

S._____

Interest-Free Loan Jobs Act of 2012

IN THE SENATE OF THE UNITED STATES

A BILL

To create a small business environment that will stimulate existing, solid, small business expansion and creation of new small businesses. This will result in the creation of long-lasting, good-paying jobs. This is a loan program only and will not cost the taxpayers net any additional tax burden. This is a Temporary loan program like the SBA (ARC) America's Recovery Capital program but is not geared towards business stabilization as that program was. Instead of giving large amounts of loan guarantees to any one and potentially high risk business, this is designed to create large numbers of jobs with many different companies and industries; some companies may be involved in alternative energy manufacturing but this Act and its intended recipients is definitely not limited to alternative energy companies or their expansion. The funds will not be loaned from banks; they will be direct from the Treasury of the United States of America.

1 Be it enacted by the Senate and House of Representatives

of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE

(a) Short Title- This Act may be cited as the
'Interest-Free Loan Jobs Act of 2012'.

TITLE I--Interest Free Loan Act of 2012

***PART I--TERMS AND LIMITATIONS ON DIRECT LOANS AND
LOAN GUARANTEES***

**SEC. 2. ELIGIBILITY CRITERIA, TERMS AND LIMITATIONS OF
LOANS.**

(a) In General- Loans under this Act shall only be made available if the applicant for such assistance has demonstrated to the satisfaction of the Senate Committee that the business plan has an exceptionally high chance to create U.S. living wage jobs for which such assistance is being sought--

(1) is not for the refinancing of an existing loan; and

(2) meets--

(A) any pertinent requirements set forth in this Act;

(B) any criteria established by the U.S. Senate Committee in accordance with this Act.

(b) Considerations- The criteria established by the Senate Committee pursuant to this Act shall provide adequate consideration of--

(1) the economic, financial, technical, environmental, and public benefits and costs of each new business or expansion of existing business under consideration for financial assistance under this Act, prioritizing industries that--

(A) contribute to regional or national growth by creating valuable products or services;

(B) demonstrate a clear and significant public benefit;

(C) lead to job creation only in the continental U.S.; and

(E) are not harmful to the environment

(F) Will not be used for companies that mine, manufacture, produce, drill or develop fossil fuels.

(2) the means by which development of the company or expansion of a company under consideration is being financed, including--

(A) the terms, conditions, and structure of the proposed financing;

(B) the credit worthiness and standing of the company sponsors, providers of equity, and co financiers;

(C) the financial assumptions and projections on which the company is based; and

(D) whether there is sufficient State or municipal political support for the successful completion of the company plan or expansion;

(3) the likelihood that the provision of interest-free loans will cause such development to proceed more promptly and with lower costs than would be the case without such a loan;

(4) the extent to which the provision of interest-free loans maximizes the level of private investment in the company or

supports a public-private partnership, while providing a significant public benefit;

(5) the extent to which the provision of interest-free loans can mobilize the participation of other financing partners in the company;

(6) the technical and operational viability of the new company or expansion;

(7) the geographic location of the company in an effort to have geographic diversity of companies loaned by this program;

(c) Application-

(1) IN GENERAL- Any eligible entity seeking assistance from the SBA for an eligible company creation or expansion shall submit an application to the SBA at such time, in such manner, and containing such information as the SBA requires.

(2) REVIEW OF APPLICATIONS- SBA shall review applications for loans under this Act on an ongoing basis. The chief executive officer or owner/partners shall prepare eligible business plans for review and approval by the SBA special panel.

(d) Loan Eligibility and Maximum Amounts-

(1) IN GENERAL- Except as provided in paragraph (2), to be eligible for loans under this Act, a company shall have business plans costs that are reasonably anticipated to range between \$100,000 to \$1,000,000.

(f) State and Local Permits Required- The provision of loan guarantees pursuant to this Act shall not be deemed to relieve any recipient of such assistance, or the related infrastructure project, of any obligation to obtain required State and local permits and approvals.

SEC. 3. LOAN TERMS AND REPAYMENT.

(a) In General- A direct loan or loan guarantee under this Act with respect to an eligible infrastructure project shall be on such terms, subject to such conditions, and contain such covenants,

representations, warranties, and requirements (including requirements for audits) as the SBA panel determines appropriate.

(b) Terms- A direct loan or loan guarantee under this Act--

(1) may have a lien on revenues described in paragraph (1), subject to any lien securing project obligations.

(c) Risk Assessment- Before entering into a loan agreement, SBA will determine the risk of failure of the new business or expansion of a successful business and rating scores using stringent collateral requirements, soundness of the business plan, and any rigorous bank lending standards that will minimize potential loss to tax payers. There will be a special emphasis on expansion of successful businesses over denovo business loans. The determinations made will be reviewed by Congressional Oversight on a quarterly basis and any problems with the SBA approval process will fall under the purview of the Committee.

(d) Maturity Date- The final maturity date of a direct loan or loan guaranteed by SBA under this Act shall be not later than 10 years after the date of substantial completion of the company formation or expansion project, as determined by the SBA.

(i) Terms and Repayment of Direct Loans-

(1) SCHEDULE- The SBA shall establish a repayment schedule for each direct loan under this Act, based on the projected cash flow from company revenues and other repayment sources.

(2) COMMENCEMENT- Scheduled loan repayments of principal or interest on a direct loan under this Act shall commence not later than 1 year after the date of substantial completion of the company creation or expansion project start , as determined by the SBA.

(3) DEFERRED PAYMENTS OF DIRECT LOANS-

(A) AUTHORIZATION- If, at any time after the date of a new company creation or expansion project assisted under this Act, the company is unable to generate sufficient revenues to pay the scheduled loan repayments of principal and interest on the direct loan under this Act, the SBA may allow the obligor a forbearance of 3 months, if the result would benefit the taxpayer.

(B) CRITERIA-

(i) IN GENERAL- Any payment deferral under subparagraph (A) shall be contingent on the company meeting criteria established by the SBA.

(ii) REPAYMENT STANDARDS- The criteria established under clause (i) shall include standards for reasonable assurance of repayment.

(4) PREPAYMENT OF DIRECT LOANS-

(A) USE OF EXCESS REVENUES- Any excess revenues that remain after satisfying scheduled debt service requirements on the company obligations and direct loan and all deposit requirements under the terms of any trust agreement, bond resolution, or similar agreement securing project obligations under this Act may be applied annually to prepay the direct loan, without penalty.

(5) Compliance With FCRA--In General- Direct loans and loan guarantees authorized by this Act shall be subject to the provisions of the Federal Credit Reform Act of 1990 (2 U.S.C. 661 et seq.), as amended.

SEC. 255. COMPLIANCE AND ENFORCEMENT.

(a) Credit Agreement- Notwithstanding any other provision of law, each eligible entity that receives loans under this Act from SBA shall enter into a credit agreement that requires such entity to comply with all applicable policies and procedures of SBA, in addition to all other provisions of the loan agreement.

(b) SBA Authority on Noncompliance- In any case in which a recipient of assistance under this Act is materially out of compliance with the loan agreement, or any applicable policy or procedure of SBA, the SBA may take action to cancel unutilized loan amounts, or to accelerate the repayment terms of any outstanding obligation.

(c) Nothing in this Act is intended to affect existing provisions of law applicable to the planning, development, construction, or operation of projects funded under the Act.

SEC. 256. AUDITS; REPORTS TO THE PRESIDENT AND CONGRESS.

(a) Accounting- The books of account of SBA shall be maintained in accordance with generally accepted accounting principles, and shall be subject to a quarterly audit by independent public accountants of nationally recognized standing appointed by the SBA.

(b) Reports-

(1) BOARD OF DIRECTORS- Not later than 90 days after the last day of each fiscal year, the SBA shall submit to the President and Congress a complete and detailed report with respect to the preceding fiscal year, setting forth--

(A) a summary of the operations of SBA, for such fiscal year;

(B) a schedule of the obligations of SBA and capital securities outstanding at the end of such fiscal year, with a statement of the amounts issued and redeemed or paid during such fiscal year;

(C) the status of companies receiving funding or other assistance pursuant to this Act during such fiscal year, including all nonperforming loans, and including disclosure of all entities with a development, ownership, or operational interest in such companies;

(D) a description of the successes and challenges encountered in lending to small businesses and business expansion projects.

(E) an assessment of the risks of the portfolio of SBA, prepared by an independent source.

(2) GAO- Not later than 2 years after the date of enactment of this Act, the Comptroller General of the United States shall conduct an evaluation of, and shall submit to Congress a report on, activities of SBA for the fiscal years covered by the report that includes an assessment of the impact and benefits of each funded company or expansion project, including a review of how effectively each such company/project accomplished the goals prioritized by the small business panel of the SBA.

(c) Books and Records-

(1) IN GENERAL- SBA shall maintain adequate books and records to support the financial transactions of SBA, with a description of financial transactions and companies receiving funding, and the amount of funding for each such company/project maintained on a publicly accessible database.

(2) AUDITS BY THE SECRETARY AND GAO- The books and records of SBA shall at all times be open to inspection by the Secretary of the Treasury, the Special Inspector General, and the Comptroller General of the United States.