

**Minority Views**  
**Additional and Supplemental Views of the Republican Members of the**  
**House Committee on Small Business**  
**on Matters Set Forth in**  
**The Small Business Committee Print Providing**  
**for Reconciliation Pursuant to S. Con. Res. 14,**  
**the Concurrent Resolution on**  
**the Budget of the United States for Fiscal Year 2022**  
**September 9, 2021**

Pursuant to § 310 of the Congressional Budget Act of 1974 as amended,<sup>1</sup> we are writing to advise you of the Additional and Supplemental Views of the Minority Members of the Committee on Small Business on the Committee Print providing for reconciliation pursuant to S. Con. Res. 14, the Concurrent Resolution on the Budget for Fiscal Year 2022. These views are in addition to those submitted by the Committee's Majority Members. Unfortunately, as with the consideration of S. Con. Res. 5, the Concurrent Resolution on the Budget for Fiscal Year 2021 in February 2021, neither the House Majority Members nor the Committee's Majority Members engaged in a bipartisan reconciliation process. Consequently, the Minority has substantial disagreement with the Majority's Budget Reconciliation Committee Print. These objections are discussed in greater detail below.

Under clause 1(q) of Rule 10 of the Rules of the United States House of Representatives, the Committee on Small Business has legislative jurisdiction over the United States Small Business Administration (SBA), including financial aid, regulatory flexibility, paperwork reduction, and the participation of small businesses in federal government procurement and federal government contracts. Similarly, under clause 3(1) of House Rule 10, the Committee also has continuing jurisdiction to study and investigate the problems of all types of small businesses. This document, accordingly, focuses on the small business provisions of S. Con. Res. 14, the Concurrent Resolution on the Budget of the United States for Fiscal Year 2022, which covers the Small Business Act<sup>2</sup> and the Small Business Investment Act.<sup>3</sup>

The SBA has responsibility for programs that help to create millions of jobs and to grow the economy of the United States. Our nation's entrepreneurs depend on these programs not only to provide capital, but also for advising, mentoring, training, and other services. As a result, it is essential that the SBA programs are efficient, effective, and achieve real results for America's small businesses and, equally important, America's taxpayers.

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<sup>1</sup> 2 U.S.C. § 641 et seq.

<sup>2</sup> 15 U.S.C. § 631 et seq.

<sup>3</sup> 15 U.S.C. § 661 et seq.

## **I. Introduction: The Impact of the COVID-19 Pandemic on Small Businesses**

Small businesses employ nearly half of all American workers<sup>4</sup> and produce almost 50 percent of our Gross Domestic Product (GDP).<sup>5</sup> Despite this important role in the economy, they operate on thin margins and often with little capital in reserve and a limited workforce. Never have they been tested as they have during the COVID-19 pandemic. Small businesses were deeply affected by state and local mandates and the rapidly changing economic conditions. To assist the nation's small businesses and their employees, Congress and the Trump Administration worked in a bipartisan manner to craft a number of relief measures to help stabilize the American economy. Although the relief programs delivered approximately one trillion dollars to small businesses, some small businesses were unable to adapt, and the dire economic conditions forced thousands of businesses to close their doors forever.

## **II. Small Business COVID-19 Relief Programs**

In March 2020, Congress passed, and President Trump signed, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act),<sup>6</sup> which created the bipartisan Paycheck Protection Program (PPP), and activated the Economic Injury Disaster Loan (EIDL) Program.<sup>7</sup> The Consolidated Appropriations Act of 2021 included the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act,<sup>8</sup> which established the Shuttered Venue Owners Grant (SVOG) Program to aid theaters, museums, performance venues, and other destinations. Later, Congress passed through the budget reconciliation process, and President Biden signed, the American Rescue Plan Act,<sup>9</sup> which created the Restaurant Revitalization Fund (RRF) to assist restaurants, bars, and other eligible entities.

Prior to COVID-19, small businesses were projecting confidence and optimism. Pro-growth policies resulted in historic unemployment levels. A smart regulatory environment and low taxes meant small businesses had the economic freedom and opportunity to innovate, expand, and create jobs.

## **III. The Current State of Small Business**

Today, small businesses are still struggling. COVID-19 is still rampant. Costs are escalating and inflation is at a 30-year high. Supply chains have been disrupted. Workers are scarce. Prices

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<sup>4</sup> OFFICE OF ADVOCACY, U.S. SMALL BUS. ADMIN., 2021 SMALL BUSINESS PROFILE, *available at* <https://cdn.advocacy.sba.gov/wp-content/uploads/2021/08/30143723/Small-Business-Economic-Profile-US.pdf>.

<sup>5</sup> OFFICE OF ADVOCACY, U.S. SMALL BUS. ADMIN., SMALL BUSINESS GDP, *available at* <https://cdn.advocacy.sba.gov/wp-content/uploads/2018/12/21060437/Small-Business-GDP-1998-2014.pdf>.

<sup>6</sup> Pub. L. No. 116-136 (2020).

<sup>7</sup> *Id.*

<sup>8</sup> Pub. L. No. 116-260 (2020).

<sup>9</sup> Pub. L. No. 117-2 (2021).

of materials are up. Customer demand is down. Small business owners are being threatened with still higher taxes and more regulations. They clearly need Congress to come together and provide bipartisan solutions.

For many years, the House Small Business Committee has been known to work together to pass legislation for America's entrepreneurs. Republicans and Democrats worked together and were proud to achieve real results for Main Street U.S.A. However, over the past year, instead of working together to craft targeted, much-needed solutions that address the specific problems of small businesses, the House Majority and this Committee's Majority have pushed through billions of dollars in spending, much of it stretching ten years into the future, and direct federal assistance that will further perpetuate a failing artificial economy.

Beginning in February of 2021, the Small Business Committee Majority drafted a massive \$50 billion budget reconciliation package without seeking any Minority ideas or input. We were given their partisan document just days before the markup. Although Republican Committee Members proposed numerous constructive, commonsense amendments to improve the measure, Committee Democrats blocked each one. For example:

- Democrats defeated Ranking Member Blaine Luetkemeyer's (R-MO) amendment to increase the funding allocated to the SBA's Office of Inspector General by \$25 million to prevent waste and fraud and protect taxpayer dollars.
- Democrats rejected Representative Andrew Garbarino's (R-NY) amendment to increase the appropriation for the SBA's Restaurant Revitalization Fund (RRF) from \$25 billion to \$60 billion.
- Democrats opposed Representative Young Kim's (R-CA) amendment to require the SBA to submit a report to Congress on the waste, fraud, and abuse that occurred within the SBA's Economic Injury Disaster Loan (EIDL) Program since January 1, 2020.

Last week, on September 7, 2021, a Tuesday afternoon of a Jewish holiday observed by Members and staff alike, the Committee's Majority provided a 90-page \$23.6 billion equally partisan document<sup>10</sup> to be voted on the morning of Thursday, September 9, 2021 – less than 48 hours later. During the markup, Republican Members expressed serious concerns about provisions in the Majority's bill that duplicate current Small Business Administration (SBA) programs; copy established and successful private sector programs; lack rigorous oversight; and vastly increase risk to taxpayer dollars.

To cite just a few examples, the Majority's bill:

- Appropriates \$1 billion to create a new, duplicative Uplift Accelerator grants program without oversight, for a narrow list of eligible entities to establish accelerators or incubators to help small business readiness, appropriates an additional \$725 million

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<sup>10</sup> Committee Print providing for reconciliation pursuant to S. Con. Res. 14, the Concurrent Resolution on the Budget for Fiscal Year 2022 (117<sup>th</sup> Cong.).

for another new, duplicative Business Development Academy grant program within the SBA's 7(j) program with the same narrow list of eligible entities as the Uplift Accelerator program.

- Appropriates \$4.465 billion for the Small Dollar Funding Program, a direct lending program within the SBA for government contractors and small manufacturers when the nonpartisan Government Accountability Office and SBA Inspector General have identified the potential for massive fraud in the SBA's Economic Injury Disaster Loan (EIDL) direct lending program.<sup>11</sup>
- Appropriates \$1 billion to extend SBA 7(a)/504 loan fee waivers and government guarantee percentages through 2026, which increases taxpayer risk.
- Appropriates \$500 million to create a Cooperative Pilot Loan Program to serve employee-owned small businesses and waives the personal guarantee requirement.
- Appropriates \$100 million to supplement existing funding in SBA's Surety Bond Program, raising the government guarantee rate from \$6.5 million to up to \$20 million, vastly increasing taxpayer risk while eliminating the important limitation that the SBA's guarantee is necessary for the small business to obtain a bond.

Once again, Republican Committee Members offered constructive, commonsense amendments to strengthen the measure. And once again, Committee Democrats defeated every one. For example:

- Democrats defeated Representative Beth Van Duyne's (R-TX) amendment to require the Small Business Administration to study the impact of inflation on small businesses.
- Democrats blocked Representative Scott Fitzgerald's (R-WI) amendment to require the SBA to create a study investigating the impact of tax increases on small businesses.
- Democrats opposed Representative Andrew Garbarino's (R-NY) amendment to provide additional funding for our nation's struggling restaurants through the SBA's Restaurant Revitalization Fund (RRF), dismissed proper oversight, and neglected to reject preferential applicant treatment within the program.

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<sup>11</sup> INSPECTOR GENERAL, SMALL BUSINESS ADMINISTRATION, SERIOUS CONCERNS WITH POTENTIAL FRAUD IN EIDL PROGRAM PERTAINING TO THE RESPONSE TO COVID-19 (Jul. 28, 2020), *available at* <https://www.sba.gov/document/report-20-16-serious-concerns-potential-fraud-eidl-program-pertaining-response-covid-19>; ECONOMIC INJURY DISASTER LOAN PROGRAM: ACTIONS NEEDED TO IMPROVE COMMUNICATION WITH APPLICANTS AND ADDRESS FRAUD RISKS (GAO-21-589) (Jul 30, 2021), *available at* <https://www.gao.gov/products/gao-21-589>.

#### IV. The Small Businesses Outlook Ahead

Although the Committee's Majority claims to want to work together on bipartisan policies, once again, as in February 2021, there were no meetings, no telephone calls, no Zoom calls, no solicitation of ideas, no discussions, and no bipartisan solutions for this budget reconciliation legislation.

At a time when small businesses are still working diligently to regain their footing and serve their communities, a rushed, one-sided, partisan process, and a massive, multi-billion-dollar measure, which lacks temporary, targeted programs, anti-fraud measures, and rigorous oversight, duplicates successful private sector programs and puts additional taxpayer dollars at risk, are not the answer. That path will not help small businesses and will only kick them while they are down.

Small Business Committee Republican Members stand ready to help create the environment that will drive small businesses and our nation forward. The way to achieve that goal is a targeted, pro-growth plan focusing on smart tax and regulatory policies that will finally deliver commonsense, bipartisan relief to Main Street.

Respectfully,



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Blaine Luetkemeyer  
Ranking Member



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Roger Williams  
Vice Ranking Member



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Jim Hagedorn  
Member of Congress



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Pete Stauber  
Member of Congress



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Dan Meuser  
Member of Congress



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Claudia Tenney  
Member of Congress



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Andrew Garbarino  
Member of Congress



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Young Kim  
Member of Congress



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Beth Van Duyne  
Member of Congress



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Byron Donalds  
Member of Congress



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Maria Salazar  
Member of Congress



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Scott Fitzgerald  
Member of Congress