



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

August 1, 2013

S. 289
Commercial Real Estate and Economic Development Act of 2013

*As ordered reported by the Senate Committee on Small Business and Entrepreneurship
on June 17, 2013*

In 2010, the Small Business Jobs Act (Public Law 111-240) authorized a new purpose for the Certified Development Company (CDC) Loan Program at the Small Business Administration (SBA), temporarily allowing the agency to guarantee loans issued to refinance existing debt without requiring an expansion of the business by the borrower. (The CDC loan program is designed to provide small businesses with long-term loans at fixed rates to purchase major assets, such as commercial real estate.) This new authority ended in 2012. S. 289 would reauthorize the refinance program during any fiscal year that the CDC loan program operates at no cost to the federal government. If that condition is not met, then the refinance option would not be authorized that year.

In 2012, SBA received an appropriation of \$48 million for the subsidy cost of the CDC program. Based on information from SBA, CBO expects that the CDC program will continue to have a cost over the next five years. Therefore, CBO estimates that implementing S. 289 would not affect discretionary spending because the conditions would not be met for the refinance program to restart operations. Enacting S. 289 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

S. 289 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

The CBO staff contacts for this estimate are Maggie Morrissey and Susan Willie. The estimate was approved by Theresa Gullo, Deputy Assistant Director of Budget Analysis.