

1 (A) the participating State delivers funds to the entity as collateral;

2 (B) the entity provides funding from the arrangement back to the participating
3 State; and

4 (C) the full amount of resulting funding from the arrangement, less any fees and
5 other costs of the arrangement, is contributed to, or for the account of, an approved State
6 program.

7 (8) RESERVE FUND.—The term “reserve fund” means a fund, established by a
8 participating State, dedicated to a particular financial institution lender, for the purposes of—

9 (A) depositing all required premium charges paid by the financial institution
10 lender and by each borrower receiving a loan under an approved State program from that
11 financial institution lender;

12 (B) depositing contributions made by the participating State, including State
13 contributions made with Federal contributions; and

14 (C) covering losses on enrolled loans by disbursing accumulated funds.

15 (9) STATE.—The term “State” means—

16 (A) a State of the United States;

17 (B) the District of Columbia;

18 (C) when designated by a State of the United States, a political subdivision of that
19 State that the Secretary determines has the capacity to participate in the Program; and

20 (D) under the circumstances described in section 4(d), a municipality of a State of
21 the United States to which the Secretary has given a special permission under section
22 4(d).

23 (10) STATE CAPITAL ACCESS PROGRAM.—The term “State capital access
24 program” means a program of a State that—

25 (A) uses public resources to promote private access to credit; and

26 (B) meets the eligibility criteria in section 5(c).

27 (11) STATE OTHER CREDIT SUPPORT PROGRAM.—The term “State other credit
28 support program”—

29 (A) means a program of a State that—

30 (i) uses public resources to promote private access to credit;

31 (ii) is not a State capital access program; and

1 (iii) meets the eligibility criteria in section 6(c); and

2 (B) includes, collateral support programs, loan participation programs, and credit
3 guarantee programs.

4 (13) STATE PROGRAM.—The term “State program” means a State capital access
5 program or a State other credit support program.

6 (14) SECRETARY.—The term “Secretary” means the Secretary of the Treasury.

7 **SEC. 3. FEDERAL FUNDS ALLOCATED TO STATES.**

8 (a) PROGRAM ESTABLISHED; PURPOSE.—There is established the State Small
9 Business Credit Initiative (Program), to be administered by the Secretary. Under the Program,
10 the Secretary shall allocate Federal funds to participating States and make the allocated funds
11 available to the participating States as provided in this section for the uses described in this
12 section.

13 (b) ALLOCATION FORMULA.—

14 (1) IN GENERAL.—Not later than 30 days after the date of enactment of this
15 Act, the Secretary shall allocate Federal funds to participating States so that each State is
16 eligible to receive an amount equal to the average of the respective amounts that the
17 State—

18 (A) received pursuant to section 1400U-1 (Allocation of Recovery Zone
19 Bonds) of the American Recovery and Reinvestment Act of 2009; and

20 (B) would receive if the notional changes to Section 1400U-1 of the
21 American Recovery and Reinvestment Act of 2009 identified in paragraph (2)
22 were made.

23 (2) NOTIONAL CHANGES TO SECTION 1400U-1.—

24 (A) EXTENSION OF RECOVERY ZONE BOND AUTHORITY—
25 Section 1400U-2(b)(1) and section 1400U-3(b)(1)(B) are each amended by
26 striking “January 1, 2011” and inserting “January 1, 2012”.

27 (B) ADDITIONAL ALLOCATIONS OF RECOVERY ZONE BOND
28 AUTHORITY BASED ON UNEMPLOYMENT.—Section 1400U-1 is
29 amended by adding at the end the following new subsection:

30 “(c) ALLOCATION OF 2010 RECOVERY ZONE BOND LIMITATIONS BASED
31 ON UNEMPLOYMENT.—

1 “(1) IN GENERAL.—The Secretary shall allocate the 2010 national recovery
2 zone economic development bond limitation and the 2010 national recovery zone
3 facility bond limitation among the States in the proportion that each such State's 2009
4 unemployment number bears to the aggregate of the 2009 unemployment numbers for
5 all of the States.

6 “(2) MINIMUM ALLOCATION.—The Secretary shall adjust the allocations
7 under paragraph (1) for each State to the extent necessary to ensure that no State (prior
8 to any reduction under paragraph (3)) receives less than 0.9 percent of the 2010
9 national recovery zone economic development bond limitation and 0.9 percent of the
10 2010 national recovery zone facility bond limitation.

11 “(3) 2009 UNEMPLOYMENT NUMBER.—For purposes of this subsection,
12 the term ‘2009 unemployment number’ means, with respect to any State, county or
13 municipality, the number of individuals in such State, county, or municipality who
14 were determined to be unemployed by the Bureau of Labor Statistics for December
15 2009.”.

16 (c) AVAILABILITY OF ALLOCATED AMOUNT.—The amount allocated by the
17 Secretary to each participating State under subsection (b) shall be made available to the State as
18 follows:

19 (1) ALLOCATED AMOUNT GENERALLY TO BE AVAILABLE TO STATE
20 IN ONE-THIRDS.—Except as provided in paragraph (2)—

21 (A) the Secretary shall apportion the participating State’s allocated amount
22 into one-thirds.;

23 (B) the Secretary shall transfer to the participating State the first one-third
24 when the Secretary approves the State for participation under section 4; and

25 (C) the Secretary shall transfer to the participating State each successive
26 one-third when the State has certified to the Secretary that it has expended,
27 transferred, or obligated 80 percent of the last transferred one-third for Federal
28 contributions to, or for the account of, State programs. The Secretary may
29 withhold the transfer of any successive one-third pending results of a financial
30 audit.

31 (2) EXCEPTION.—The Secretary may, in the Secretary’s discretion, transfer the

1 full amount of the participating State’s allocated amount to the State in a single transfer if
2 the participating State applies to the Secretary for approval to use the full amount of the
3 allocation as collateral for a qualifying loan or swap funding facility.

4 (3) TRANSFERRED AMOUNTS.—Each amount transferred to a participating
5 State under this section shall remain available to the State until used by the State as
6 permitted under paragraph (4).

7 (4) USE OF TRANSFERRED FUNDS.—Each participating State may use funds
8 transferred to it under this section only—

9 (A) for making Federal contributions to, or for the account of, an approved
10 State program;

11 (B) as collateral for a qualifying loan or swap funding facility;

12 (C) in the case of the first one-third transferred, for paying administrative
13 costs incurred by the State in implementing an approved State program in an
14 amount not to exceed 5 percent of that first one-third; or

15 (D) in the case of each successive one-third transferred, for paying
16 administrative costs incurred by the State in implementing an approved State
17 program in an amount not to exceed 3 percent of that successive one-third.

18 (5) TERMINATION OF AVAILABILITY OF AMOUNTS NOT
19 TRANSFERRED WITHIN 2 YEARS OF PARTICIPATION.—Any portion of a
20 participating State’s allocated amount that has not been transferred to the State under this
21 section by the end of the 2-year period beginning on the date that the Secretary approves
22 the State for participation may be deemed by the Secretary to be no longer allocated to
23 the State and no longer available to the State and shall be returned to the General Fund.

24 (6) DEFINITIONS.—For purposes of this section—

25 (A) the term “allocated amount” means the total amount of Federal funds
26 allocated by the Secretary under subsection (b) to the participating State; and

27 (B) the term “one-third” means—

28 (i) in the case of the first and second one-thirds, an amount equal
29 to 33 percent of a participating State’s allocated amount; and

30 (ii) in the case of the last one-third, an amount equal to 34 percent
31 of a participating State’s allocated amount.

1 **SEC. 4. APPROVING STATES FOR PARTICIPATION.**

2 (a) APPLICATION.—Any State may apply to the Secretary for approval to be a
3 participating State under the Program and to be eligible for an allocation of Federal funds under
4 the Program.

5 (b) GENERAL APPROVAL CRITERIA.—The Secretary shall approve a State to be a
6 participating State, if—

7 (1) a specific department, agency, or political subdivision of the State has been
8 designated to implement a State program and participate in the Program;

9 (2) all legal actions necessary to enable such designated department, agency, or
10 political subdivision to implement a State program and participate in the Program have
11 been accomplished;

12 (3) the State has filed an application with the Secretary for approval of a State
13 capital access program under section 5 or approval as a State other credit support
14 program under section 6, in each case within the time period provided in the respective
15 section; and

16 (4) the State and the Secretary have executed an allocation agreement that—

17 (A) conforms to the requirements of this Act;

18 (B) ensures that the State program complies with such national standards
19 as are established by the Secretary under section 9(a)(2);

20 (C) sets forth internal control, compliance, and reporting requirements as
21 established by the Secretary, and such other terms and conditions necessary to
22 carry out the purposes of this Act, including an agreement by the State to allow
23 the Secretary to audit State programs;

24 (D) requires that the State program be fully positioned, within 90 days of
25 the State’s execution of the allocation agreement with the Secretary, to act on
26 providing the kind of credit support that the State program was established to
27 provide; and

28 (E) includes an agreement by the State to deliver to the Secretary, and
29 update annually, a schedule describing how the State intends to apportion among
30 its State programs the Federal funds allocated to the State.

31 (c) CONTRACTUAL ARRANGEMENTS FOR IMPLEMENTATION OF STATE

1 PROGRAMS.—A State may be approved to be a participating State, and be eligible for an
2 allocation of Federal funds under the Program, if the State has contractual arrangements for the
3 implementation and administration of its State program with—

4 (1) an existing, approved State program administered by another State; or

5 (2) an authorized agent of, or entity supervised by, the State, including for-profit
6 and not-for-profit entities.

7 (d) SPECIAL PERMISSION.—

8 (1) CIRCUMSTANCES WHEN A MUNICIPALITY MAY APPLY

9 DIRECTLY.—If a State does not, within 60 days after the date of enactment of this Act,
10 file with the Secretary a notice of its intent to apply for approval by the Secretary of a
11 State program or within 9 months after the date of enactment of this Act, file with the
12 Secretary a complete application for approval of a State program, the Secretary may grant
13 to municipalities of that State a special permission that will allow them to apply directly
14 to the Secretary without the State for approval to be participating municipalities.

15 (2) TIMING REQUIREMENTS APPLICABLE TO MUNICIPALITIES

16 APPLYING DIRECTLY.—To qualify for the special permission, a municipality of a
17 State must, within 12 months after the date of enactment of this Act, file with the
18 Secretary a complete application for approval by the Secretary of a State program.

19 (3) NOTICES OF INTENT AND APPLICATIONS FROM MORE THAN 1
20 MUNICIPALITY.—A municipality of a State may combine with 1 or more other
21 municipalities of that State to file a joint notice of intent to file and a joint application.

22 (4) APPROVAL CRITERIA.—The general approval criteria in paragraphs (2)
23 and (4) of section 4(b) will apply.

24 (5) ALLOCATION TO MUNICIPALITIES.—

25 (A) IF MORE THAN 3.—If more than 3 municipalities, or combination of
26 municipalities as provided in paragraph (3), of a State apply for approval by the
27 Secretary to be participating municipalities under this subsection, and the
28 applications meet the approval criteria in paragraph (4), the Secretary shall
29 allocate Federal funds to the 3 municipalities with the largest populations.

30 (B) IF 3 OR FEWER.—If 3 or fewer municipalities, or combination of
31 municipalities as provided in paragraph (3), of a State apply for approval by the

1 Secretary to be participating municipalities under this subsection, and the
2 applications meet the approval criteria in paragraph (4), the Secretary shall
3 allocate Federal funds to each applicant municipality or combination of
4 municipalities.

5 (6) APPORTIONMENT OF ALLOCATED AMOUNT AMONG
6 PARTICIPATING MUNICIPALITIES.—If the Secretary approves municipalities to be
7 participating municipalities under this subsection, the Secretary shall apportion the full
8 amount of the Federal funds that are allocated to that State to municipalities that are
9 approved under this subsection in amounts proportionate to the population of those
10 municipalities, based on the most recent available decennial Census.

11 (7) APPROVING STATE PROGRAMS FOR MUNICIPALITIES.—If the
12 Secretary approves municipalities to be participating municipalities under this subsection,
13 the Secretary shall take into account the additional considerations in section 6(d) in
14 making the determination under section 5 or 6 that the State program or programs to be
15 implemented by the participating municipalities, including a State capital access program,
16 is eligible for Federal contributions to, or for the account of, the State program.

17 **SEC. 5. APPROVING STATE CAPITAL ACCESS PROGRAMS.**

18 (a) APPLICATION.—A participating State that establishes a new, or has an existing,
19 State capital access program that meets the eligibility criteria in subsection (c) may apply to
20 Secretary to have the State capital access program approved as eligible for Federal contributions
21 to the reserve fund.

22 (b) APPROVAL.—The Secretary shall approve such State capital access program as
23 eligible for Federal contributions to the reserve fund if—

24 (1) within 60 days after the date of enactment of this Act, the State has filed with
25 the Secretary a notice of intent to apply for approval by the Secretary of a State capital
26 access program;

27 (2) within 9 months after the date of enactment of this Act, the State has filed with
28 the Secretary a complete application for approval by the Secretary of a capital access
29 program;

30 (3) the State satisfies the requirements of subsections (a) and (b) of section 4; and

31 (4) the State capital access program meets the eligibility criteria in subsection (c).

1 (c) ELIGIBILITY CRITERIA FOR STATE CAPITAL ACCESS PROGRAMS.—For a
2 State capital access program to be approved under this section, it must be a program of the State
3 that—

4 (1) provides portfolio insurance for business loans based on a separate loan-loss
5 reserve fund for each financial institution;

6 (2) requires insurance premiums to be paid by the financial institution lenders and
7 by the business borrowers to the reserve fund to have their loans enrolled in the reserve
8 fund;

9 (3) provides for contributions to be made by the State to the reserve fund in
10 amounts at least equal to the sum of the amount of the insurance premium charges paid
11 by the borrower and the financial institution to the reserve fund for any newly enrolled
12 loan; and

13 (4) provides its portfolio insurance solely for loans that meet the following
14 requirements:

15 (A) the borrower has 500 employees or less at the time that the loan is
16 enrolled in the Program; and

17 (B) the loan amount does not exceed \$5,000,000.

18 (d) FEDERAL CONTRIBUTIONS TO APPROVED STATE CAPITAL ACCESS
19 PROGRAMS.—A State capital access program approved under this section will be eligible for
20 receiving Federal contributions to the reserve fund in an amount equal to the sum of the amount
21 of the insurance premium charges paid by the borrowers and by the financial institution to the
22 reserve fund for loans that meet the requirements in subsection (c)(4). A participating State may
23 use the Federal contribution to make its contribution to the reserve fund of an approved State
24 capital access program.

25 (e) MINIMUM PROGRAM REQUIREMENTS FOR STATE CAPITAL ACCESS
26 PROGRAMS.—The Secretary shall, by regulation or other guidance, prescribe Program
27 requirements that meet the following minimum requirements.

28 (1) EXPERIENCE AND CAPACITY.—The participating State shall determine
29 for each financial institution that participates in the State capital access program, after
30 consultation with the appropriate Federal banking agency or, in the case of a financial
31 institution that is a non-depository community development financial institution, the

1 Community Development Financial Institution Fund, that the financial institution has
2 sufficient commercial lending experience and financial and managerial capacity to
3 participate in the approved State capital access program. The determination by the State
4 shall not be reviewable by the Secretary.

5 (2) INVESTMENT AUTHORITY.—Subject to applicable State law, the
6 participating State may invest, or cause to be invested, funds held in a reserve fund by
7 establishing a deposit account at the financial institution lender in the name of the
8 participating State. In the event that funds in the reserve fund are not deposited in such
9 an account, such funds shall be invested in a form that the participating State determines
10 is safe and liquid.

11 (3) LOAN TERMS AND CONDITIONS TO BE DETERMINED BY
12 AGREEMENT.—A loan to be filed for enrollment in an approved State capital access
13 program may be made with such interest rate, fees, and other terms and conditions, and
14 the loan may be enrolled in the approved State capital access program and claims may be
15 filed and paid, as agreed upon by the financial institution lender and the borrower,
16 consistent with applicable law.

17 (4) LENDER CAPITAL AT-RISK.—A loan to be filed for enrollment in the
18 State capital access program must require the financial institution lender to have a
19 meaningful amount of its own capital resources at risk in the loan.

20 (5) PREMIUM CHARGES MINIMUM AND MAXIMUM AMOUNTS.—The
21 insurance premium charges payable to the reserve fund by the borrower and the financial
22 institution lender shall be prescribed by the financial institution lender, within minimum
23 and maximum limits that require that the sum of the insurance premium charges paid in
24 connection with a loan by the borrower and the financial institution lender may not be
25 less than 2 percent nor more than 7 percent of the amount of the loan enrolled in the
26 approved State capital access program.

27 (6) STATE CONTRIBUTIONS.—In enrolling a loan in an approved State capital
28 access program, the participating State may make a contribution to the reserve fund to
29 supplement Federal contributions made under this Program.

30 (7) LOAN PURPOSE—

31 (A) PARTICULAR LOAN PURPOSE REQUIREMENTS AND

1 PROHIBITIONS.—In connection with the filing of a loan for enrollment in an
2 approved State capital access program, the financial institution lender —

3 (i) shall obtain an assurance from each borrower that—

4 (I) the proceeds of the loan will be used for a business
5 purpose;

6 (II) the loan will not be used to finance such business
7 activities as the Secretary, by regulation, may proscribe as
8 prohibited loan purposes for enrollment in an approved State
9 capital access program; and

10 (III) the borrower is not—

11 (aa) an executive officer, director, or principal
12 shareholder of the financial institution lender;

13 (bb) a member of the immediate family of an
14 executive officer, director, or principal shareholder of the
15 financial institution lender; or

16 (cc) a related interest of any such executive officer,
17 director, principal shareholder, or member of the immediate
18 family;

19 (ii) shall provide assurances to the participating State that the loan
20 has not been made in order to place under the protection of the approved
21 State capital access program prior debt that is not covered under the
22 approved State capital access program and that is or was owed by the
23 borrower to the financial institution lender or to an affiliate of the financial
24 institution lender;

25 (iii) shall not allow the enrollment of a loan to a borrower that is a
26 refinancing of a loan previously made to that borrower by the financial
27 institution lender or an affiliate of the financial institution lender; and

28 (iv) may include additional restrictions on the eligibility of loans or
29 borrowers that are not inconsistent with the provisions and purposes of
30 this Act, including compliance with all applicable Federal and State laws,
31 regulations, ordinances, and Executive Orders.

1 (B) DEFINITIONS.—For purposes of this subsection, the terms
2 “executive officer”, “director”, “principal shareholder”, “immediate family”,
3 and “related interest” refer to the same relationship to a financial institution
4 lender as the relationship described in part 215 of title 12 of the Code of Federal
5 Regulations, or any successor to such part.

6 (8) AUDITS.—The activities of each approved State capital access program and the use of
7 Federal funds allocated to the participating State shall be audited as part of the annual audit that
8 the State is required to prepare under the Office of Management and Budget Circular A-133 or
9 successor circular.

10
11 **SEC. 6. APPROVING COLLATERAL SUPPORT AND OTHER INNOVATIVE CREDIT**
12 **ACCESS AND GUARANTEE INITIATIVES FOR SMALL BUSINESSES AND**
13 **MANUFACTURERS.—**

14 (a) APPLICATION.—A participating State that establishes a new, or has an existing,
15 credit support program that meets the eligibility criteria in subsection (c) may apply to the
16 Secretary to have the State other credit support program approved as eligible for Federal
17 contributions to, or for the account of, the State program.

18 (b) APPROVAL.—The Secretary shall approve such State other credit support program
19 as eligible for Federal contributions to, or for the account of, the program if—

20 (1) the Secretary determines that the State satisfies the requirements of paragraphs

21 (1) through (3) of subsection 5(b);

22 (2) the Secretary determines that the State other credit support program meets the
23 eligibility criteria in subsection (c); and

24 (3) the Secretary determines the State other credit support program to be eligible
25 based on the additional considerations in subsection (d); and

26 (4) within 9 months after the date of enactment of this Act, the State has filed with
27 Treasury a complete application for Treasury approval

28 (c) ELIGIBILITY CRITERIA FOR STATE OTHER CREDIT SUPPORT
29 PROGRAMS.—For a State other credit support program to be approved under this section, it
30 must be a program of the State that—

31 (1) can demonstrate that, at a minimum, 1 dollar of public investment by the State

1 program will cause and result in 1 dollar of new private credit;

2 (2) can demonstrate a reasonable expectation that, when considered with all other
3 State programs of the State, such State programs together have the ability to use amounts
4 of new Federal contributions to, or for the account of, all such programs in the State to
5 cause and result in amounts of new small business lending at least 10 times the new
6 Federal contribution amount;

7 (3) for those State other credit support programs that provide their credit support
8 through 1 or more financial institution lenders, requires the financial institution lenders to
9 have a meaningful amount of their own capital resources at risk in their small business
10 lending; and

11 (4) extends credit support that meets the following requirements:

12 (A) targets an average borrower size of 500 employees or less;

13 (B) does not extend credit support to borrowers that have more than 750
14 employees; and

15 (C) targets support towards loans with an average principal amount of
16 \$5,000,000 or less; and

17 (D) does not extend credit support to loans that exceed a principal amount
18 of \$20,000,000.

19 (d) ADDITIONAL CONSIDERATIONS.—In making a determination that a State other
20 credit support program is eligible for Federal contributions to, or for the account of, the State
21 program, the Secretary shall take into account the following additional considerations:

22 (1) the anticipated benefits to the State, its businesses, and its residents to be
23 derived from the Federal contributions to, or for the account of, the approved State other
24 credit support program, including the extent to which resulting small business lending
25 will expand economic opportunities;

26 (2) the operational capacity, skills, and experience of the management team of the
27 State other credit support program;

28 (3) the capacity of the State other credit support program to manage increases in
29 the volume of its small business lending;

30 (4) the internal accounting and administrative controls systems of the State other
31 credit support program, and the extent to which they can provide reasonable assurance

1 that funds of the State program are safeguarded against waste, loss, unauthorized use, or
2 misappropriation; and

3 (5) the soundness of the program design and implementation plan of the State
4 other credit support program.

5 (e) FEDERAL CONTRIBUTIONS TO APPROVED STATE OTHER CREDIT
6 SUPPORT PROGRAMS.—A State other credit support program approved under this section
7 will be eligible for receiving Federal contributions to, or for the account of, the State program in
8 an amount consistent with the schedule describing the apportionment of allocated Federal funds
9 among State programs delivered by the State to the Secretary under the allocation agreement.

10 (f) MINIMUM PROGRAM REQUIREMENTS FOR STATE OTHER CREDIT
11 SUPPORT PROGRAMS.—

12 (1) FUND TO PRESCRIBE.—The Secretary shall, by regulation or other
13 guidance, prescribe Program requirements for approved State other credit support
14 programs.

15 (2) CONSIDERATIONS FOR FUND.—In prescribing minimum Program
16 requirements for approved State other credit support programs, the Secretary shall take
17 into consideration, to the extent the Secretary determines applicable and appropriate, the
18 minimum Program requirements for approved State capital access programs in section
19 5(e).

20 **SEC. 7. REPORTS.**

21 (a) QUARTERLY USE-OF-FUNDS REPORT.—

22 (1) IN GENERAL.—Not later than 30 days after the beginning of each calendar
23 quarter, beginning after the first full calendar quarter to occur after the date the Secretary
24 approves a State for participation, the participating State shall submit to the Secretary a
25 report on the use of Federal funding by the participating State during the previous
26 calendar quarter.

27 (2) REPORT CONTENTS.—The report shall—

28 (A) indicate the total amount of Federal funding used by the participating
29 State;

30 (B) include a certification by the participating State that—

31 (i) the information provided in accordance with subparagraph (A)

1 is accurate;

2 (ii) funds continue to be available and legally committed to
3 contributions by the State to, or for the account of, approved State
4 programs, less any amount that has been contributed by the State to, or for
5 the account of, approved State programs subsequent to the State being
6 approved for participation in the Program;

7 (iii) the participating State is implementing its approved State
8 program or programs in accordance with this Act and regulations issued
9 pursuant to section 10.

10 (b) ANNUAL REPORT.—Not later than March 31 of each year, beginning March 31,
11 2011, each participating State shall submit to the Secretary an annual report that shall include the
12 following information:

13 (1) the number of borrowers that received new loans originated under the
14 approved State program or programs after the State program was approved as eligible for
15 Federal contributions;

16 (2) the total amount of such new loans;

17 (3) breakdowns by industry type, loan size, annual sales, and number of
18 employees of the borrowers that received such new loans;

19 (4) the zip code of each borrower that received such a new loan; and

20 (5) such other data that the Secretary, in the Secretary's sole discretion, may
21 require to carry out the purposes of the Program.

22 (c) FORM.—The reports and data filed pursuant to subsections (a) and (b) shall be in
23 such form as the Secretary, in the Secretary's sole discretion, may require.

24 (d) TERMINATION OF REPORTING REQUIREMENTS.—The requirement to submit
25 reports under subsections (a) and (b) shall terminate for a participating State with the submission
26 of the completed reports due on the first March 31 to occur after 5 complete 12-month periods
27 after the State is approved by the Secretary to be a participating State.

28 **SEC. 8. REMEDIES FOR STATE PROGRAM TERMINATION OR FAILURES.**

29 (a) REMEDIES.—

30 (1) IN GENERAL.—If any of the events listed in paragraph (2) occur, the
31 Secretary, in the Secretary's discretion, may—

1 (A) reduce the amount of Federal funds allocated to the State
2 under the Program; or

3 (B) terminate any further transfers of allocated amounts that have
4 not yet been transferred to the State.

5 (2) CAUSAL EVENTS.—The events referred to in paragraph (1) are:

6 (A) termination by a participating State of its participation in the
7 Program;

8 (B) failure on the part of a participating State to submit complete
9 reports under section 7 on a timely basis; or

10 (C) noncompliance by the State with the terms of the allocation
11 agreement between the Secretary and the State

12 (b) DE-ALLOCATED AMOUNTS TO BE RE-ALLOCATED.—If, after 13
13 months, any portion of the amount of Federal funds allocated to a participating State is
14 deemed by the Secretary to be no longer allocated to the State after actions taken by the
15 Secretary under subsection (a)(1), the Secretary shall re-allocate that portion among the
16 participating States, excluding the State whose allocated funds were deemed to be no
17 longer allocated, as provided in section 3(b).

18 **SEC. 9. IMPLEMENTATION AND ADMINISTRATION**

19 (a) GENERAL AUTHORITIES AND DUTIES.—The Secretary shall—

20 (1) consult with the Administrator of the Small Business Administration and the
21 appropriate Federal banking agencies on the administration of the Program;

22 (2) establish minimum national standards for approved State programs;

23 (3) provide technical assistance to States for starting State programs and generally
24 disseminate best practices;

25 (4) manage, administer, and perform necessary program integrity functions for the
26 Program; and

27 (5) ensure adequate oversight of the approved State programs, including oversight
28 of the cash flows, performance, and compliance of each approved State program.

29 (b) FUNDING.—

30 (1) FUNDS MADE AVAILABLE.—There are hereby appropriated to the
31 Secretary, out of funds in the Treasury not otherwise appropriated, \$[_____] to carry out

1 the Program, including to pay reasonable costs of administering the Program. In
2 administering the Program, the Secretary is authorized to use the staff and resources of
3 the Department.

4 [(2) OFFSETS.—*The Administration will work with the Congress to determine*
5 *the most appropriate means of offsetting the cost of the program.*]

6 (c) EXPEDITED CONTRACTING.—During the 1-year period beginning on the date of
7 enactment of this Act, the Secretary may enter into contracts without regard to any other
8 provision of law regarding public contracts, for purposes of carrying out this Act.

9 (d) TERMINATION OF SECRETARY’S PROGRAM ADMINISTRATION
10 FUNCTIONS.—The authorities and duties of the Secretary to implement and administer the
11 Program shall terminate at the end of the 7-year period beginning on the date of enactment of
12 this Act.

13 **SEC. 10. REGULATIONS.**

14 The Secretary, in consultation with the Administrator of the Small Business
15 Administration, shall issue such regulations and other guidance as Secretary determines
16 necessary or appropriate to implement this Act including, but not limited to, to define terms, to
17 establish compliance and reporting requirements, and such other terms and conditions necessary
18 to carry out the purposes of this Act.

19 **SEC. 11. OVERSIGHT AND AUDITS.**

20 *[The Administration will work with the Congress to determine the most appropriate*
21 *form of oversight for the Program.]*

22