small businesses and non-profit entities impacted by the coronavirus (COVID-19), and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

Mr. PAPPAS introduced the following bill; which was referred to the Committee  
on \_\_\_\_\_

\_\_\_\_\_  
**A BILL**

To amend the Small Business Act to provide no interest rate loans to small businesses and non-profit entities impacted by the coronavirus (COVID-19), 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 “Too Small to Fail  
5 Act”.

1 **SEC. 2. FINANCIAL ASSISTANCE TO SMALL BUSINESSES**  
2 **AND NON-PROFIT ENTITIES.**

3 Section 7 of the Small Business Act (15 U.S.C. 636)  
4 is amended by adding at the end the following new sub-  
5 section:

6 “(k) CORONAVIRUS RELATED LOANS.—

7 “(1) IN GENERAL.—The Administration shall  
8 waive the credit elsewhere requirement of subsection  
9 (a)(1) for loans to small businesses and non-profit  
10 entities affected by the coronavirus (COVID-19).  
11 Such loans shall be provided by the Administration  
12 at no interest rate.

13 “(2) AUTHORIZATION OF APPROPRIATIONS.—  
14 For an additional amount for the ‘Disaster Loans  
15 Program Account’ for the cost of direct loans au-  
16 thorized by section 7(b) of the Small Business Act  
17 and for subsidizing interest rates,  
18 \$350,000,000,000, to remain available until ex-  
19 pended, except that—

20 “(A) not to exceed \$225,000,000 may be  
21 transferred to and merged with ‘Salaries and  
22 Expenses’ for administrative expenses to carry  
23 out the disaster loan program authorized by  
24 section 7(b) of the Small Business Act; and

1           “(B) none of the funds provided under this  
2           heading may be used for indirect administrative  
3           expenses.

4           “(3) EMERGENCY REQUIREMENT.—The amount  
5           provided under paragraph (2) is designated as an  
6           emergency requirement pursuant to section  
7           251(b)(2)(A)(i) of the Balanced Budget and Emer-  
8           gency Deficit Control Act of 1985 and the amount  
9           designated under such paragraph as an emergency  
10          requirement pursuant to such section  
11          251(b)(2)(A)(i) shall be available only if the Presi-  
12          dent subsequently so designates such amount and  
13          transmits such designation to the Congress.

14          “(4) SUSPENSION OF PAYMENT.—The Adminis-  
15          tration is authorized to suspend the payment of any  
16          loan made under this Act to any small business or  
17          non-profit entity affected by the coronavirus  
18          (COVID-19) for a period determined by the Admin-  
19          istration.”.

20 **SEC. 3. EMERGENCY EIDL GRANTS.**

21          (a) EIDL EMERGENCY GRANT.—

22               (1) IN GENERAL.—During the covered period,  
23               an eligible entity that applies for a loan under sec-  
24               tion 7(b)(2) of the Small Business Act (15 U.S.C.  
25               636(b)(2)) in response to COVID–19 may request

1       that the Administrator provide an advance in the  
2       amount requested by such applicant (not to exceed  
3       \$15,000) to such applicant within 3 days after the  
4       Administrator receives an application from such ap-  
5       plicant.

6               (2) VERIFICATION.—Before disbursing amounts  
7       under this subsection, the Administrator shall verify  
8       that the applicant is an eligible entity.

9               (3) USE OF FUNDS.—An advance provided  
10       under this subsection may be used to address any al-  
11       lowable purpose for a loan made under section  
12       7(b)(2) of the Small Business Act (15  
13       U.S.C.636(b)(2)), including—

14                   (A) providing paid sick leave to employees  
15                   unable to work due to the direct effect of the  
16                   COVID-19;

17                   (B) maintaining payroll to retain employ-  
18                   ees during business disruptions or substantial  
19                   slowdowns;

20                   (C) meeting increased costs to obtain ma-  
21                   terials unavailable from the applicant's original  
22                   source due to interrupted supply chains;

23                   (D) making rent or mortgage payments;  
24       and

1 (E) repaying obligations that cannot be  
2 met due to revenue losses.

3 (4) REPAYMENT.—An applicant shall not be re-  
4 quired to repay any amounts of an advance provided  
5 under this subsection, even if subsequently denied a  
6 loan under section 7(b)(2) of the Small Business Act  
7 (15 U.S.C. 636(b)(2)).

8 (5) UNEMPLOYMENT GRANT.—If an applicant  
9 that receives an advance under this subsection trans-  
10 fers into the loan program under section 7(a) of the  
11 Small Business Act (15 U.S.C. 636(a)), the advance  
12 amount shall be considered when determining loan  
13 forgiveness for a loan for payroll costs made under  
14 such section 7(a).

15 (6) AUTHORIZATION OF APPROPRIATIONS.—  
16 There is authorized to be appropriated to the Small  
17 Business Administration \$10,000,000,000 to carry  
18 out this subsection.

19 (7) TERMINATION.—The authority to carry out  
20 grants under this subsection shall terminate on De-  
21 cember 31, 2020.

22 (b) DEFINITIONS.—In this Act—

23 (1) the term “covered period” means the period  
24 beginning on January 31, 2020 and ending on De-  
25 cember 31, 2020; and

1 (2) the term “eligible entity” means—

2 (A) a startup with not more than 500 em-  
3 ployees;

4 (B) any individual who operates under a  
5 sole proprietorship or as an independent con-  
6 tractor;

7 (C) a cooperative with not more than 500  
8 employees; or

9 (D) an ESOP (as defined in section 3 of  
10 the Small Business Act (15 U.S.C. 632)) with  
11 not more than 500 employees; and

12 (3) the term “COVID-19” means the virus  
13 SARS-CoV-2 and the resulting disease COVID-19  
14 or another coronavirus with pandemic potential.