The Colorado Health Foundation™

Comments on Data Collection Available for Public Comments, Docket Number SBA-2025–05441

May 9, 2025

Kelly Loeffler
Administrator
Attn: Robert Carpenter
Financial Analyst
7(a) Loan Origination Division
Office of Financial Assistance
Small Business Administration
409 3rd Street
Washington, DC 20416

Submitted electronically via email: *Show email*

RE: Comments on Data Collection Available for Public Comments, Docket Number SBA-2025–05441

Dear Administrator Loeffler,

Thank you for the opportunity to provide comments on the Small Business Administration (SBA) proposed revisions to SBA Form 1919, "SBA 7(a) Borrower Information Form – For use with all 7(a) Programs." The Colorado Health Foundation is a nonprofit and nonpartisan private foundation with a

mission to improve the health of Coloradans. Through community engagement, grantmaking, research, and private sector investments, our work aims to ensure that everyone in Colorado has what they need to be healthy. CHF has a focus on advancing equity in access to economic opportunity, including for small businesses that serve as lifelines in communities across the state.

We write to express concern regarding the proposed additions to SBA Form 1919 that expand data collection requirements, particularly those related to personal information about the citizenship and immigration status of all beneficial owners, including the collection of alien registration numbers, dates of birth, and spousal relationships. While we understand the SBA's obligation to comply with recent executive directives and to update forms for consistency with program changes, we believe these proposed changes may have significant unintended consequences that could hinder access to capital for small business owners, especially in rural communities.

Until recently, SBA loan eligibility rules permitted some flexibility in ownership structures, allowing businesses to qualify for SBA-backed loans even if up to 49 percent of the company was owned by foreign nationals, including visa holders or lawful non-permanent residents. This structure enabled diverse partnerships, supported capital formation, and allowed businesses to bring in outside investment while remaining eligible for SBA support.

However, the new eligibility policy implemented on March 7, 2025, requires that 100 percent of a business's ownership be held by U.S. citizens, U.S. nationals, or Lawful Permanent Residents (LPRs). Any ownership stake, regardless of size, by an otherwise ineligible person (including refugees, asylum recipients, visa holders, DACA recipients, or undocumented immigrants) will disqualify the entire business from receiving SBA financing.1

This change has significant implications for startups, family businesses, and multi-owner companies with complex or evolving ownership structures. It also marks a notable departure from past policy and warrants additional public transparency, data, and analysis to ensure it does not inadvertently harm the very communities the SBA aims to support.

Small businesses of all kinds are essential to the vitality of Colorado's economy. They provide critical services, create jobs, and build wealth in communities that have historically lacked investment. In 2023, Colorado had approximately 691,230 small businesses, making up 99.5 percent of all businesses in the state, employing 1.2 million workers and generating over $225 billion in total economic output.2 Access to SBA-guaranteed loans has been a key resource for entrepreneurs seeking to launch or grow a business, and the 7(a) program in particular has played an important role in advancing financial inclusion. However, the proposed expansion of personal data collection may discourage eligible applicants from pursuing assistance out of privacy concerns or fear of exposing sensitive immigration-related information, even when they meet the legal eligibility criteria.

We understand and respect the SBA's responsibility to safeguard its programs against fraud and ensure federal dollars benefit eligible American small business owners. That said, the Foundation is concerned that the administrative burden associated with collecting and verifying this additional information may slow down the application process, both for applicants and SBA staff, without a clear benefit to program integrity. Current SBA regulations already require borrowers to provide a Tax Identification Number (TIN), which includes a Social Security Number (SSN) and an Employer Identification Number (EIN).3 These identifiers are cross-checked with federal databases to confirm business legitimacy and applicant identity and should be sufficient in excluding ineligible applicants and prevent fraud in the program. Requiring documentation and certifications beyond

this standard risks creating redundant barriers that are not aligned with the primary purpose of the 7(a) loan program: to support small businesses that are the backbone of the American economy.

This is particularly concerning in rural areas, where small businesses often face outsized challenges in securing capital and sustaining operations. Rural entrepreneurs already experience higher rates of loan denial and more limited access to financial institutions.4 Adding layers of administrative complexity could perpetuate disinvestment in rural communities and inhibit the growth of local economies.

While we support SBA's efforts to maintain integrity in its programs, we urge the Administration to consider whether these data elements are truly necessary for that purpose. The Foundation urges the SBA not to proceed with the proposed expanded collection of personal citizenship and immigration-related information through SBA Form 1919. If the agency moves forward with these changes, we strongly encourage SBA to explore less invasive methods of verifying eligibility that do not risk deterring participation among otherwise qualified applicants. We support providing targeted technical assistance and clear, culturally competent guidance to both lenders and applicants in rural and immigrant communities to ensure continued access to SBA 7(a) loans. Additionally, we suggest SBA conduct a thorough assessment of the potential adverse effects these revisions may have on loan program utilization, particularly among immigrant-owned businesses and those operating in underserved rural communities.

In conclusion, we urge the SBA to withdraw this proposal. Any revisions to SBA Form 1919 should take proactive steps to ensure that the process of applying for SBA-backed financing remains as inclusive, accessible, and streamlined as possible. This is vital not only for upholding the mission of the SBA but for supporting an equitable economy and long-term resilience in our communities.

Thank you again for the opportunity to provide input to this notice. If you have any questions, please contact Kyle Rojas Legleiter, The Colorado Health Foundation Senior Director of Policy, at Show email or Show phone).

Sincerely,

Kyle Rojas Legleiter
Senior Director of Policy
Colorado Health Foundation

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BY

Kyle Rojas Legleiter