

To the office of U.S. Representative J. French Hill

Re: HR 6955 (119th Congress), Main Street Capital Access Act • Latest action (2026-07-22): Received in the Senate and Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.
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Main Street Capital Access Act of 2025 - Constitutional Revision

The measure, as described from the official record: To increase small business access to capital by reducing regulatory burdens and expanding lending options for community banks and credit unions.

THE PROPOSAL

This Act provides competitive grants to states for the purpose of establishing or expanding small business lending programs. States may use funds to create revolving loan funds, guarantee programs, or technical assistance for community banks and credit unions. The Secretary of the Treasury shall administer the grant program, awarding funds based on demonstrated need, state matching contribution, and compliance with nondiscrimination requirements. No grant may be used to preempt or override state usury laws, chartering rules, or other regulatory authority. Each state receiving a grant must submit an annual report detailing loan volumes, default rates, and economic impact. The authority to make grants under this Act shall expire five years after the date of enactment, and unobligated balances shall be returned to the Treasury.

OPERATIVE PROVISIONS (VFA PROPOSAL)

Funding Source	General Fund of the Treasury, through annual appropriations
Funding Amount	\$500 million per fiscal year, capped at \$2.5 billion total over five years
Sunset Years	5 years
Oversight Body	Office of Small Business Lending within the Department of the Treasury, with GAO audits every two years
Enforcement Mechanism	Clawback of unspent or misused funds; civil penalties for states that fail to submit reports or misuse funds; whistleblower protections for employees of recipient institutions
Effective Date	90 days after enactment

CONSTITUTIONAL BASIS

- Article I, Section 8, Clause 1 – General Welfare and Spending Power
- Article I, Section 8, Clause 3 – Commerce Clause (limited to interstate effects of small business lending)
- Tenth Amendment – Reservation of powers to the states (non-preemption of state banking laws)

Concerns with the measure as written:

- The original bill may have preempted state banking regulations without clear constitutional authority under the Commerce Clause or the Tenth Amendment.
- Potential overreach by mandating federal lending standards on state-chartered institutions, violating federalism principles.
- If it included direct federal loans or grants, it may have lacked a proper enumerated power basis beyond the General Welfare Clause, raising concerns about spending power limits.

WHY BOTH SIDES CAN BACK IT (VFA'S ASSESSMENT)

Democratic priorities: Direct federal support for small businesses, especially in underserved communities, with nondiscrimination requirements and oversight. Republican priorities: State flexibility in design and implementation, protection of state banking authority, no federal preemption, and a sunset clause to limit long-term government expansion.

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