

## At a Glance

### Small Business Legislation

As reported by the House Committee on Small Business on September 1, 2023

On September 1, 2023, the House Committee on Small Business reported eight bills. This single, comprehensive document provides estimates for those bills.

All of the bills would increase spending subject to appropriation. Only H.R. 4671 would affect direct spending; thus, pay-as-you-go procedures apply to that bill. None of the bills would significantly increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2034. None of the bills would impose intergovernmental or private-sector mandates. Details of the estimated costs of each bill are discussed in the text below.

Bill	Net Increase in the Deficit Over the 2023-2033 Period (Millions of Dollars)	Changes in Spending Subject to Appropriation Over the 2023-2028 Period (Outlays, Millions of Dollars)	Mandate Effects?
H.R. 3995	0	*	No
H.R. 4480	0	*	No
H.R. 4666	0	*	No
H.R. 4667	0	*	No
H.R. 4668	0	*	No
H.R. 4669	0	*	No
H.R. 4670	0	1	No
H.R. 4671	*	*	No

\* = between zero and \$500,000.

**Detailed estimate begins on the next page.**



## Summary

On September 1, 2023, the House Committee on Small Business reported multiple pieces of legislation. This document provides estimates for those bills.

The bills would require the Small Business Administration (SBA) to modify a website, enter into a memorandum of understanding (MOU) with the Department of Energy (DOE), implement new guidance on the Paycheck Protection Program (PPP), and issue new reports.

## Estimated Federal Cost

The bills' costs fall within budget functions 370 (commerce and housing credit) and 270 (energy).

## Basis of Estimate

For this estimate, CBO assumes that the bills will be enacted in fiscal year 2024. This cost estimate does not include any effects of interaction among the bills. If all eight bills were combined and enacted as a single piece of legislation, the effects could be different from the sum of the separate estimates, although CBO expects that any differences would be small.

CBO estimates that all of the bills would increase spending subject to appropriation; any spending would be subject to the availability of appropriated funds. One bill, H.R. 4671, also would affect direct spending.

**H.R. 3995, the Small Business Regulatory Reduction Act**, would prohibit the SBA from issuing rules in a given fiscal year that, on net, result in a cost to small businesses. The bill also would direct the SBA to report to the Congress no later than 60 days after enactment on regulations issued by other federal agencies that impact small businesses.

Based on the cost of similar provisions, CBO estimates that the cost for the SBA to report to the Congress would be less than \$500,000. The budgetary effect of prohibiting the SBA from issuing rules that result in a cost to small businesses is uncertain as CBO cannot determine how the SBA would implement this provision or respond to future legislative mandates for the agency to increase costs for small businesses or how the provision would be enforced.

**H.R. 4480, the SERV ACT**, would require the SBA to submit an annual report on the activities, appointments, and outreach efforts of the Interagency Task Force on Veterans Small Business Development. That task force is currently comprised of representatives appointed by the SBA from federal, nonprofit, and private organizations and is responsible for improving development opportunities for veteran-owned small businesses. The bill also would require the Government Accountability Office (GAO) to submit a report on the ability of such small businesses to access credit.



Using information about the task force and the cost of GAO reports, CBO estimates that implementing H.R. 4480 would cost less than \$500,000 over the 2024-2028 period. The task force has issued annual reports similar to those required by the bill in the past.

**H.R. 4666, a bill to require the Inspector General of the Small Business Administration to submit a quarterly report on fraud relating to certain COVID-19 loans**, would require the SBA’s Inspector General (IG) to report quarterly, for two years after enactment, on fraud in the SBA’s pandemic assistance loan programs, PPP and Economic Injury Disaster Loans (EIDL).

Based on statements from the IG’s June 2023 report “COVID-19 Pandemic EIDL and PPP Loan Fraud Landscape,” CBO expects that the IG will update its estimates of fraudulent loans periodically absent the legislation. Therefore, CBO estimates that any additional costs associated with implementing H.R. 4666 would be insignificant.

**H.R. 4667, the RECLAIM Taxpayer Funds Act**, would require the SBA to issue guidance within 30 days after enactment to PPP borrowers and lenders on how to return unused loan amounts. In addition, the bill would require the SBA to establish a process to accept and track those amounts.

According to the IG’s May 2023 report, “Serious Concerns Regarding the Return of Paycheck Protection Program Funds,” the SBA already accepts returns of unused PPP loan amounts and tracks PPP loans for the return of funds, but has not issued formal guidance to borrowers and lenders. Using additional information from the SBA, CBO estimates that issuing such guidance would cost less than \$500,000 over the 2024-2028 period.

**H.R. 4668, the POST IT Act of 2023**, would require the SBA’s Office of the National Ombudsman to post hyperlinks to guidance and interpretations of small entity compliance guides published by federal agencies on its website.

Using information about the cost of similar provisions, CBO estimates that implementing H.R. 4668 would cost less than \$500,000 over the 2024-2028 period.

**H.R. 4669, the DOE and SBA Research Act**, would require DOE and the SBA to enter into an MOU to carry out research and development activities that advance the agencies’ missions. The agencies would need to report to the Congress on activities carried out pursuant to the MOU.

CBO estimates that the costs to DOE and the SBA of establishing the MOU and reporting to the Congress would be insignificant. In general, the MOU would formalize coordination between SBA and DOE that is already underway.

**H.R. 4670, the Small Business Contracting Transparency Act of 2023**, would require the SBA to issue annual reports on women-owned small businesses, small businesses located in

high-unemployment and low-income areas (also known as HUBZones), and small businesses owned by service-disabled veterans.

Because the SBA already collects much of the information required to be included in the reports, CBO estimates that one employee, at an average annual cost of \$170,000, would be needed each year to compile the information and report to the Congress. In total, CBO estimates that implementing H.R. 4670 would cost \$1 million over the 2024-2028 period.

**H.R. 4671, the Corrective Action Report Oversight and Accountability Act,** would require federal agencies to report to the SBA annually on the number of small businesses that received procurement contracts for the first time. Under current law, federal agencies are required to set aside a certain percent of prime contract and subcontract dollars for small businesses. The bill would require agencies that fail to meet such goals to report to the SBA on the practices they used and to analyze the efficacy of such practices. The SBA would need to post that information on its scorecard website.

Using information from the SBA and the cost of similar provisions, CBO estimates that the cost to the SBA of implementing H.R. 4671 would be insignificant. Agency contracting goals are set in coordination with the SBA and only a small number of agencies do not meet their individual contracting goals each year.

Enacting H.R. 4671 could affect direct spending by some agencies that are allowed to use fees, receipts from the sale of goods, and other collections to cover operating costs. CBO estimates that any net increases in direct spending by those agencies would be negligible because most of the affected agencies that are allowed to use fees can adjust amounts collected to reflect changes in operating costs.

### **Pay-As-You-Go Considerations:**

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. Over the 2023-2032 period, CBO estimates that enacting H.R. 4671 bill would increase direct spending by less than \$500,000.

### **Increase in Long-Term Net Direct Spending and Deficits:**

CBO estimates that enacting H.R. 4671 would not significantly increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2034.

CBO estimates that none of the other seven bills would increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2034.



**Mandates: None.**

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A handwritten signature in black ink, appearing to read "Phillip L. Swagel". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Phillip L. Swagel

Director, Congressional Budget Office