

H.R. 1644, 7(a) Loan Agent Oversight Act

As ordered reported by the House Committee on Small Business on May 23, 2023

By Fiscal Year, Millions of Dollars	2023	2023-2028	2023-2033
Direct Spending (Outlays)	0	0	0
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	0	0	0
Spending Subject to Appropriation (Outlays)	*	48	not estimated
Increases <i>net direct spending</i> in any of the four consecutive 10-year periods beginning in 2034?	No	Statutory pay-as-you-go procedures apply?	No
		Mandate Effects	
Increases <i>on-budget deficits</i> in any of the four consecutive 10-year periods beginning in 2034?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No
* = between zero and \$500,000.			

H.R. 1644 would require the Small Business Administration (SBA) to report annually to the Congress on agents that help small businesses to secure loans of up to \$5 million that are guaranteed by the SBA under the 7(a) loan program. Agents include attorneys, consultants, and accountants that assist small businesses during the 7(a) loan application process. The report would include the number of agents assisting 7(a) loan applicants, the dollar amount of fees paid to agents, and the risk created by agents.

The costs of the legislation, detailed in Table 1, fall within budget function 370 (commerce and housing credit).

Table 1.
Estimated Increases in Spending Subject to Appropriation Under H.R. 1644

	By Fiscal Year, Millions of Dollars						2023-2028
	2023	2024	2025	2026	2027	2028	
Estimated Authorization	*	10	10	10	10	10	50
Estimated Outlays	*	9	9	10	10	10	48
* = between zero and \$500,000.							

See also

[CBO's Cost Estimates Explained](#), [CBO Describes Its Cost-Estimating Process](#), [Glossary](#)



Using information from the SBA, CBO expects that the annual report would cost about \$1 million each year. However, the SBA does not currently collect the information that it would need to write the report specified in the legislation. Thus, CBO expects that the SBA would need to establish and maintain a registration system to track agents working on 7(a) loans in order to complete a full and accurate report. On that basis, CBO estimates that implementing H.R. 1644 would cost the agency \$48 million over the 2023-2028 period, assuming appropriation of the estimated amounts.

Those estimated amounts include \$20 million to establish and maintain a system to register and track agents working on 7(a) loans, \$23 million to hire contractors to administer the registration program, and \$5 million to report annually to the Congress.

On May 26, 2023, CBO transmitted a [cost estimate](#) for H.R. 1651, the Small Business 7(a) Loan Agent Transparency Act, as ordered reported by the House Committee on Small Business on May 23, 2023. That legislation would require the SBA to register such agents but would not require an annual report to the Congress. Unlike H.R. 1644, H.R. 1651 also would require the SBA to collect fees from agents, which may be spent without further appropriation. CBO's estimated costs for registering agents and keeping that information up to date are the same for both estimates.

The CBO staff contact for this estimate is David Hughes. The estimate was reviewed by Ann Futrell, Senior Adviser for Budget Analysis.

A handwritten signature in black ink, appearing to read "Phillip L. Swagel", with a stylized flourish at the end.

Phillip L. Swagel
Director, Congressional Budget Office