



CONGRESSIONAL BUDGET OFFICE  
COST ESTIMATE

June 3, 2015

**S. 966**  
**Commercial Real Estate and Economic Development Act of 2015**

*As ordered reported by the Senate Committee on Small Business and Entrepreneurship  
on April 23, 2015*

In 2010, the Small Business Jobs Act (Public Law 111-240) authorized the Small Business Administration (SBA), through the Certified Development Company (CDC) Loan Program, to temporarily 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.) That temporary authority ended in 2012. S. 966 would authorize the program to operate during any fiscal year that the CDC loan program operates at no cost to the federal government. If the zero-cost condition is not met, then the refinance option would not be authorized that year.

In 2015, SBA received an appropriation of \$45 million for the CDC program, allowing the agency to guarantee \$7.5 billion in debt at an estimated subsidy rate of 0.6 percent; over the 2010-2014 period, the subsidy rate for the CDC loan guarantee program ranged from zero to 2.02 percent. (The subsidy cost is the estimated long-term cost to the government of a loan guarantee, calculated on a net-present-value basis.)

Because those subsidy rates can fluctuate CBO cannot predict the years in which the refinance program would be authorized to operate. However, CBO estimates that implementing S. 966 would not affect discretionary spending, because in the years the agency would be authorized to operate the program, it also would be authorized to collect fees sufficient to offset the subsidy cost. Enacting S. 966 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

S. 966 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 contact for this estimate is Susan Willie. The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.