

119TH CONGRESS  
1ST SESSION

# S. 3171

To waive the guarantee fee for certain business loans made to veterans and spouses of veterans, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

NOVEMBER 10, 2025

Mr. MARKEY (for himself and Mrs. SHAHEEN) introduced the following bill; which was read twice and referred to the Committee on Small Business and Entrepreneurship

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## A BILL

To waive the guarantee fee for certain business loans made to veterans and spouses of veterans, and for other purposes.

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 “Veteran Entrepreneur-  
5 ship Empowerment Act”.

6 **SEC. 2. FINDINGS.**

7 Congress finds the following:

8 (1) According to the D’Aniello Institute for  
9 Veterans and Military Families August 2025 report

1 entitled “A Framework for Advancing and Strength-  
2 ening the Veteran Entrepreneur Ecosystem”—

3 (A) veterans are more likely to own busi-  
4 nesses than non-veterans;

5 (B) veteran-owned businesses are less like-  
6 ly to close or fail than non-veteran owned busi-  
7 nesses; and

8 (C) the top barrier to entrepreneurship  
9 listed by veteran and military spouse entre-  
10 preneurs is a lack of access to capital or financ-  
11 ing.

12 (2) According to the Federal Reserve’s 2025  
13 Small Business Credit Survey—

14 (A) only 48 percent of majority veteran  
15 owned firms reported having sufficient financ-  
16 ing for their businesses, compared to 57 percent  
17 of non-veteran owned firms; and

18 (B) 25 percent of majority veteran owned  
19 firms, and 29 percent of partially veteran  
20 owned firms, were denied financing compared to  
21 20 percent of non-veteran owned firms.

22 (3) According to the Government Accountability  
23 Office’s 2025 report entitled “Financial Literacy  
24 and Small Business Lending, Resources Available to  
25 Military-Affiliated People”—

1 (A) frequent moves, transition from active  
2 duty, and difficulties establishing credit and  
3 forming business relationships present barriers  
4 to accessing capital for veteran entrepreneurs;  
5 and

6 (B) veteran entrepreneurs often lack per-  
7 sonal startup funds or sufficient business in-  
8 come necessary for accessing capital.

9 **SEC. 3. FEE WAIVER.**

10 (a) **SMALL BUSINESS ACT.**—Section 7(a) of the  
11 Small Business Act (15 U.S.C. 636(a)) is amended—

12 (1) in paragraph (18)—

13 (A) in subparagraph (A), in the matter  
14 preceding clause (i), by striking “With respect”  
15 and inserting “Except as provided in subpara-  
16 graph (C), with respect”; and

17 (B) by adding at the end the following:

18 “(C) **EXCEPTION.**—

19 “(i) **IN GENERAL.**—Notwithstanding  
20 subparagraph (A), the Administration may  
21 not collect a guarantee fee under subpara-  
22 graph (A) with respect to a loan guaran-  
23 teed under this subsection if—

24 “(I) the loan is not made under  
25 paragraph (36) or (37);

1           “(II) the loan is made to a small  
2           business concern owned by a veteran  
3           or spouse of a veteran; and

4           “(III) the deferred participation  
5           share of the total loan amount is not  
6           more than \$1,000,000.

7           “(ii) DEFINITION.—In this subpara-  
8           graph, the term ‘veteran or spouse of a  
9           veteran’ means—

10           “(I) a veteran;

11           “(II) an individual who is eligible  
12           to participate in the Transition Assist-  
13           ance Program established under sec-  
14           tion 1144 of title 10, United States  
15           Code;

16           “(III) a member of a reserve  
17           component of the Armed Forces  
18           named in section 10101 of title 10,  
19           United States Code;

20           “(IV) the spouse of an individual  
21           described in subclause (I), (II), or  
22           (III); or

23           “(V) the surviving spouse (as de-  
24           fined in section 101 of title 38,  
25           United States Code) of an individual

1 described in subclause (I), (II), or  
2 (III) who died while serving on active  
3 duty or as a result of a disability that  
4 is service-connected (as defined in  
5 such section).”; and

6 (2) in paragraph (31)—

7 (A) by striking subparagraph (G); and

8 (B) by redesignating subparagraph (H) as  
9 subparagraph (G).

10 (b) SMALL BUSINESS INVESTMENT ACT OF 1958.—

11 (1) IN GENERAL.—Section 503 of the Small  
12 Business Investment Act of 1958 (15 U.S.C. 697) is  
13 amended—

14 (A) in subsection (b)(7)—

15 (i) by redesignating subparagraphs  
16 (A) and (B) as clauses (i) and (ii), respec-  
17 tively;

18 (ii) by striking “with respect” and in-  
19 sserting “(A) Except as provided in sub-  
20 paragraph (B), with respect”;

21 (iii) in clause (i)(II), as so redesi-  
22 gnated, by striking “clause (i)” and insert-  
23 ing “subclause (I)”; and

24 (iv) by adding at the end the fol-  
25 lowing:

1           “(B) Notwithstanding subparagraph (A), the  
2 Administration may not assess or collect any ongoing  
3 guarantee fee under subparagraph (A) with respect  
4 to a loan guaranteed under this title if the  
5 loan is made—

6                   “(i) by the Administration;

7                   “(ii) to a small business concern owned by  
8 a veteran or spouse of a veteran; and

9                   “(iii) for not more than \$1,000,000.”;

10           (B) in subsection (d)(3)—

11                   (i) by striking “The Administration  
12 shall” and inserting “(A) Except as provided in  
13 subparagraph (B), the Administration shall”; and

14                   (ii) by adding at the end the following:  
15

16           “(B) Notwithstanding subparagraph (A), the  
17 Administration may not assess or collect any ongoing  
18 guarantee fee under subparagraph (A) with respect  
19 to a loan guaranteed under this title if the  
20 loan is made—

21                   “(i) by the Administration;

22                   “(ii) to a small business concern owned by  
23 a veteran or spouse of a veteran; and  
24

25                   “(iii) for not more than \$1,000,000.”; and

1 (C) in subsection (i)—

2 (i) by striking “TWO-YEAR WAIVER  
3 OF FEES—The” and inserting the fol-  
4 lowing: “**WAIVER OF FEES.**—

5 “(1) TWO-YEAR WAIVER OF FEES.—The”; and

6 (ii) by adding at the end the fol-  
7 lowing:

8 “(2) WAIVER OF FEES FOR VETERANS.—For a  
9 loan of not more than \$1,000,000 made by the Ad-  
10 ministration to a small business concern that is  
11 owned by a veteran or spouse of a veteran, such  
12 small business concern shall be exempt from any up  
13 front guarantee fee, as detailed in section  
14 120.971(d)(1) of title 13, Code of Federal Regula-  
15 tions, or any successor regulation.”.

16 (2) CONFORMING AMENDMENTS.—The Small  
17 Business Investment Act of 1958 (15 U.S.C. 661 et  
18 seq.) is amended—

19 (A) in section 103 (15 U.S.C. 662)—

20 (i) in paragraph (19), by striking  
21 “and” at the end;

22 (ii) in paragraph (20), by striking the  
23 period at the end and inserting “; and”;  
24 and

1 (iii) by adding at the end the fol-  
2 lowing:

3 “(21) the term ‘veteran or spouse of a veteran’  
4 means—

5 “(A) a veteran;

6 “(B) an individual who is eligible to par-  
7 ticipate in the Transition Assistance Program  
8 established under section 1144 of title 10,  
9 United States Code;

10 “(C) a member of a reserve component of  
11 the Armed Forces named in section 10101 of  
12 title 10, United States Code;

13 “(D) the spouse of an individual described  
14 in subparagraph (A), (B), or (C); or

15 “(E) the surviving spouse (as defined in  
16 section 101 of title 38, United States Code) of  
17 an individual described in subparagraph (A),  
18 (B), or (C) who died while serving on active  
19 duty or as a result of a disability that is serv-  
20 ice-connected (as defined in such section).”; and

21 (B) in section 503(b) (15 U.S.C. 697(b)),  
22 as amended by paragraph (1)—

23 (i) in the matter preceding paragraph  
24 (1), by striking “unless—” and inserting  
25 “unless the following criteria are met.”;

1 (ii) by striking the semicolon each  
2 place it appears and inserting a period;

3 (iii) in paragraph (1), by striking  
4 “such debenture” and inserting “Such de-  
5 benture”;

6 (iv) in paragraph (2), by striking  
7 “necessary” and inserting “Necessary”;

8 (v) in paragraph (3), by striking “the  
9 interest rate” and inserting “The interest  
10 rate”;

11 (vi) in paragraph (4), by striking “the  
12 aggregate” and inserting “The aggregate”;

13 (vii) in paragraph (5), by striking  
14 “the amount” and inserting “The  
15 amount”; and

16 (viii) in paragraph (6)—

17 (I) by striking “the Administra-  
18 tion” and inserting “The Administra-  
19 tion”; and

20 (II) by striking “and” at the end.

21 **SEC. 4. EQUITY INJECTION.**

22 (a) SMALL BUSINESS ACT.—Section 7(a) of the  
23 Small Business Act (15 U.S.C. 636(a)) is amended by  
24 adding at the end the following:

25 “(38) EQUITY INJECTION REQUIREMENTS.—

1           “(A) EQUITY INJECTION DEFINED.—In  
2 this paragraph, the term ‘equity injection’  
3 means an investment by a borrower in the ap-  
4 plicable small business concern, in the form and  
5 amount determined appropriate by the Adminis-  
6 trator.

7           “(B) EQUITY INJECTION REQUIREMENTS  
8 FOR VETERANS.—

9           “(i) IN GENERAL.—For a startup or  
10 change of ownership loan with a deferred  
11 participation share of the total amount  
12 that is not more than \$1,000,000 to a vet-  
13 eran or spouse of a veteran, the minimum  
14 equity injection percentage required under  
15 Standard Operating Procedure 50 10,  
16 version 8, effective on June 1, 2025, or  
17 any successor guidance, shall be reduced  
18 by not less than 5 percentage points.

19           “(ii) REQUIRED PERCENTAGE.—If the  
20 guidance described in clause (i) does not  
21 list an exact percentage, the Administrator  
22 shall include a requirement to reduce the  
23 percentage, as calculated under the method  
24 used in the guidance, for veterans or

1 spouses of veterans in accordance with  
2 clause (i).

3 “(C) EQUITY INJECTION REQUIREMENTS  
4 GENERALLY.—The Administrator shall encour-  
5 age lenders to lower equity injection require-  
6 ments for loans to veterans or spouses of vet-  
7 erans with a deferred participation share of the  
8 total amount that is not more than  
9 \$1,000,000.”.

10 (b) SMALL BUSINESS INVESTMENT ACT OF 1958.—

11 Section 502(3)(C) of the Small Business Invest-  
12 ment Act of 1958 (15 U.S.C. 696(3)(C)) is amend-  
13 ed—

14 (A) by redesignating clauses (i) through  
15 (iv) as subclauses (I) through (IV), respectively,  
16 and adjusting the margins accordingly;

17 (B) by inserting before subclause (I), as so  
18 redesignated, the following:

19 “(i) for a small business concern that  
20 is not owned by a veteran or spouse of a  
21 veteran—”;

22 (C) in subclause (III), as so redesignated,  
23 by striking “clauses (i) and (ii)” and inserting  
24 “subclauses (I) and (II)”; and

25 (D) by adding at the end the following:

1           “(ii) for a loan to a small business  
2           concern owned by a veteran or spouse of a  
3           veteran—

4                   “(I) at least 5 percent of the  
5                   total cost of the project financed, if  
6                   the small business concern has been in  
7                   operation for a period of 2 years or  
8                   less; or

9                   “(II) at least 5 percent of the  
10                   total cost of the project financed, in  
11                   all other circumstances, at the discre-  
12                   tion of the development company.”.

13 **SEC. 5. REPORTS.**

14       (a) **DEFINITIONS.**—In this section:

15           (1) **BUDGET JUSTIFICATION MATERIALS.**—The  
16           term “budget justification materials” has the mean-  
17           ing given that term in section 3(b)(2) of the Federal  
18           Funding Accountability and Transparency Act of  
19           2006 (31 U.S.C. 6101 note);

20           (2) **COVERED PERSON.**—The term “covered  
21           person” means any individual described in section  
22           7(a)(18)(C)(ii) of the Small Business Act (15 U.S.C.  
23           636(a)(18)(C)(ii)).

24       (b) **LENDING REPORTS.**—The Administrator of the  
25       Small Business Administration shall collect and publish

1 on the website of the Administration data on the participa-  
2 tion of covered persons in the loan programs under section  
3 7(a) of the Small Business Act (15 U.S.C. 636(a)) and  
4 title V of the Small Business Investment Act of 1958 (15  
5 U.S.C. 695 et seq.).

6 (c) ENTREPRENEURIAL DEVELOPMENT.—The Ad-  
7 ministrator of the Small Business Administration shall  
8 collect and include in budget justification materials sub-  
9 mitted by the Administrator data on the participation of  
10 covered persons in—

11 (1) the Service Corps of Retired Executives es-  
12 tablished under section 8(b)(1)(B) of the Small  
13 Business Act (15 U.S.C. 636(a)) (15 U.S.C.  
14 637(b)(1)(B));

15 (2) small business development centers, as de-  
16 fined in section 3 of such Act (15 U.S.C. 632);

17 (3) women’s business centers described in sec-  
18 tion 29 of such Act (15 U.S.C. 656); and

19 (4) Veteran Business Outreach Centers de-  
20 scribed in section 32 of such Act (15 U.S.C. 657b).

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