

116TH CONGRESS  
1ST SESSION

# S. 1226

To amend the Internal Revenue Code of 1986 to provide an exclusion from gross income for interest on certain small business loans.

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IN THE SENATE OF THE UNITED STATES

APRIL 29, 2019

Mr. ROUNDS (for himself and Ms. DUCKWORTH) introduced the following bill;  
which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to provide an exclusion from gross income for interest on certain small business loans.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Access Business Credit  
5 Act of 2019”.

6 **SEC. 2. EXCLUSION OF INTEREST ON CERTAIN SMALL BUSI-**  
7 **NESS LOANS.**

8 (a) IN GENERAL.—Part III of subchapter B of chap-  
9 ter 1 of the Internal Revenue Code of 1986 is amended  
10 by inserting after section 139G the following new section:

1 **“SEC. 139H. INTEREST ON CERTAIN SMALL BUSINESS**  
 2 **LOANS.**

3 “(a) IN GENERAL.—In the case of a bank described  
 4 in subsection (c), gross income shall not include qualified  
 5 interest received from a small business during the taxable  
 6 year.

7 “(b) QUALIFIED INTEREST.—The term ‘qualified in-  
 8 terest’ means, with respect to a small business, interest  
 9 on indebtedness of not more than \$5,000,000—

10 “(1) secured by land situated in the United  
 11 States that is used or held by the small business in  
 12 connection with the active conduct of a farming  
 13 business, or

14 “(2) incurred in the ordinary course of the  
 15 trade or business of the small business.

16 “(c) BANK DESCRIBED.—

17 “(1) IN GENERAL.—A bank is described in this  
 18 subsection if the bank has less than  
 19 \$50,000,000,000 in assets at the close of the pre-  
 20 ceding taxable year.

21 “(2) BANK DEFINED.—For purposes of this  
 22 subsection—

23 “(A) IN GENERAL.—The term ‘bank’  
 24 means—

25 “(i) any financial institution described  
 26 in section 581 or 591, and

1                   “(ii) a corporation which, under the  
 2                   laws of the State of its incorporation, is  
 3                   subject to supervision and examination by  
 4                   the Commissioner of Banking or other offi-  
 5                   cer of such State in charge of the adminis-  
 6                   tration of the banking laws of such State.

7                   “(B) HOLDING COMPANY.—The term  
 8                   ‘bank’ includes—

9                   “(i) any bank holding company (with-  
 10                  in the meaning of section 2(a) of the Bank  
 11                  Holding Company Act of 1956), and

12                  “(ii) any subsidiary of a financial in-  
 13                  stitution described in section 581 or 591 or  
 14                  of any bank holding company if such sub-  
 15                  sidiary is predominantly engaged (directly  
 16                  or indirectly) in the active conduct of a  
 17                  banking, financing, or similar business.

18                  “(d) SMALL BUSINESS.—The term ‘small business’  
 19                  means a small business concern as defined under section  
 20                  3 of the Small Business Act (15 U.S.C. 632).

21                  “(e) FARMING BUSINESS.—The term ‘farming busi-  
 22                  ness’ has the meaning given such term by section  
 23                  263A(e)(4).”.

24                  (b) CLERICAL AMENDMENT.—The table of sections  
 25                  for part III of subchapter B of chapter 1 of such Code

1 is amended by inserting after the item relating to section  
2 139G the following new item:

“Sec. 139H. Interest on certain small business loans.”.

3 (c) EFFECTIVE DATE.—The amendments made by  
4 this section shall apply to interest received in taxable years  
5 beginning after December 31, 2018.

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