

## At a Glance

### Small Business Legislation

**As reported by the Senate Committee on Small Business and Entrepreneurship on July 25, 2023**

On July 25, 2023, the Senate Committee on Small Business and Entrepreneurship reported several bills related to the Small Business Administration's loan programs and operations. This single, comprehensive document provides estimates for seven of those bills.

All of the bills would increase spending subject to appropriation. S. 1345 also would increase direct spending and revenues; pay-as-you-go procedures would apply to that bill.

S. 1345 would increase net direct spending and on-budget deficits by less than \$2.5 billion in any of the four consecutive 10-year periods beginning in 2034. The other bills would not increase net direct spending or on-budget deficits in those periods.

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?
S. 38	0	*	No
S. 673	0	*	No
S. 1156	0	*	No
S. 1345	5	*	No
S. 1352	0	1	No
S. 2099	0	3	No
S. 2212	0	*	No

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

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

See also

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



## Summary

On July 25, 2023, the Senate Committee on Small Business and Entrepreneurship reported several pieces of legislation. This document provides estimates for seven of those bills.

The bills would codify the Boots to Business program, expand access to Small Business Administration (SBA) loan products, enhance the agency's 504 Certified Development Company loan guarantee program, establish the Coordinator for Community Financial Institutions position, require the appointment of an Associate Administrator to head the Office of Native American Affairs, and establish a new advisory committee for the Small Business Investment Company program.

## Estimated Federal Cost

The bills' costs fall within budget function 370 (commerce and housing credit).

## Basis of Estimate

For this estimate, CBO assumes that the bills will be enacted near the end of fiscal year 2023. This cost estimate does not include any effects of interaction among the bills. If all seven 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.

## Spending Subject to Appropriation

CBO estimates that all seven bills would increase spending subject to appropriation; any spending would be subject to the availability of appropriated funds.

**S. 38, the Veteran Entrepreneurship Training Act of 2023**, would authorize the SBA to carry out the Boots to Business (B2B) Program over the 2023-2028 period. That program, which the SBA operates under authorities provided in Public Law 93-237, provides entrepreneurship training to members of the Armed Forces (including the National Guard or Reserves), veterans, and the spouses or dependents of those people. The legislation would authorize the SBA to make grants to Veteran Business Outreach Centers and to collaborate with public and private entities to develop training courses, which it does under its current program. S. 38 also would require the SBA to share B2B program information with other veterans' agencies and to submit annual program reports to the Congress.

CBO estimates that implementing the new requirements in S. 38 would cost less than \$500,000 over the 2024-2028 period, primarily for additional reporting requirements.

**S. 673, the Small Business Child Care Investment Act**, would authorize nonprofit childcare providers to receive loans guaranteed by the SBA. The bill also would require the SBA to report annually to the Congress on the number of such loans.



Based on the costs of similar provisions, CBO expects that the additional costs to report to the Congress would total less than \$500,000 over the 2024-2028 period. CBO estimates that any change in the subsidy cost of SBA loans, which are subject to appropriation, would be insignificant.

**S. 1156, the Native American Entrepreneurial and Opportunity Act of 2023**, would codify the mission and authorities of the Office of Native American Affairs (ONAA) within the SBA and require the appointment of an Associate Administrator to head that office. The ONAA is currently led by an Assistant Administrator. Based on information from the agency, CBO expects that, under the bill, an existing employee would be elevated to the new position and that any increase in compensation paid for that position would not be significant over the 2024-2028 period.

**S. 1345, the 504 Credit Risk Management Improvement Act of 2023**, would require the SBA to issue rules to clarify how certified development companies (CDCs) may comply with the requirements of the National Environmental Policy Act.

Using information from the SBA, CBO estimates that it would cost the agency less than \$500,000 to issue rules. Two employees, at an average annual cost of \$170,000 per employee, would be needed in 2024 for rulemaking activities.

**S. 1352, the 504 Modernization and Small Manufacturer Enhancement Act of 2023**, would make changes to the SBA's 504 Certified Development Company (504/CDC) loan guarantee program, which provides financing to small businesses through nonprofit CDCs, helping small businesses purchase or improve fixed assets such as land, buildings, or machinery. The bill would raise the maximum loan amount for small manufacturers from \$5.5 million to \$6.5 million, expand eligibility for 504/CDC loans, and set new leasing terms for buildings that are financed by such loans. In addition, the bill would require SBA to report to the Congress on how those changes to leasing terms affect access to capital for small businesses.

Using information about the cost of similar provisions, CBO estimates that it would cost \$1 million over the 2024-2028 period for the SBA to issue rules and complete the required report. CBO estimates that any change in the subsidy cost of SBA loans, which are subject to appropriation, would be insignificant.

**S. 2099, the Supporting Community Lenders Act**, would create the position of Coordinator for Community Financial Institutions within the SBA's Office of Capital Access. The new official would plan, coordinate, evaluate, and improve the SBA's efforts to enhance the performance of community financial institutions and support access to capital for small businesses.



Using information from the SBA, CBO expects that the agency would hire a new employee to fulfill those responsibilities at an annual cost of about \$200,000 in 2024. In addition, the agency would need to hire the equivalent of three supporting staff, at an average annual cost per employee of \$150,000 in 2024, to develop strategies, conduct outreach, establish partnerships, hold public meetings, and prepare reports for the Congress. In total, and after accounting for anticipated inflation in later years, CBO estimates that implementing S. 2099 would cost \$3 million over the 2024-2028 period.

**S. 2212, the SBIC Advisory Committee Act of 2023**, would establish an advisory committee to advise the SBA on its Small Business Investment Company (SBIC) program, which provides equity capital to small businesses through private SBICs that raise a mixture of private funds and SBA-guaranteed loans. The committee would make recommendations to the SBA, including how to increase the number of SBICs that invest in low-income and rural areas. The bill would require the committee to report to the Congress within 18 months, at which point the committee would terminate.

Based on the cost of similar activities, CBO estimates that implementing S. 2212 would cost less than \$500,000 over the 2024-2028 period.

### Direct Spending and Revenues

CBO estimates that one bill, S. 1345, would affect direct spending and revenues. Those effects are shown in Table 1.

**Table 1.**  
**Estimated Effects on Direct Spending and Revenues of S. 1345, the 504 Credit Risk Management Improvement Act of 2023, as Reported by the Senate Committee on Small Business and Entrepreneurship on July 25, 2023**

	By Fiscal Year, Millions of Dollars											2023-2028	2023-2033
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033		
<b>Increases in Direct Spending</b>													
Estimated Budget Authority	0	0	3	3	3	3	3	3	3	4	4	12	29
Estimated Outlays	0	0	3	3	3	3	3	3	3	4	4	12	29
<b>Increases in Revenues</b>													
Estimated Revenues	0	2	2	2	2	2	2	3	3	3	3	10	24
<b>Net Increase or Decrease (-) in the Deficit From Changes in Direct Spending and Revenues</b>													
Effect on the Deficit	0	-2	1	1	1	1	1	0	0	1	1	2	5



**S. 1345, the 504 Credit Risk Management Improvement Act of 2023**, would require SBA's Office of Credit Risk Management to supervise CDCs and conduct file reviews of loan closings under the agency's 504/CDC loan guarantee program. It would also authorize the SBA to collect fees from CDCs in an amount that does not exceed 1 basis point of the CDC's outstanding loan portfolio. In addition, the bill would authorize the SBA to take enforcement actions, including the assessment of civil monetary penalties, against CDCs that violate statutory or regulatory requirements.

CBO estimates that enacting S. 1345 would increase net revenues by \$24 million over the 2024-2033 period. CBO estimates that the SBA would collect \$33 million in fees from CDCs over that period. When certain types of indirect taxes or fees are imposed on goods and services, however, taxable income for businesses and workers tends to decline, leading to reductions in revenues from income and payroll taxes. As a result, CBO estimates that the additional assessments would be partially offset by a reduction in tax receipts of between 24 percent and 27 percent of the gross assessment amount each year.<sup>1</sup> After accounting for that difference, CBO estimates that collecting those assessments would, on net, increase revenues by about \$24 million over the 2024-2033 period. In addition, CBO estimates that the SBA would collect less than \$500,000 in civil monetary penalties, which are treated as revenues, from CDCs.

The SBA is authorized to retain some fees and spend them on oversight activities, including the fees that would be collected under S. 1345. CBO expects that fees collected in one fiscal year would be spent in the following year, starting in 2025. As a result, CBO estimates that the bill would increase direct spending by \$29 million over the 2025-2033 period.

### **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. The net changes in outlays and revenues for the one bill that is subject to those pay-as-you-go procedures are shown in Table 1.

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

CBO estimates that enacting S. 1345 would not increase net direct spending by more than \$2.5 billion in any of the four consecutive 10-year periods beginning in 2034 and also would not increase on-budget deficits by more than \$5 billion in any of those periods.

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

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1. For more information, see Congressional Budget Office, *CBO's Use of the Income and Payroll Tax Offset in Its Budget Projections and Cost Estimates* (October 2022), [www.cbo.gov/publication/58421](http://www.cbo.gov/publication/58421).

**Mandates: None.**

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