

## Calendar No. 577

109TH CONGRESS  
2D SESSION**S. 3778**

To reauthorize and improve the Small Business Act and the Small Business Investment Act of 1958, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

AUGUST 2, 2006

Ms. SNOWE, from the Committee on Small Business and Entrepreneurship, reported the following original bill; which was read twice and placed on the calendar

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**A BILL**

To reauthorize and improve the Small Business Act and the Small Business Investment Act of 1958, 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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Small Business Reauthorization and Improvements Act  
6 of 2006”.

7 (b) TABLE OF CONTENTS.—The table of contents for  
8 this Act is as follows:

★(Star Print)

- Sec. 1. Short title; table of contents.
- Sec. 2. Definitions.

#### TITLE I—REAUTHORIZATION OF PROGRAMS

- Sec. 101. Reauthorization of programs in Small Business Act.
- Sec. 102. Other reauthorizations.
- Sec. 103. Conforming technical change in average smaller loan size.
- Sec. 104. Accurate subsidy model.
- Sec. 105. Inclusion of persons with disabilities.

#### TITLE II—NATIONAL PREFERRED LENDERS PROGRAM

- Sec. 201. National Preferred Lenders Program.
- Sec. 202. Maximum loan amount.
- Sec. 203. Alternative size standard.
- Sec. 204. Minority small business development.
- Sec. 205. Lowering of fees.

#### TITLE III—SMALL BUSINESS INVESTMENT ACT OF 1958

##### Subtitle A—Debentures and Securities

- Sec. 301. Participating debenture companies.
- Sec. 302. Participating securities.

##### Subtitle B—Development Companies

- Sec. 321. Development company loan programs.
- Sec. 322. Loan liquidations.
- Sec. 323. Additional equity injections.
- Sec. 324. Businesses in low-income areas.
- Sec. 325. Combinations of certain goals.
- Sec. 326. Maximum 504 and 7(a) loan eligibility.
- Sec. 327. Refinancing under the Local Development Business Loan Program.
- Sec. 328. Technical correction.
- Sec. 329. Definitions for the Small Business Investment Act of 1958.
- Sec. 330. Repeal of sunset on reserve requirements for premier certified lenders.
- Sec. 331. Certified development companies.
- Sec. 332. Conforming amendments.
- Sec. 333. Closing costs.
- Sec. 334. Definition of rural.
- Sec. 335. Regulations and effective date.
- Sec. 336. Low-income geographic areas.
- Sec. 337. Limitation on time for final approval of companies.

#### TITLE IV—DISASTER RESPONSE

##### Subtitle A—Private Disaster Loans

- Sec. 401. Private disaster loans.
- Sec. 402. Technical and conforming amendments.

##### Subtitle B—Disaster Relief and Reconstruction

- Sec. 421. Definition of disaster area.
- Sec. 422. Disaster loans to nonprofits.

- Sec. 423. Disaster loan amounts.
- Sec. 424. Small business development center portability grants.
- Sec. 425. Assistance to out-of-State businesses.
- Sec. 426. Outreach programs.
- Sec. 427. Small business bonding threshold.
- Sec. 428. Small business participation.
- Sec. 429. Emergency procurement authority.
- Sec. 430. Paperwork reciprocity for small disaster contractors.
- Sec. 431. Small business multiple award disaster contracts.
- Sec. 432. Contracting priority for local small businesses.
- Sec. 433. Termination of program.
- Sec. 434. Increasing collateral requirements.

#### Subtitle C—Disaster Response

- Sec. 451. Definitions.
- Sec. 452. State bridge loan guarantee.
- Sec. 453. Catastrophic national disasters.
- Sec. 454. Public awareness of disaster declaration and application periods.
- Sec. 455. Consistency between Administration regulations and standard operating procedures.
- Sec. 456. Processing disaster loans.
- Sec. 457. Development and implementation of major disaster response plan.
- Sec. 458. Congressional oversight.

#### Subtitle D—Energy Emergencies

- Sec. 471. Findings.
- Sec. 472. Small business energy emergency disaster loan program.
- Sec. 473. Agricultural producer emergency loans.
- Sec. 474. Guidelines and rulemaking.
- Sec. 475. Reports.

### TITLE V—VETERANS AND MEMBERS OF THE GUARD AND RESERVE

- Sec. 501. Definitions.

#### Subtitle A—Veterans

- Sec. 521. Findings.
- Sec. 522. Increased funding for the Office of Veterans Business Development.
- Sec. 523. Extension of Advisory Committee on Veterans Business Affairs.
- Sec. 524. Relief from time limitations for veteran-owned small businesses.

#### Subtitle B—Guard and Reserve

- Sec. 541. Guard and Reserve loans.
- Sec. 542. Study of insurance program for members of the Guard and Reserve.
- Sec. 543. Grant assistance for military Reservists' small business concerns.

#### Subtitle C—Veterans Corporation

- Sec. 561. Purposes of the Corporation.
- Sec. 562. Management of the Corporation.
- Sec. 563. Timing of transfer of Advisory Committee duties.
- Sec. 564. Authorization of appropriations.
- Sec. 565. Privatization.

## TITLE VI—ENERGY LOANS FOR SMALL BUSINESS CONCERNS

Sec. 601. Express loans for renewable energy and energy efficiency.

## TITLE VII—HEALTH INSURANCE

Sec. 701. Purpose.  
 Sec. 702. Definitions.  
 Sec. 703. Small Business Health Insurance Information Pilot Program.  
 Sec. 704. Reports.  
 Sec. 705. Authorization of appropriations.

## TITLE VIII—WOMEN'S SMALL BUSINESS OWNERSHIP PROGRAMS

Sec. 801. Office of Women's Business Ownership.  
 Sec. 802. Women's Business Center Program.  
 Sec. 803. National Women's Business Council.  
 Sec. 804. Interagency Committee on Women's Business Enterprise.  
 Sec. 805. Preserving the independence of the National Women's Business Council.

## TITLE IX—INTERNATIONAL TRADE

Sec. 901. Small Business Administration Associate Administrator for International Trade.  
 Sec. 902. Office of International Trade.  
 Sec. 903. International trade loans.

## TITLE X—CONTRACT BUNDLING

Sec. 1001. Presidential policy.  
 Sec. 1002. Leadership and oversight.  
 Sec. 1003. Removal of impediments to contract bundling database implementation.

## TITLE XI—SUBCONTRACTING INTEGRITY

Sec. 1101. GAO recommendations on subcontracting misrepresentations.  
 Sec. 1102. Small business subcontracting bait-and-switch fraud.  
 Sec. 1103. Evaluating subcontracting participation.  
 Sec. 1104. Pilot program on direct payments to subcontractors.  
 Sec. 1105. Pilot program.

TITLE XII—SMALL BUSINESS PROCUREMENT PROGRAMS  
IMPROVEMENT

Sec. 1201. Definitions.

## Subtitle A—HUBZone Program

Sec. 1211. HUBZone reauthorization.  
 Sec. 1212. Equity for suburban HUBZones.

## Subtitle B—Service-Disabled Veteran-Owned Small Business Program

Sec. 1221. Certification.  
 Sec. 1222. Temporary waiver.  
 Sec. 1223. Transition period for surviving spouses or permanent care givers.  
 Sec. 1224. Contracting authority.

Subtitle C—Women-Owned Small Business Program

- Sec. 1231. Implementation deadline.
- Sec. 1232. Certification.

Subtitle D—Small Disadvantaged Business Program

- Sec. 1241. Certification.
- Sec. 1242. Net worth threshold.

Subtitle E—BusinessLINC Program

- Sec. 1251. BusinessLINC Program.

TITLE XIII—ACQUISITION PROCESS

- Sec. 1301. Procurement improvements.
- Sec. 1302. Reservation of prime contract awards for small businesses.
- Sec. 1303. GAO study of reporting systems.
- Sec. 1304. Meeting small business goals.
- Sec. 1305. Micropurchase guidelines.
- Sec. 1306. Reporting on overseas contracts.
- Sec. 1307. Agency accountability.

TITLE XIV—SMALL BUSINESS SIZE AND STATUS INTEGRITY

- Sec. 1401. Policy and presumptions.
- Sec. 1402. Annual certification.
- Sec. 1403. SBA suspensions and debarments authority.
- Sec. 1404. Meaningful protests of small business size and status.
- Sec. 1405. Training for contracting and enforcement personnel.
- Sec. 1406. Protests of sole source awards.
- Sec. 1407. Small business size and status for purpose of multiple award contracts.
- Sec. 1408. Size standards development.
- Sec. 1409. Full-time employee equivalents.

TITLE XV—SMALL BUSINESS INNOVATION RESEARCH AND  
SMALL BUSINESS TECHNOLOGY TRANSFER PROGRAMS

- Sec. 1501. Definitions.
- Sec. 1502. Congressional findings and policy.

Subtitle A—Small Business Innovation Leadership

- Sec. 1511. Status of the SBA Office of Technology; National Advisory Board; transfer plan.

Subtitle B—Fair Access to Federal Innovations Investments

- Sec. 1521. Accuracy in funding base calculations; Comptroller General's audits.
- Sec. 1522. SBIR cap increase.
- Sec. 1523. STTR cap increase.
- Sec. 1524. Adjustments in SBIR and STTR award levels.
- Sec. 1525. Majority-venture investments in SBIR firms.

Subtitle C—Acquisition of Small Business Innovations

- Sec. 1531. National SBIR and STTR technology insertion goal; reporting requirements.
- Sec. 1532. Intellectual property protections for small business innovations.
- Sec. 1533. SBIR and STTR special acquisition preference.
- Sec. 1534. SBIR and STTR mentor-protégé programs.
- Sec. 1535. Subcontracting with Federal laboratories and research and development centers.
- Sec. 1536. Innovation commercialization pilot programs.
- Sec. 1537. Enforcement.

Subtitle D—Technical and Financial Assistance for Small Business  
Innovation

- Sec. 1541. Reauthorization and enhancement of State, local, and rural innovation assistance programs.
- Sec. 1542. Continued evaluation by the National Academy of Sciences.
- Sec. 1543. Phase II innovation development challenge pilot program.
- Sec. 1544. Encouraging innovation in energy efficiency.
- Sec. 1545. SBIR–STEM Workforce Development Grant Pilot Program.

Subtitle E—Implementation

- Sec. 1551. Conforming amendments to the SBIR and the STTR policy directives.

TITLE XVI—NATIVE AMERICAN SMALL BUSINESS DEVELOPMENT  
PROGRAM

- Sec. 1601. Short title.
- Sec. 1602. Native American Small Business Development Program.
- Sec. 1603. Pilot programs.

TITLE XVII—NATIONAL SMALL BUSINESS REGULATORY  
ASSISTANCE

- Sec. 1701. Short title.
- Sec. 1702. Purpose.
- Sec. 1703. Small Business Regulatory Assistance Pilot Program.
- Sec. 1704. Rulemaking.

TITLE XVIII—INTERMEDIARY LENDING PILOT PROGRAM

- Sec. 1801. Short title.
- Sec. 1802. Findings.
- Sec. 1803. Small business intermediary lending pilot program.

TITLE XIX—OTHER PROVISIONS

- Sec. 1901. Compliance assistance.
- Sec. 1902. Appointment of officials.
- Sec. 1903. Second-stage Pilot Program.
- Sec. 1904. PRIME reauthorization and transfer to the Small Business Act.
- Sec. 1905. Child Care Lending Pilot Program.
- Sec. 1906. Study on the impact of the low documentation loan program.
- Sec. 1907. Enforcement Ombudsman.
- Sec. 1908. Minority entrepreneurship and innovation pilot program.
- Sec. 1909. Office of Native American Affairs pilot program.
- Sec. 1910. Institutions of higher education.

1 **SEC. 2. DEFINITIONS.**

2 In this Act—

3 (1) the terms “Administration” and “Adminis-  
4 trator” mean the Small Business Administration  
5 and the Administrator thereof, respectively;

6 (2) the term “small business concern” has the  
7 same meaning as in section 3 of the Small Business  
8 Act (15 U.S.C. 632); and

9 (3) the term “small business concern owned  
10 and controlled by socially and economically disadvan-  
11 tagged individuals” has the same meaning as in sec-  
12 tion 8 of the Small Business Act (15 U.S.C. 637).

13 **TITLE I—REAUTHORIZATION OF**  
14 **PROGRAMS**

15 **SEC. 101. REAUTHORIZATION OF PROGRAMS IN SMALL**  
16 **BUSINESS ACT.**

17 The Small Business Act (15 U.S.C. 631 et seq.) is  
18 amended—

19 (1) in section 7—

20 (A) in subsection (b)(1)(C), by striking  
21 “fiscal years 2000 through 2004” and inserting  
22 “fiscal years 2007 through 2009”; and

23 (B) in subsection (m)—

24 (i) in paragraph (4)(F)(ii), by striking  
25 “not more than 20” and all that follows  
26 through the period at the end and insert-

1 ing “not more than 30 grantees in each of  
2 fiscal years 2007 through 2009, each of  
3 whom may receive a grant under this sub-  
4 paragraph in an amount not to exceed  
5 \$200,000 per year.”; and

6 (ii) in paragraph (12), in the matter  
7 preceding subparagraph (A), by striking  
8 “during fiscal years 1998 through 2000”  
9 and inserting “during fiscal years 2007  
10 through 2009”;

11 (2) in section 9—

12 (A) by striking subsection (m);

13 (B) in subsection (n)(1), by striking  
14 “through fiscal year 2009”; and

15 (C) in subsection (s)(2), by striking “fiscal  
16 years 2000 through 2005” and inserting “fiscal  
17 years 2007 through 2009”;

18 (3) in section 20, by striking subsections (d)  
19 and (e) and inserting the following:

20 “(d) FISCAL YEAR 2007.—

21 “(1) PROGRAM LEVELS.—The following pro-  
22 gram levels are authorized for fiscal year 2007:

23 “(A) For the programs authorized by this  
24 Act, the Administration is authorized to  
25 make—



1           “(i) \$80,000,000 in technical assist-  
2           ance grants, as provided in section 7(m);  
3           and

4           “(ii) \$110,000,000 in direct loans, as  
5           provided in 7(m).

6           “(B) For the programs authorized by this  
7           Act, the Administration is authorized to make  
8           \$27,050,000,000 in deferred participation loans  
9           and other financings, and of such sum, the Ad-  
10          ministrator is authorized to make—

11           “(i) \$18,000,000,000 in general busi-  
12           ness loans, as provided in section 7(a);

13           “(ii) \$8,500,000,000 in certified de-  
14           velopment company financings, as provided  
15           in section 7(a)(13) and as provided in sec-  
16           tion 504 of the Small Business Investment  
17           Act of 1958;

18           “(iii) \$500,000,000 in loans, as pro-  
19           vided in section (7)(a)(21); and

20           “(iv) \$50,000,000 in loans, as pro-  
21           vided in section 7(m).

22           “(C) For the programs authorized by title  
23           III of the Small Business Investment Act of  
24           1958, the Administrator is authorized to  
25           make—

1           “(i) \$500,000,000 in purchases of  
2           participating securities; and

3           “(ii) \$4,000,000,000 in guarantees of  
4           debentures.

5           “(D) For the programs authorized by part  
6           B of title IV of the Small Business Investment  
7           Act of 1958, the Administrator is authorized to  
8           enter into guarantees not to exceed  
9           \$6,500,000,000, of which not more than 50  
10          percent may be in bonds approved pursuant to  
11          section 411(a)(3) of that Act.

12          “(E) The Administrator is authorized to  
13          make grants or enter into cooperative agree-  
14          ments for a total of \$7,000,000 for the Service  
15          Corps of Retired Executives program author-  
16          ized by section 8(b)(1).

17          “(2) ADDITIONAL AUTHORIZATIONS.—

18          “(A) IN GENERAL.—There are authorized  
19          to be appropriated to the Administrator for fis-  
20          cal year 2007, such sums as may be necessary  
21          to carry out the provisions of this Act not else-  
22          where provided for, including administrative ex-  
23          penses and necessary loan capital for disaster  
24          pursuant to section 7(b), and to carry out the

1 Small Business Investment Act of 1958, includ-  
2 ing salaries and expenses of the Administration.

3 “(B) LIMITATIONS.—Notwithstanding any  
4 other provision of this paragraph, for fiscal year  
5 2007—

6 “(i) no funds are authorized to be  
7 used as loan capital for the loan program  
8 authorized by section 7(a)(21), except by  
9 transfer from another Federal department  
10 or agency to the Administration, unless the  
11 program level authorized for general busi-  
12 ness loans under paragraph (1)(B)(I) is  
13 fully funded; and

14 “(ii) the Administration may not ap-  
15 prove loans on its own behalf or on behalf  
16 of any other Federal department or agen-  
17 cy, by contract or otherwise, under terms  
18 and conditions other than those specifically  
19 authorized under this Act or the Small  
20 Business Investment Act of 1958, except  
21 that it may approve loans under section  
22 7(a)(21) in gross amounts of not more  
23 than \$2,000,000.

24 “(e) FISCAL YEAR 2008.—

1           “(1) PROGRAM LEVELS.—The following pro-  
2           gram levels are authorized for fiscal year 2008:

3                   “(A) For the programs authorized by this  
4           Act, the Administration is authorized to  
5           make—

6                           “(i) \$80,000,000 in technical assist-  
7                           ance grants, as provided in section 7(m);  
8                           and

9                           “(ii) \$110,000,000 in direct loans, as  
10                           provided in 7(m).

11                   “(B) For the programs authorized by this  
12           Act, the Administration is authorized to make  
13           \$29,550,000,000 in deferred participation loans  
14           and other financings, and of such sum, the Ad-  
15           ministrator is authorized to make—

16                           “(i) \$19,500,000,000 in general busi-  
17                           ness loans, as provided in section 7(a);

18                           “(ii) \$9,500,000,000 in certified de-  
19                           velopment company financings, as provided  
20                           in section 7(a)(13) and as provided in sec-  
21                           tion 504 of the Small Business Investment  
22                           Act of 1958;

23                           “(iii) \$500,000,000 in loans, as pro-  
24                           vided in section (7)(a)(21); and

1           “(iv) \$50,000,000 in loans, as pro-  
2           vided in section 7(m).

3           “(C) For the programs authorized by title  
4           III of the Small Business Investment Act of  
5           1958, the Administrator is authorized to  
6           make—

7           “(i) \$600,000,000 in purchases of  
8           participating securities; and

9           “(ii) \$4,000,000,000 in guarantees of  
10          debentures.

11          “(D) For the programs authorized by part  
12          B of title IV of the Small Business Investment  
13          Act of 1958, the Administrator is authorized to  
14          enter into guarantees not to exceed  
15          \$7,000,000,000, of which not more than 50  
16          percent may be in bonds approved pursuant to  
17          section 411(a)(3) of that Act.

18          “(E) The Administrator is authorized to  
19          make grants or enter into cooperative agree-  
20          ments for a total of \$8,000,000 for the Service  
21          Corps of Retired Executives program author-  
22          ized by section 8(b)(1).

23          “(2) ADDITIONAL AUTHORIZATIONS.—

24          “(A) IN GENERAL.—There are authorized  
25          to be appropriated to the Administrator for fis-

1 cal year 2008, such sums as may be necessary  
2 to carry out the provisions of this Act not else-  
3 where provided for, including administrative ex-  
4 penses and necessary loan capital for disaster  
5 pursuant to section 7(b), and to carry out the  
6 Small Business Investment Act of 1958, includ-  
7 ing salaries and expenses of the Administration.

8 “(B) LIMITATIONS.—Notwithstanding any  
9 other provision of this paragraph, for fiscal year  
10 2008—

11 “(i) no funds are authorized to be  
12 used as loan capital for the loan program  
13 authorized by section 7(a)(21) except by  
14 transfer from another Federal department  
15 or agency to the Administration, unless the  
16 program level authorized for general busi-  
17 ness loans under paragraph (1)(B)(I) is  
18 fully funded; and

19 “(ii) the Administration may not ap-  
20 prove loans on its own behalf or on behalf  
21 of any other Federal department or agen-  
22 cy, by contract or otherwise, under terms  
23 and conditions other than those specifically  
24 authorized under this Act or the Small  
25 Business Investment Act of 1958, except

1           that it may approve loans under section  
2           7(a)(21) in gross amounts of not more  
3           than \$2,000,000.

4           “(f) FISCAL YEAR 2009.—

5           “(1) PROGRAM LEVELS.—The following pro-  
6           gram levels are authorized for fiscal year 2009:

7           “(A) For the programs authorized by this  
8           Act, the Administration is authorized to  
9           make—

10           “(i) \$80,000,000 in technical assist-  
11           ance grants, as provided in section 7(m);  
12           and

13           “(ii) \$110,000,000 in direct loans, as  
14           provided in 7(m).

15           “(B) For the programs authorized by this  
16           Act, the Administration is authorized to make  
17           \$32,050,000,000 in deferred participation loans  
18           and other financings, and of such sum, the Ad-  
19           ministrator is authorized to make—

20           “(i) \$21,000,000,000 in general busi-  
21           ness loans, as provided in section 7(a);

22           “(ii) \$10,500,000,000 in certified de-  
23           velopment company financings, as provided  
24           in section 7(a)(13) and as provided in sec-

1                   tion 504 of the Small Business Investment  
2                   Act of 1958;

3                   “(iii) \$500,000,000 in loans, as pro-  
4                   vided in section (7)(a)(21); and

5                   “(iv) \$50,000,000 in loans, as pro-  
6                   vided in section 7(m).

7                   “(C) For the programs authorized by title  
8                   III of the Small Business Investment Act of  
9                   1958, the Administrator is authorized to  
10                  make—

11                  “(i) \$700,000,000 in purchases of  
12                  participating securities; and

13                  “(ii) \$4,000,000,000 in guarantees of  
14                  debentures.

15                  “(D) For the programs authorized by part  
16                  B of title IV of the Small Business Investment  
17                  Act of 1958, the Administrator is authorized to  
18                  enter into guarantees not to exceed  
19                  \$7,500,000,000, of which not more than 50  
20                  percent may be in bonds approved pursuant to  
21                  section 411(a)(3) of that Act.

22                  “(E) The Administrator is authorized to  
23                  make grants or enter into cooperative agree-  
24                  ments for a total of \$9,000,000 for the Service



1 Corps of Retired Executives program author-  
2 ized by section 8(b)(1).

3 “(2) ADDITIONAL AUTHORIZATIONS.—

4 “(A) IN GENERAL.—There are authorized  
5 to be appropriated to the Administrator for fis-  
6 cal year 2009, such sums as may be necessary  
7 to carry out the provisions of this Act not else-  
8 where provided for, including administrative ex-  
9 penses and necessary loan capital for disaster  
10 pursuant to section 7(b), and to carry out the  
11 Small Business Investment Act of 1958, includ-  
12 ing salaries and expenses of the Administration.

13 “(B) LIMITATIONS.—Notwithstanding any  
14 other provision of this paragraph, for fiscal year  
15 2009—

16 “(i) no funds are authorized to be  
17 used as loan capital for the loan program  
18 authorized by section 7(a)(21) except by  
19 transfer from another Federal department  
20 or agency to the Administration, unless the  
21 program level authorized for general busi-  
22 ness loans under paragraph (1)(B)(I) is  
23 fully funded; and

24 “(ii) the Administration may not ap-  
25 prove loans on its own behalf or on behalf

1 of any other Federal department or agen-  
2 cy, by contract or otherwise, under terms  
3 and conditions other than those specifically  
4 authorized under this Act or the Small  
5 Business Investment Act of 1958, except  
6 that it may approve loans under section  
7 7(a)(21) in gross amounts of not more  
8 than \$2,000,000.”;

9 (4) in section 21—

10 (A) in subsection (a)(4)(C), by amending  
11 clause (vii) to read as follows:

12 “(vii) AUTHORIZATION OF APPROPRIA-  
13 TIONS.—There are authorized to be appro-  
14 priated to carry out this subparagraph—

15 “(I) \$135,000,000 for fiscal year  
16 2007;

17 “(II) \$140,000,000 for fiscal  
18 year 2008; and

19 “(III) \$145,000,000 for fiscal  
20 year 2009.”; and

21 (B) in subsection (c)(3)(T), by striking  
22 “October 1, 2006” and inserting “October 1,  
23 2009”;

24 (5) in section 27(g)—

1 (A) in paragraph (1), by striking “fiscal  
2 years 2005 and 2006” and inserting “fiscal  
3 years 2007 through 2009”; and

4 (B) in paragraph (2), by striking “fiscal  
5 years 2005 and 2006” and inserting “fiscal  
6 years 2007 through 2009”;

7 (6) in section 32(c), by striking “to carry out  
8 this section” and all that follow through the period  
9 at the end and inserting “to carry out this section,  
10 \$2,000,000 for each of fiscal years 2007 through  
11 2009.”; and

12 (7) in section 34(i), by striking “September 30,  
13 2005” and inserting “September 30, 2009”.

14 **SEC. 102. OTHER REAUTHORIZATIONS.**

15 (a) NEW MARKETS VENTURE CAPITAL PROGRAM.—  
16 Section 368(a) of the Small Business Investment Act of  
17 1958 (15 U.S.C. 689q(a)) is amended, in the matter pre-  
18 ceding paragraph (1), by striking “fiscal years 2001  
19 through 2006” and inserting “fiscal years 2007 through  
20 2009”.

21 (b) GIFT ACCEPTANCE AND COSPONSORSHIP AU-  
22 THORITY.—Section 132(c) of the Small Business Reau-  
23 thorization and Manufacturing Assistance Act of 2004 (15  
24 U.S.C. 633 note) is amended by striking “October 1,  
25 2006” and inserting “October 1, 2009”.

1 **SEC. 103. CONFORMING TECHNICAL CHANGE IN AVERAGE**  
 2 **SMALLER LOAN SIZE.**

3 Section 7(m)(3)(F)(iii) of the Small Business Act (15  
 4 U.S.C. 636(m)(3)(F)(iii)) is amended by striking  
 5 “\$7,500” and inserting “\$10,000”.

6 **SEC. 104. ACCURATE SUBSIDY MODEL.**

7 Section 7(m) of the Small Business Act (15 U.S.C.  
 8 636(m)) is amended by adding at the end the following:

9 “(14) IMPROVED SUBSIDY MODEL.—The Ad-  
 10 ministrator shall develop a subsidy model for the  
 11 microloan program under this subsection, to be used  
 12 in the fiscal year 2008 budget, that is more accurate  
 13 than the subsidy model in effect on the day before  
 14 the date of enactment of this paragraph.”.

15 **SEC. 105. INCLUSION OF PERSONS WITH DISABILITIES.**

16 Section 7(m)(1)(A)(i) of the Small Business Act (15  
 17 U.S.C. 636(m)(1)(A)(i)) is amended by inserting “persons  
 18 with disabilities,” before “and minority”.

19 **TITLE II—NATIONAL PRE-**  
 20 **FERRED LENDERS PROGRAM**

21 **SEC. 201. NATIONAL PREFERRED LENDERS PROGRAM.**

22 Section 7(a)(2) of the Small Business Act (15 U.S.C.  
 23 636(a)(2)) is amended by adding at the end the following:

24 “(E) NATIONAL PREFERRED LENDERS  
 25 PROGRAM.—

1           “(i) IN GENERAL.—The Administrator  
2           shall establish a National Preferred Lend-  
3           ers Program by regulation.

4           “(ii) EXISTING PREFERRED LEND-  
5           ERS.—Any preferred lender authorized by  
6           the Administrator to operate as a preferred  
7           lender on a national basis prior to the date  
8           of enactment of the Small Business Reau-  
9           thorization and Improvements Act of 2006,  
10          shall continue that status to the extent  
11          that the lender continues to meet the  
12          qualifications for preferred lender status  
13          under this section.”.

14 **SEC. 202. MAXIMUM LOAN AMOUNT.**

15          Section 7(a)(3)(A) of the Small Business Act (15  
16 U.S.C. 636(a)(3)(A)) is amended by striking “\$1,500,000  
17 (or if the gross loan amount would exceed \$2,000,000”  
18 and inserting “\$2,250,000 (or if the gross loan amount  
19 would exceed \$3,000,000”.

20 **SEC. 203. ALTERNATIVE SIZE STANDARD.**

21          Section 3(a)(3) of the Small Business Act (15 U.S.C.  
22 632(a)(3)) is amended—

23                 (1) by striking “When establishing” and insert-  
24                 ing the following: “ESTABLISHMENT OF SIZE STAND-  
25                 ARDS.—

1 “(A) IN GENERAL.—When establishing”; and  
2 (2) by adding at the end the following:

3 “(B) ALTERNATIVE SIZE STANDARD.—

4 “(i) IN GENERAL.—Not later than 180  
5 days after the date of enactment of this sub-  
6 paragraph, the Administrator shall establish an  
7 alternative size standard under paragraph (2),  
8 that shall be applicable to loan applicants under  
9 section 7(a) of this Act or under title V of the  
10 Small Business Investment Act of 1958 (15  
11 U.S.C. 695 et seq.).

12 “(ii) CRITERIA.—The alternative size  
13 standard established under clause (i) shall uti-  
14 lize the maximum net worth and maximum net  
15 income of the prospective borrower as an alter-  
16 native to the use of industry standards.

17 “(iii) INTERIM RULE.—Until the Adminis-  
18 trator establishes an alternative size standard  
19 under clause (i), the Administrator shall use the  
20 alternative size standard in section 121.301(b)  
21 of title 13, Code of Federal Regulations, for  
22 loan applicants under section 7(a) of this Act or  
23 under title V of the Small Business Investment  
24 Act of 1958 (15 U.S.C. 695 et seq.).”.

1 **SEC. 204. MINORITY SMALL BUSINESS DEVELOPMENT.**

2 (a) IN GENERAL.—The Small Business Act (15  
3 U.S.C. 631 et seq.) is amended—

4 (1) by redesignating section 37 as section 41;

5 and

6 (2) by inserting after section 36 the following:

7 **“SEC. 37. MINORITY SMALL BUSINESS DEVELOPMENT.**

8 “(a) OFFICE OF MINORITY SMALL BUSINESS DE-  
9 VELOPMENT.—There is established in the Administration  
10 an Office of Minority Small Business Development, which  
11 shall be administered by the Associate Administrator for  
12 Minority Small Business Development (in this section re-  
13 ferred to as the ‘Associate Administrator’) appointed  
14 under section 4(b)(1).

15 “(b) ASSOCIATE ADMINISTRATOR FOR MINORITY  
16 SMALL BUSINESS DEVELOPMENT.—The Associate Ad-  
17 ministrator—

18 “(1) shall be either—

19 “(A) an appointee in the Senior Executive  
20 Service who is a career appointee; or

21 “(B) an employee in the competitive serv-  
22 ice;

23 “(2) shall be responsible for the formulation,  
24 execution, and promotion of policies and programs of  
25 the Administration that provide assistance to small

1 business concerns owned and controlled by minori-  
2 ties;

3 “(3) shall act as an ombudsman for full consid-  
4 eration of minorities in all programs of the Adminis-  
5 tration (including those under section 7(j) and 8(a));

6 “(4) shall work with the Associate Deputy Ad-  
7 ministrator for Capital Access to increase the pro-  
8 portion of loans and loan dollars, and investments  
9 and investment dollars, going to minorities through  
10 the finance programs under this Act and the Small  
11 Business Investment Act of 1958 (including sub-  
12 sections (a), (b), and (m) of section 7 of this Act  
13 and the programs under part A and B of title III  
14 and title V of the Small Business Investment Act of  
15 1958);

16 “(5) shall work with the Associate Deputy Ad-  
17 ministrator for Entrepreneurial Development to in-  
18 crease the proportion of counseling and training that  
19 goes to minorities through the entrepreneurial devel-  
20 opment programs of the Administration;

21 “(6) shall work with the Associate Deputy Ad-  
22 ministrator for Government Contracting and Minor-  
23 ity Enterprise Development to increase the propor-  
24 tion of contracts, including through the Small Busi-  
25 ness Innovation Research Program and the Small



1 Business Technology Transfer Program, to minori-  
2 ties;

3 “(7) shall work with the partners of the Admin-  
4 istration, trade associations, and business groups to  
5 identify and carry out policies and procedures to  
6 more effectively market the resources of the Admin-  
7 istration to minorities;

8 “(8) shall work with the Office of Field Oper-  
9 ations to ensure that district offices and regional of-  
10 fices have adequate staff, funding, and other re-  
11 sources to market the programs of the Administra-  
12 tion to meet the objectives described in paragraphs  
13 (4) through (7); and

14 “(9) shall report to and be responsible directly  
15 to the Administrator.

16 “(c) AUTHORIZATION OF APPROPRIATIONS.—There  
17 are authorized to be appropriated to carry out this sec-  
18 tion—

19 “(1) \$5,000,000 for fiscal year 2007;

20 “(2) \$5,000,000 for fiscal year 2008; and

21 “(3) \$5,000,000 for fiscal year 2009.”.

22 (b) CONFORMING AMENDMENTS.—Section 4(b)(1) of  
23 the Small Business Act (15 U.S.C. 633(b)(1)) is amended  
24 in sixth sentence, by striking “Minority Small Business  
25 and Capital Ownership Development” and all that follows

1 through the end of the sentence and inserting “Minority  
2 Small Business Development.”.

3 **SEC. 205. LOWERING OF FEES.**

4 Section 7(a)(23) of the Small Business Act (15  
5 U.S.C. 636(a)(23)) is amended by striking subparagraph  
6 (C) and inserting the following:

7 “(C) LOWERING OF FEES.—

8 “(i) IN GENERAL.—For loan guaran-  
9 tees made or approved in each full fiscal  
10 year after the date of enactment of the  
11 Small Business Reauthorization and Im-  
12 provements Act of 2006, if the fees paid by  
13 all small business borrowers and by lenders  
14 for guarantees under this subsection, or  
15 the sum of such fees plus any funds made  
16 available for the purpose of reducing fees  
17 for loans under this subsection, as applica-  
18 ble, is more than the amount necessary to  
19 equal the cost to the Administration of  
20 making such guarantees, the Administrator  
21 shall reduce fees paid by small business  
22 borrowers and lenders under clauses (i)  
23 through (iv) of paragraph (18)(A) and  
24 subparagraph (A) of this paragraph.

1           “(ii) **MAXIMUM.**—The fees paid by  
 2           small business borrowers and lenders for  
 3           guarantees under this subsection may not  
 4           be increased above the maximum level au-  
 5           thorized under the amendments made by  
 6           division K of the Consolidated Appropria-  
 7           tions Act, 2005 (Public Law 108–447; 118  
 8           Stat. 3441).”.

9           **TITLE III—SMALL BUSINESS**  
 10           **INVESTMENT ACT OF 1958**  
 11           **Subtitle A—Debentures and**  
 12           **Securities**

13           **SEC. 301. PARTICIPATING DEBENTURE COMPANIES.**

14           Part A of title III of the Small Business Investment  
 15           Act of 1958 (15 U.S.C. 681 et seq.) is amended by adding  
 16           at the end the following:

17           **“SEC. 321. PARTICIPATING DEBENTURE COMPANIES.**

18           “(a) **DEFINITIONS.**—In this section:

19           “(1) **EQUITY CAPITAL.**—In this paragraph, the  
 20           term ‘equity capital’ means common or preferred  
 21           stock or a similar instrument, including subordi-  
 22           nated debt with equity features which is not amor-  
 23           tized and which provides for interest payments from  
 24           appropriate sources, as determined by the Adminis-  
 25           trator.

1           “(2) GENERAL PARTNER.—The term ‘general  
2 partner’ means an investor in a small business in-  
3 vestment company that participates in the daily  
4 management of the small business investment com-  
5 pany, and may include a managing partner in a lim-  
6 ited liability company.

7           “(3) GROSS RECEIPTS.—The term ‘gross re-  
8 ceipts’ means any cash received by a small business  
9 investment company, including investment proceeds  
10 (both return of capital and profit), interest, divi-  
11 dends, and fees, other than capital contributed by a  
12 partner, the proceeds of the issuance of participating  
13 debentures, and other money (if any) borrowed by  
14 the small business investment company.

15           “(4) INTERIM FUNDING PROVIDER.—The term  
16 ‘interim funding provider’ means any entity that  
17 provides funding guaranteed by the Administrator to  
18 a licensed company in between the periodic pools  
19 created by any trustee.

20           “(5) LICENSED COMPANY.—The term ‘licensed  
21 company’ means a small business investment com-  
22 pany authorized to issue participating debentures by  
23 a license issued under section 301 for that purpose.

24           “(6) LIMITED PARTNER.—The term ‘limited  
25 partner’ means an investor in a small business in-

1 vestment company, other than the Administrator,  
2 that does not participate in the daily management of  
3 the small business investment company.

4 “(7) PARTICIPATING DEBENTURE.—The term  
5 ‘participating debenture’ means a debt security that  
6 is—

7 “(A) in a form prescribed by the Adminis-  
8 trator that obligates the issuing company to  
9 pay—

10 “(i) on the seventh anniversary of the  
11 date of issuance of the debenture, all ac-  
12 crued interest on that debenture that has  
13 not previously been paid;

14 “(ii) semiannually thereafter, interest  
15 accruing after the seventh anniversary of  
16 the date of issuance of the debenture; and

17 “(iii) any other amount required by  
18 this section; and

19 “(B) is subject to the terms and conditions  
20 set forth in this section and to any additional  
21 terms and conditions as may be prescribed by  
22 the Administrator that are consistent with this  
23 subsection.

24 “(8) PRIVATE COLLATERAL.—The term ‘private  
25 collateral’ means any money that any private part-

1 ner has contractually committed to invest in a li-  
2 censed company during the most recent licensing of  
3 the licensed company, but that has not yet been paid  
4 to the licensed company.

5 “(9) TRUSTEE.—The term ‘trustee’ means an  
6 entity that combines any securities, interests, or ob-  
7 ligations from licensed companies in the partici-  
8 pating debenture program under subsection (b) into  
9 pools and issues trust certificates.

10 “(10) TRUST CERTIFICATE.—The term ‘trust  
11 certificate’ means a certificate issued by the trustee  
12 that represents an interest in a particular pool of  
13 any securities, interests, or obligations from licensed  
14 companies in the participating debenture program.

15 “(11) TRUST CERTIFICATE HOLDER.—The  
16 term ‘trust certificate holder’ means an investor that  
17 purchases a trust certificate.

18 “(b) PARTICIPATING DEBENTURES PROGRAM.—

19 “(1) GUARANTEE OF PARTICIPATING DEBEN-  
20 TURES.—

21 “(A) REDEMPTION PRICE AND INTER-  
22 EST.—The Administrator may guarantee the  
23 payment of the redemption price and interest  
24 on a participating debenture issued by a li-  
25 censed company to the interim funding provider

1 under such terms and conditions as the Admin-  
2 istrator shall establish, by regulation.

3 “(B) REPAYMENT IN DEFAULT.—The Ad-  
4 ministrator may guarantee the repayment to  
5 the interim funding provider in the event of a  
6 default by a licensed company of the funds ad-  
7 vanced by the interim funding provider to the  
8 licensed company under the agreement between  
9 the Administrator and the licensed company,  
10 under such terms and conditions as the Admin-  
11 istrator shall establish, by regulation.

12 “(C) TRUST CERTIFICATES.—The Admin-  
13 istrator may guarantee the payment of the re-  
14 demption price and interest on a trust certifi-  
15 cate issued by the trustee to the trust certifi-  
16 cate holders under such terms and conditions as  
17 the Administrator shall establish, by regulation.

18 “(2) GUARANTEE FEE.—The Administrator  
19 may charge a separate fee—

20 “(A) under paragraph (1)(A), to the in-  
21 terim funding provider;

22 “(B) under paragraph (1)(B), to the li-  
23 censed company; and

24 “(C) under paragraph (1)(C), to the trust-  
25 ee.

1           “(3) ZERO-SUBSIDY.—Each of the fees author-  
2           ized under paragraph (2) shall, when added to other  
3           fees, be sufficient to reduce to zero the cost (as de-  
4           fined in section 502 of the Federal Credit Reform  
5           Act of 1990 (2 U.S.C. 661a)) of each corresponding  
6           guarantee in paragraph (1).

7           “(4) MATCHING PAYMENT STREAMS.—With re-  
8           spect to any participating debenture issued by a li-  
9           censed company, or with respect to any security  
10          issued representing an interest in a pool of such se-  
11          curities, the amount and schedule of—

12                 “(A) the interest payment obligations of  
13                 the Administrator to the trust certificate hold-  
14                 ers shall be equal to the amount and schedule  
15                 of the interest obligations of the licensed com-  
16                 pany to the trust certificate holders; and

17                 “(B) the principal redemption obligations  
18                 of the Administrator to the trust certificate  
19                 holders shall be equal to the amount and sched-  
20                 ule of the licensed company’s principal redemp-  
21                 tion obligations to the trust certificate holders.

22           “(5) INTEREST TO INTERIM FUNDING PRO-  
23          VIDER.—

24                 “(A) RIGHT TO RECEIVE INTEREST.—For  
25                 the advancing of monies to a licensed company



1 under the license of that company, the interim  
2 funding provider shall have the right to receive  
3 interest from the licensed company.

4 “(B) AMOUNTS.—The interest authorized  
5 under subparagraph (A) shall be calculated  
6 based on the time period beginning on the date  
7 on which the interim funding provider advances  
8 the funding, and ending on the date on which  
9 the interim funding provider provides the secu-  
10 rities of the licensed company to a trustee for  
11 the purpose of pooling those securities and sell-  
12 ing interests in that pool.

13 “(C) COLLECTION OF INTEREST.—The in-  
14 terim funding provider may collect interest re-  
15 ferred to in this paragraph by withholding  
16 money from the money advanced to the licensed  
17 company by the interim funding provider.

18 “(6) MAXIMUM LEVERAGE.—Notwithstanding  
19 any other provision of this subsection, the Adminis-  
20 trator may not guarantee a new participating debenture  
21 to be issued by a small business investment  
22 company, and the company shall not make any dis-  
23 tribution to its private investors, if immediately after  
24 such issuance or distribution the aggregate unpaid  
25 principal balance of the participating debentures

1 issued by the company would exceed 100 percent of  
2 the leverageable capital of the licensed company.

3 “(7) PURCHASE OF PARTICIPATING DEBEN-  
4 TURES.—The Administrator may authorize a trust  
5 or pool acting on behalf of the Administrator to pur-  
6 chase participating debentures issued by a small  
7 business investment company, under such terms and  
8 conditions as the Administrator shall establish, by  
9 regulation.

10 “(8) REDEMPTION.—Not later than 10 years  
11 after the date on which it is issued, a participating  
12 debenture shall be redeemed for an amount equal to  
13 its outstanding principal balance plus any accrued  
14 but unpaid interest on such participating debenture  
15 as of the date on which it is redeemed.

16 “(9) INTEREST.—

17 “(A) IN GENERAL.—For purposes of this  
18 subparagraph, interest on a participating de-  
19 benture—

20 “(i) is preferred and cumulative;

21 “(ii) is prepayable out of any gross re-  
22 cepts available for distribution; and

23 “(iii) in any event, is payable at the  
24 scheduled or accelerated maturity of the  
25 participating debenture.

1           “(B) INTEREST ON PRINCIPAL BAL-  
2 ANCE.—Interest on the principal balance out-  
3 standing of a participating debenture shall ac-  
4 crue on a daily basis, and unpaid accrued inter-  
5 est shall compound semiannually from the date  
6 of issuance of the debenture, at a rate deter-  
7 mined by the Secretary of the Treasury, taking  
8 into consideration the current average market  
9 yield on outstanding marketable obligations of  
10 the United States with remaining periods to  
11 maturity comparable to the average maturities  
12 on such securities, adjusted to the nearest  $\frac{1}{8}$  of  
13 1 percent, plus an additional charge, in an  
14 amount established annually by the Adminis-  
15 trator, as necessary, when added to other fees,  
16 to reduce to zero the cost (as defined in section  
17 502 of the Federal Credit Reform Act of 1990  
18 (2 U.S.C. 661a)) to the Administration of pur-  
19 chasing and guaranteeing participating deben-  
20 tures under this subsection, which may not ex-  
21 ceed 1.5 percent per annum, and which shall be  
22 paid to and retained by the Administration.

23           “(10) PAYMENT DEFAULTS.—

24           “(A) IN GENERAL.—In the event of a fail-  
25 ure of a small business investment company to

1 pay any principal or interest on a participating  
2 debenture when due (including any mandatory  
3 prepayment out of gross receipts), the licensed  
4 company shall be in default, and shall be sub-  
5 ject to the provisions of subparagraphs (B)  
6 through (D).

7 “(B) ACCELERATION.—The Administrator,  
8 in addition to any other remedies, may demand  
9 immediate payment of the principal balance and  
10 accrued interest on any or all participating de-  
11 bentures issued by the defaulting company.

12 “(C) DEFAULT RATE OF INTEREST.—The  
13 interest rate on the participating debenture  
14 with respect to which the payment default oc-  
15 curred may increase, at the discretion of the  
16 Administrator, by not greater than 50 basis  
17 points from the date of the payment default,  
18 and by not greater than an additional 50 basis  
19 points on each 6-month anniversary of that  
20 date, up to a maximum total increase of 300  
21 basis points, until all of the payment defaults of  
22 the defaulting company have been cured or  
23 waived.

24 “(D) PRIVATE COLLATERAL.—The Admin-  
25 istrator may apply the private collateral of the

1 licensed company to pay any interest or prin-  
2 cipal payment that has not been paid on time  
3 according to the payment schedule for the li-  
4 censed company.

5 “(11) LIQUIDATION OF LICENSED COMPANY.—

6 In the event of the liquidation of a licensed company  
7 issuing participating debentures under this sub-  
8 section, a participating debenture shall be senior in  
9 priority for all purposes to any interest in the  
10 issuing company, whenever created. In liquidation,  
11 the private collateral of the licensed company may,  
12 at the option of the Administrator, be applied to pay  
13 accrued interest and principal of outstanding partici-  
14 pating debentures.

15 “(12) DEFAULT OF A LICENSED COMPANY.—In  
16 the event of the default of a licensed company  
17 issuing participating debentures under this sub-  
18 section—

19 “(A) a participating debenture shall be  
20 senior in priority for all purposes to any inter-  
21 est in the issuing company, whenever created;  
22 and

23 “(B) at the option of the Administrator,  
24 the private collateral of the licensed company  
25 may be applied to pay accrued interest and

1 principal on outstanding participating debentures.  
2

3 “(13) INVESTMENT OBLIGATION.—Any company  
4 issuing a participating debenture under this  
5 subsection shall invest or commit to invest an  
6 amount equal to the outstanding face value of such  
7 participating debenture solely in equity capital.

8 “(14) OTHER DEBT.—A licensed company  
9 issuing a participating debenture under this sub-  
10 section shall have no debt other than leverage ob-  
11 tained in accordance with this Act, and temporary  
12 debt in an amount equal to not more than 50 per-  
13 cent of the private capital of the company.

14 “(15) USE OF PROCEEDS.—Unless otherwise  
15 determined by the Administrator, a licensed com-  
16 pany may use the proceeds of a participating debenture  
17 issued by the company to pay the principal  
18 amount and accrued interest due on outstanding  
19 participating debentures issued by that company, if  
20 the company has outstanding equity capital invested  
21 in an amount equal to the amount being refinanced.

22 “(16) DISTRIBUTION OF GROSS RECEIPTS.—

23 “(A) IN GENERAL.—Except as otherwise  
24 provided in this subsection, gross receipts, from  
25 any source or however categorized for generally

1           accepted accounting principles or tax account-  
2           ing purposes, shall be utilized first for the pay-  
3           ment of accrued interest on participating debentures,  
4           then for repayment of participating debenture principal and  
5           contributed private capital, and finally for profit distributions,  
6           as provided in subparagraphs (B) through (G).

8           “(B) PAST DUE INTEREST AND PRINCIPAL.—Gross receipts shall first be used, within  
9           10 days of receipt—

11                   “(i) to pay any past due interest on  
12                   participating debentures issued by the licensed company; and  
13                   

14                   “(ii) when there is no past due interest outstanding, to repay any past due  
15                   principal on such debentures (whether such interest and principal are past due by their  
16                   terms or by acceleration).  
17                   

18           “(C) MANDATORY INTEREST PREPAYMENT.—If no unpaid accrued interest or past  
19           due principal is outstanding on any participating debenture issued by a licensed company,  
20           the company shall use its gross receipts, not later than the end of the calendar quarter in  
21           which they were received (or the following cal-  
22             
23             
24             
25

1           endar quarter, if received within 15 days before  
2           the end of a calendar quarter) to prepay ac-  
3           crued interest on the participating debentures  
4           issued by the company, which prepayments will  
5           be applied to such accrued interest in the order  
6           in which such interest would otherwise become  
7           due and payable.

8           “(D) AMORTIZATION DISTRIBUTIONS.—

9           “(i) IN GENERAL.—Except as pro-  
10          vided in paragraph (17), if no unpaid ac-  
11          crued interest or past due principal is out-  
12          standing on any participating debenture  
13          issued by a licensed company, the company  
14          shall distribute its gross receipts—

15                 “(I) to the Administration to am-  
16                 ortize outstanding participating de-  
17                 benture leverage; and

18                 “(II) to its private investors.

19          “(ii) PRO RATA DISTRIBUTION.—A  
20          distribution under clause (i) shall be pro  
21          rata according to the ratio of outstanding  
22          participating debenture leverage to out-  
23          standing leverageable capital at the time of  
24          distribution.



1           “(E) POST-AMORTIZATION DISTRIBUTIONS.—If no accrued interest or principal is  
2           outstanding on any participating debenture  
3           issued by a licensed company, and the company  
4           has no outstanding leverageable capital, the  
5           gross receipts of the company—  
6

7                   “(i) shall be distributed to the Admin-  
8                   istration in an amount equal to the profit  
9                   participation percentage of the total  
10                  amount being distributed, with the remain-  
11                  ing gross receipts distributed to the private  
12                  investors; and

13                  “(ii) in the case of any post-amortiza-  
14                  tion distributions to the Administration  
15                  under this subparagraph, shall be deemed  
16                  to constitute ‘additional’ interest (not ‘ac-  
17                  crued’ interest).

18           “(F) MANAGEMENT EXPENSES.—For pur-  
19           poses of calculating the amount to be distrib-  
20           uted to the Administration under subparagraph  
21           (E), except as otherwise prescribed by the Ad-  
22           ministration, the management expenses of any  
23           company which issues participating debentures  
24           under this subsection shall not be greater than  
25           2.5 percent of the combined capital of the com-

1 pany per year, plus, in the case of a company  
2 with combined capital of less than \$20,000,000,  
3 an additional \$125,000.

4 “(G) DEFINITIONS.—In this paragraph—

5 “(i) the term ‘combined capital’  
6 means the aggregate amount of private  
7 capital and outstanding leverage;

8 “(ii) the term ‘profit participation  
9 percentage’ means 50 percent of the lever-  
10 age ratio, reduced by the weighted average  
11 interest rate on the financing commitments  
12 issued by the company;

13 “(iii) the term ‘leverage ratio’ means  
14 the ratio of the aggregate amount of fi-  
15 nancing commitment leverage previously  
16 drawn by the company (including leverage  
17 that has been repaid, and not solely the  
18 maximum amount at any one time out-  
19 standing, if different) to the aggregate  
20 amount of capital previously contributed to  
21 the company by private investors (not sole-  
22 ly the maximum amount at any one time  
23 outstanding, if different);

24 “(iv) the term ‘management expenses’  
25 includes management fees and any addi-

1           tional salaries, office expenses, travel, busi-  
2           ness development costs, office and equip-  
3           ment rental, bookkeeping, and the develop-  
4           ment, investigation, and monitoring of in-  
5           vestments paid by the licensed company,  
6           but does not include the cost of services  
7           provided by specialized outside consultants,  
8           outside lawyers, and outside auditors, who  
9           perform services not generally expected of  
10          a venture capital company nor does such  
11          term include the cost of services provided  
12          by any affiliate of the company which are  
13          not part of the normal process of making  
14          and monitoring venture capital invest-  
15          ments; and

16                 “(v) the term ‘outstanding  
17                 leverageable capital’ means any aggregate  
18                 capital contributions received by a licensed  
19                 company from private investors which ex-  
20                 ceed aggregate distributions received by  
21                 the private investors from the company.

22                 “(17) EXCEPTIONS TO ORDER OF DISTRIBUTIONS.—  
23                 TIONS.—

24                 “(A) IN GENERAL.—Notwithstanding para-  
25                 graph (16)(D), if no unpaid accrued interest

1 (whether or not past due) and no past due prin-  
2 cipal is outstanding on any participating debenture  
3 issued by the licensed company, subparagraph (B) through (D) of this paragraph shall  
4 apply.  
5

6 “(B) TAX DISTRIBUTIONS.—

7 “(i) IN GENERAL.—The company may  
8 make a special distribution of gross receipts or other cash to its private investors  
9 without a corresponding distribution to the  
10 Administration while principal is out-  
11 standing on participating debentures  
12 issued by the company, if—  
13

14 “(I) the licensed company has an  
15 investment in a business (referred to  
16 in this subparagraph as the ‘portfolio  
17 company’) organized as a limited li-  
18 ability company (referred to in this  
19 subparagraph as an ‘LLC’) or as a  
20 partnership;

21 “(II) the portfolio company has  
22 income which will be taxable to its  
23 members or partners;

24 “(III) the portfolio company  
25 makes a distribution to its members

1 or partners in an amount equal to  
2 their assumed tax liability on the  
3 portfolio company's taxable income  
4 (referred to in this subparagraph as a  
5 'tax distribution'); or

6 “(IV) the small business invest-  
7 ment company is itself a partnership  
8 or an LLC, so that any portfolio com-  
9 pany income allocated to it is reallo-  
10 cated to the private investors, and it  
11 is those private investors who are lia-  
12 ble for payment of tax on that income  
13 as if it was their own income, whether  
14 or not they receive any cash in respect  
15 of that income.

16 “(ii) AUTHORITY TO MAKE DISTRIBU-  
17 TION.—In circumstances described in  
18 clause (i), the issuing company may, quar-  
19 terly, distribute to its private investors up  
20 to an amount equal to the difference be-  
21 tween—

22 “(I) the estimated aggregate  
23 maximum tax liability of the private  
24 investors on the income of portfolio  
25 companies organized as LLCs or part-

1                   nerships during the preceding cal-  
2                   endar year; and

3                   “(II) the aggregate amount dis-  
4                   tributed to the private investors (other  
5                   than under this subparagraph) since  
6                   April 15 of the preceding calendar  
7                   year, but in no event more than the  
8                   aggregate amount of tax distributions  
9                   that the issuing company received  
10                  from all of its portfolio companies  
11                  during the preceding calendar year.

12                  “(C) EXPENSES.—A small business invest-  
13                  ment company may use its gross receipts to pay  
14                  previously incurred expenses (including manage-  
15                  ment fees) and other liabilities and it may, in  
16                  addition, retain additional gross receipts in an  
17                  expense reserve account in an amount which,  
18                  added to any existing expense reserve, does not  
19                  exceed such reasonably anticipated expenses  
20                  and other liabilities for the following 12-month  
21                  period, provided such expenses and other liabil-  
22                  ities are not prohibited under regulations estab-  
23                  lished by the Administrator or other applicable  
24                  law.

1           “(D) PREPAYMENT.—Subject to any appli-  
2 cable State law requirements, a small business  
3 investment company may use gross receipts or  
4 other cash to prepay outstanding participating  
5 debenture leverage and interest in whole or in  
6 part without penalty at any time.

7           “(18) RESTRICTIONS ON DISTRIBUTIONS.—

8           “(A) LIQUIDITY AND OTHER ADMINISTRA-  
9 TIVE OR STATE LAW RESTRICTIONS.—A dis-  
10 tribution under this subsection may not violate  
11 liquidity requirements or other applicable re-  
12 strictions on distributions in regulations issued  
13 by the Administrator or under applicable State  
14 law.

15           “(B) CAPITAL IMPAIRMENT OR REGU-  
16 LATORY VIOLATION.—If a small business invest-  
17 ment company is in restricted operations or liq-  
18 uidation by reason of capital impairment or reg-  
19 ulatory violation, the maturity date of the par-  
20 ticipating debentures issued by that company,  
21 including both principal and accrued interest, is  
22 subject to acceleration at the option of the Ad-  
23 ministrator, and, regardless of whether there  
24 has been such an acceleration, not more than  
25 100 percent of all gross receipts and the private

1 collateral of the licensed company may, at the  
2 option of the Administrator, be required to be  
3 distributed to the Administration until accrued  
4 interest and principal on the participating de-  
5 bentures issued by the company have been paid  
6 in full, in accordance with any terms and condi-  
7 tions that the Administrator may establish by  
8 regulation.

9 “(19) DISTRIBUTIONS IN-KIND.—

10 “(A) ELECTION OF IN-KIND DISTRIBUTION  
11 OF SECURITIES.—

12 “(i) IN GENERAL.—A small business  
13 investment company that issues partici-  
14 pating debentures, has no accrual but un-  
15 paid interest, and has no outstanding le-  
16 verage, may elect to make an in-kind dis-  
17 tribution of securities at any time, subject  
18 to applicable securities laws and regula-  
19 tions, if such securities are publicly traded  
20 and marketable (referred to in this sub-  
21 section as ‘marketable securities’).

22 “(ii) GROSS RECEIPTS.—Marketable  
23 securities distributed in-kind shall be  
24 deemed to be gross receipts for purposes of  
25 this subsection, and their distribution shall



1           be subject to the priorities and restrictions  
2           applicable to gross receipts under this sub-  
3           section and to applicable regulations issued  
4           by the Administrator.

5           “(B) TREATMENT OF ADMINISTRATION  
6           SHARE.—The licensed company shall either de-  
7           posit the Administration share of such securi-  
8           ties with a trustee designated by the Adminis-  
9           trator, or retain the Administration share, if  
10          the Administrator so directs and with the  
11          agreement of the company.

12          “(C) RETENTION OF ADMINISTRATION  
13          SHARE.—If the company retains the Adminis-  
14          tration share, it shall sell such share and  
15          promptly remit the proceeds to the Administra-  
16          tion.

17          “(D) VALUE OF ADMINISTRATION’S  
18          SHARE.—For purposes of this paragraph—

19                 “(i) the value of the Administration  
20                 share is the value of the securities, as of  
21                 the date of distribution to the Administra-  
22                 tion under subparagraph (B), or as of the  
23                 initial date of retention under subpara-  
24                 graph (C); and

1           “(ii) the Administration may receive a  
2           greater or lesser amount upon its ultimate  
3           sale of such share or upon the ultimate  
4           sale by the company of such share on be-  
5           half of the Administration.

6           “(20) TIMING OF DISTRIBUTIONS.—

7           “(A) IN GENERAL.—Except as provided in  
8           subparagraph (B), and subject to paragraphs  
9           (15) and (17), any gross receipts received by a  
10          small business investment company issuing par-  
11          ticipating debentures under this subsection that  
12          are not placed in an expense reserve under  
13          paragraph (17)(C) shall be distributed not later  
14          than the last day of the fiscal quarter in which  
15          such gross receipts were received by the com-  
16          pany.

17          “(B) EXCEPTIONS TO TIMING OF DIS-  
18          TRIBUTIONS.—

19          “(i) END OF QUARTER.—Gross re-  
20          ceipts received within 15 days before the  
21          end of a fiscal quarter shall be distributed  
22          by the last day of the subsequent fiscal  
23          quarter.

24          “(ii) MARKETABLE SECURITIES.—  
25          Gross receipts consisting of marketable se-

1           curities shall be distributed within 6  
2           months of the date of receipt, unless the  
3           small business investment company has ob-  
4           tained the prior consent of the Adminis-  
5           trator.

6           “(21) REINVESTMENT OF GROSS RECEIPTS.—  
7           Subject to such regulations and restrictions as may  
8           be prescribed by the Administrator, and by the  
9           agreement of the private investors in a small busi-  
10          ness investment company, any gross receipts that ex-  
11          ceed the amount needed to make payments required  
12          to be made to the Administration under this sub-  
13          section, may at the option of the company be rein-  
14          vested in qualified small business concerns.

15          “(c) MAXIMUM.—Participating debentures guaran-  
16          teed under this section may not exceed 100 percent of the  
17          regulatory capital of the licensed company, as determined  
18          by the Administrator.

19          “(d) POST-DISTRIBUTION COMPUTATION.—After  
20          distributions have been made under this section, the Ad-  
21          ministration share of such distributions shall not be re-  
22          duced or recomputed.

23          “(e) NO OWNERSHIP INTEREST TO ADMINISTRA-  
24          TION.—This section shall not be construed as creating in  
25          the Administration any ownership interest in any small

1 business investment company which issues participating  
2 debentures.

3 “(f) CONFLICT WITH OTHER PROVISIONS.—

4 “(1) IN GENERAL.—In the event of a conflict  
5 between this subsection and any other provision of  
6 this part, this subsection shall apply.

7 “(2) SPECIFIC PROVISIONS.—The provisions of  
8 this section supersede subsections (g) and (h) of sec-  
9 tion 303 in their entirety with respect to all matters  
10 pertaining to participating debentures issued by a li-  
11 censed company covered by this section.”.

12 **SEC. 302. PARTICIPATING SECURITIES.**

13 Section 20(a) of the Small Business Act (15 U.S.C.  
14 631 note) is amended—

15 (1) in paragraph (2), by striking “Subject to  
16 approval in appropriations Acts,” and inserting “Ex-  
17 cept as provided in paragraph (5), and subject to  
18 approval in appropriations Acts,”; and

19 (2) by adding at the end the following:

20 “(5) PARTICIPATING SECURITIES.—

21 “(A) DEFINITIONS.—In this paragraph—

22 “(i) the term ‘applicable 60-day period’  
23 means the 60-day period ending on the date on  
24 which the commitment made by the Adminis-

1           trator for a covered participating security ex-  
2           pires;

3           “(ii) the term ‘covered participating secu-  
4           rity’ means a participating security under title  
5           III of the Small Business Investment Act of  
6           1958—

7                   “(I) that was obligated in fiscal year  
8                   2002, 2003, or 2004, under a commitment  
9                   made by the Administrator; and

10                   “(II) on the date that is 60 days prior  
11                   to the date on which such commitment ex-  
12                   pires, for which the Administrator has not  
13                   disbursed all of the funds committed; and

14                   “(iii) the term ‘small business investment  
15                   company’ has the same meaning as in section  
16                   103 of the Small Business Investment Act of  
17                   1958.

18           “(B) DISBURSAL OF FUNDS.—Notwithstanding  
19           any other provision of law, and subject to subpara-  
20           graph (C), during the applicable 60-day period, the  
21           Administrator shall, upon request, disburse funds to  
22           a small business investment company for a covered  
23           participating security, up to the full amount com-  
24           mitted by the Administrator, but not disbursed to  
25           the company.

1           “(C) CONDITIONS.—A small business invest-  
2           ment company receiving funds under subparagraph  
3           (B) shall—

4                   “(i) be in compliance with all regulations  
5                   under title III of the Small Business Invest-  
6                   ment Act of 1958, relating to small business in-  
7                   vestment companies;

8                   “(ii) pay a fee to the Administrator (in ad-  
9                   dition to any other applicable fee) in an amount  
10                  equal to 0.5 percent of any funds disbursed  
11                  under subparagraph (B); and

12                  “(iii) deposit any funds disbursed under  
13                  subparagraph (B) that are not reasonably re-  
14                  quired for imminent investment purposes, as  
15                  determined by the Administrator, in an interest  
16                  bearing account approved by the Administrator.

17           “(D) WITHDRAWAL OF FUNDS.—

18                   “(i) IN GENERAL.—Funds deposited under  
19                   subparagraph (C)(iii) may not be withdrawn  
20                   without the prior approval of the Administrator.

21                   “(ii) CRITERIA.—The Administrator shall  
22                   grant approval for a withdrawal under clause  
23                   (i) in accordance with the same criteria applica-  
24                   ble to the disbursement of funds for a participating

1 security under title III of the Small Business  
2 Investment Act of 1958.”.

3 **Subtitle B—Development**  
4 **Companies**

5 **SEC. 321. DEVELOPMENT COMPANY LOAN PROGRAMS.**

6 (a) TITLE OF PROGRAM.—Title V of the Small Busi-  
7 ness Investment Act of 1958 (15 U.S.C. 695 et seq.) is  
8 amended by adding at the end the following:

9 **“SEC. 511. PROGRAM TITLE.**

10 “(a) IN GENERAL.—Except as provided in subsection  
11 (b), the programs authorized by this title shall be known  
12 collectively as the ‘Local Development Business Loan Pro-  
13 gram’. The Administrator may refer to such program as  
14 the ‘504 Loan Program’, until such usage is no longer  
15 necessary.

16 “(b) EXISTING NAME.—Participants in the Local  
17 Development Business Loan Program may continue to  
18 refer to such program as ‘the 504 loan program’.”.

19 (b) EXISTING MATERIALS.—The Administrator may  
20 use informational materials created, or that were in the  
21 process of being created, before the date of enactment of  
22 this Act that do not refer to a program under title V of  
23 the Small Business Investment Act of 1958 (15 U.S.C.  
24 695 et seq.) as the “Local Development Business Loan  
25 Program”.

1           (c) NEW MATERIALS.—Any informational materials  
2 created by the Administrator on or after the date of enact-  
3 ment of this Act shall refer to any program under title  
4 V of the Small Business Investment Act of 1958 (15  
5 U.S.C. 695 et seq.) as the “Local Development Business  
6 Loan Program”, except that informational materials may  
7 refer to such program as the “504 Loan Program”, until  
8 such usage is no longer necessary.

9 **SEC. 322. LOAN LIQUIDATIONS.**

10           Section 510 of the Small Business Investment Act  
11 of 1958 (15 U.S.C. 697g) is amended—

12           (1) by redesignating subsection (e) as sub-  
13 section (g); and

14           (2) by inserting after subsection (d) the fol-  
15 lowing:

16           “(e) PARTICIPATION.—

17           “(1) IN GENERAL.—Any qualified State or local  
18 development company which elects not to apply for  
19 authority to foreclose and liquidate defaulted loans  
20 under this section, or which the Administrator deter-  
21 mines to be ineligible for such authority, shall con-  
22 tract with a qualified third-party to perform fore-  
23 closure and liquidation of defaulted loans in its port-  
24 folio. The contract shall be contingent upon approval  
25 by the Administrator with respect to the qualifica-



1 tions of the contractor and the terms and conditions  
2 of liquidation activities.

3 “(2) COMMENCEMENT.—This subsection does  
4 not require any development company to liquidate  
5 defaulted loans until the Administrator has adopted  
6 and implemented a program to compensate and re-  
7 imburse development companies, as provided under  
8 subsection (f).

9 “(f) COMPENSATION AND REIMBURSEMENT.—

10 “(1) REIMBURSEMENT OF EXPENSES.—The  
11 Administrator shall reimburse each qualified State  
12 or local development company for all expenses paid  
13 by such company as part of the foreclosure and liq-  
14 uidation activities, if the expenses—

15 “(A) were approved in advance by the Ad-  
16 ministrator, either specifically or generally; or

17 “(B) were incurred by the development  
18 company on an emergency basis without prior  
19 approval from the Administrator, if the Admin-  
20 istrator determines that the expenses were rea-  
21 sonable and appropriate.

22 “(2) COMPENSATION FOR RESULTS.—

23 “(A) DEVELOPMENT.—The Administrator  
24 shall develop a schedule to compensate and pro-  
25 vide an incentive to qualified State or local de-

1           development companies that foreclose and liq-  
2           uidate defaulted loans.

3           “(B) CRITERIA.—The schedule required  
4           under this paragraph shall—

5                   “(i) be based on a percentage of the  
6                   net amount recovered, but shall not exceed  
7                   a maximum amount; and

8                   “(ii) not apply to any foreclosure  
9                   which is conducted under a contract be-  
10                  tween a development company and a quali-  
11                  fied third party to perform the foreclosure  
12                  and liquidation.”.

13 **SEC. 323. ADDITIONAL EQUITY INJECTIONS.**

14           Section 502(3)(B)(ii) of the Small Business Invest-  
15           ment Act of 1958 (15 U.S.C. 696(3)(B)(ii)) is amended  
16           to read as follows:

17                   “(ii) FUNDING FROM INSTITU-  
18                   TIONS.—If a small business concern—

19                           “(I) provides the minimum con-  
20                           tribution required under subpara-  
21                           graph (C), not less than 50 percent of  
22                           the total cost of any project financed  
23                           under clause (i), (ii), or (iii) of sub-  
24                           paragraph (C) shall come from the in-

1                   stitutions described in subclauses (I),  
2                   (II), and (III) of clause (i); and

3                   “ (II) provides more than the  
4                   minimum contribution required under  
5                   subparagraph (C), any excess con-  
6                   tribution may be used to reduce the  
7                   amount required from the institutions  
8                   described in subclauses (I), (II), and  
9                   (III) of clause (i), except that the  
10                  amount from such institutions may  
11                  not be reduced to an amount that is  
12                  less than the amount of the loan made  
13                  by the Administrator.”.

14 **SEC. 324. BUSINESSES IN LOW-INCOME AREAS.**

15                  Section 501(d)(3)(A) of the Small Business Invest-  
16                  ment Act of 1958 (15 U.S.C. 695(d)(3)(A)) is amended  
17                  by inserting after “business district revitalization,” the  
18                  following: “or expansion of businesses in low-income com-  
19                  munities which would be eligible for a new markets tax  
20                  credit under section 45D(a) of the Internal Revenue Code  
21                  of 1986, or implementing regulations issued thereunder,”.

22 **SEC. 325. COMBINATIONS OF CERTAIN GOALS.**

23                  Section 501(e) of the Small Business Investment Act  
24                  of 1958 (15 U.S.C. 695(e)) is amended by adding at the  
25                  end the following:

1           “(7) A small business concern that is uncondi-  
2           tionally owned by more than 1 individual, or a cor-  
3           poration, the stock of which is owned by more than  
4           1 individual, shall be deemed to have achieved a  
5           public policy goal required under subsection (d)(3) if  
6           a combined ownership share of not less than 51 per-  
7           cent is held by individuals who are in 1 of, or a com-  
8           bination of, the groups described in subparagraph  
9           (C) or (E) of subsection (d)(3).”.

10 **SEC. 326. MAXIMUM 504 AND 7(a) LOAN ELIGIBILITY.**

11           Section 502(2) of the Small Business Investment Act  
12 of 1958 (15 U.S.C. 696(2)) is amended by adding at the  
13 end the following:

14           “(C) COMBINATION FINANCING.—Notwith-  
15           standing any other provision of law, financing  
16           under this title may be provided to a borrower  
17           in the maximum amount provided in this sub-  
18           section, and a loan guarantee under section  
19           7(a) of the Small Business Act may be provided  
20           to the same borrower in the maximum amount  
21           provided in section 7(a)(3)(A) of such Act, to  
22           the extent that the borrower otherwise qualifies  
23           for such assistance.”.

1 **SEC. 327. REFINANCING UNDER THE LOCAL DEVELOPMENT**  
2 **BUSINESS LOAN PROGRAM.**

3 Section 502 of the Small Business Investment Act  
4 of 1958 (15 U.S.C. 696) is amended by adding at the end  
5 the following:

6 “(7) PERMISSIBLE DEBT REFINANCING.—

7 “(A) IN GENERAL.—Any financing ap-  
8 proved under this title may include a limited  
9 amount of debt refinancing.

10 “(B) EXPANSIONS.—If the project involves  
11 expansion of a small business concern which  
12 has existing indebtedness collateralized by fixed  
13 assets, any amount of existing indebtedness  
14 that does not exceed  $\frac{1}{2}$  of the project cost of  
15 the expansion may be refinanced and added to  
16 the expansion cost, if—

17 “(i) the proceeds of the indebtedness  
18 were used to acquire land, including a  
19 building situated thereon, to construct a  
20 building thereon, or to purchase equip-  
21 ment;

22 “(ii) the borrower has been current on  
23 all payments due on the existing debt for  
24 not less than 1 year preceding the date of  
25 refinancing; and

1                   “(iii) the financing under section 504  
2                   will provide better terms or rate of interest  
3                   than exists on the debt at the time of refi-  
4                   nancing.”.

5 **SEC. 328. TECHNICAL CORRECTION.**

6           Section 501(e)(2) of the Small Business Investment  
7 Act of 1958 (15 U.S.C. 695(e)(2)) is amended by striking  
8 “outstanding”.

9 **SEC. 329. DEFINITIONS FOR THE SMALL BUSINESS INVEST-**  
10 **MENT ACT OF 1958.**

11           Section 103 of the Small Business Investment Act  
12 of 1958 (15 U.S.C. 662) is amended—

13                   (1) by striking paragraph (6) and inserting the  
14                   following:

15                   “(6) the term ‘development company’ means an  
16                   entity incorporated under State law with the author-  
17                   ity to promote and assist the growth and develop-  
18                   ment of small business concerns in the areas in  
19                   which it is authorized to operate by the Adminis-  
20                   trator;”;

21                   (2) in paragraph (16), by striking “and” at the  
22                   end;

23                   (3) in paragraph (17), by striking the period at  
24                   the end and inserting “; and”; and

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

1           “(18) the term ‘certified development company’  
2           means a development company that the Adminis-  
3           trator has certified meets the criteria of section  
4           506.”.

5 **SEC. 330. REPEAL OF SUNSET ON RESERVE REQUIRE-**  
6 **MENTS FOR PREMIER CERTIFIED LENDERS.**

7           Section 508(c)(6)(B) of the Small Business Invest-  
8           ment Act of 1958 (15 U.S.C. 697e(c)(6)(B)) is amend-  
9           ed—

10           (1) in the subparagraph heading, by striking  
11           “TEMPORARY REDUCTION” and inserting “REDUC-  
12           TION”; and

13           (2) by striking “Notwithstanding subparagraph  
14           (A), during the 2-year period beginning on the date  
15           that is 90 days after the date of enactment of this  
16           subparagraph, the” and inserting “The”.

17 **SEC. 331. CERTIFIED DEVELOPMENT COMPANIES.**

18           Section 506 of the Small Business Investment Act  
19           of 1958 (15 U.S.C. 697e) is amended—

20           (1) in the section heading, by striking “**RE-**  
21 **STRICTIONS ON DEVELOPMENT COMPANY AS-**  
22 **SISTANCE**” and inserting “**CERTIFIED DEVELOP-**  
23 **MENT COMPANIES**”; and

24           (2) by inserting before “Notwithstanding any  
25           other provision of law” the following:

1       “(a) AUTHORITY TO ISSUE DEBENTURES.—A devel-  
2       opment company may issue debentures under this title if  
3       the Administrator certifies that the company meets the  
4       following criteria:

5               “(1) SIZE.—

6                       “(A) IN GENERAL.—Except as provided in  
7                       subparagraph (B), the development company  
8                       shall be a small business concern with fewer  
9                       than 500 employees, and shall not be under the  
10                      control of any entity that does not meet the size  
11                      standards established by the Administrator for  
12                      a small business concern.

13                     “(B) EXCEPTION.—Any development com-  
14                     pany that was certified by the Administrator  
15                     before December 31, 2005, may continue to  
16                     issue debentures under this title.

17               “(2) PRIMARY PURPOSE.—A primary purpose  
18               of the development company shall be to benefit the  
19               community by fostering economic development to  
20               create and preserve jobs and stimulate private in-  
21               vestment.

22               “(3) PRIMARY FUNCTION.—A primary function  
23               of the development company shall be to accomplish  
24               its purpose by providing long-term financing to  
25               small business concerns under the Local Develop-



1       ment Business Loan Program. The development  
2       company may also provide or support other local  
3       economic development activities to assist the commu-  
4       nity.

5           “(4) NONPROFIT STATUS.—

6               “(A) IN GENERAL.—Except as provided in  
7               subparagraph (B), the development company  
8               shall be a nonprofit corporation.

9               “(B) EXCEPTION.—A development com-  
10              pany certified by the Administrator before Jan-  
11              uary 1, 1987, may continue to issue debentures  
12              under this title and retain its status as a for-  
13              profit enterprise.

14          “(5) GOOD STANDING.—The development com-  
15          pany—

16               “(A) shall be in good standing in the State  
17               in which such company is incorporated and in  
18               any other State in which it conducts business;  
19               and

20               “(B) shall be in compliance with all laws,  
21               including taxation requirements, in the State in  
22               which such company is incorporated and in any  
23               other State in which it conducts business.

24          “(6) MEMBERSHIP OF DEVELOPMENT COM-  
25          PANY.—There shall be—

1           “(A) not fewer than 25 members of the de-  
2           velopment company (or owners or stockholders,  
3           if the corporation is a for-profit entity), none of  
4           whom may own or control more than 10 percent  
5           of the voting membership of the company; and

6           “(B) at least 1 member of the development  
7           company (none of whom is in a position to con-  
8           trol the development company) from each of the  
9           following:

10                   “(i) Government organizations that  
11                   are responsible for economic development.

12                   “(ii) Financial institutions that pro-  
13                   vide commercial long-term fixed asset fi-  
14                   nancing.

15                   “(iii) Community organizations that  
16                   are dedicated to economic development.

17                   “(iv) Businesses.

18           “(7) BOARD OF DIRECTORS.—

19                   “(A) IN GENERAL.—The development com-  
20                   pany shall have a board of directors.

21                   “(B) MEMBERS OF BOARD.—Each member  
22                   of the board of directors shall be—

23                   “(i) a member of the development  
24                   company; and

1                   “(ii) elected by a majority of the  
2                   members of the development company.

3                   “(C) REPRESENTATION OF ORGANIZA-  
4                   TIONS AND INSTITUTIONS.—

5                   “(i) IN GENERAL.—There shall be at  
6                   least 1 member of the board of directors  
7                   from not fewer than 3 of the 4 organiza-  
8                   tions and institutions described in para-  
9                   graph (6)(B), none of whom is in a posi-  
10                  tion to control the development company.

11                  “(ii) MAXIMUM PERCENTAGE.—Not  
12                  more than 50 percent of the members of  
13                  the board of directors shall be from any 1  
14                  of the organizations and institutions de-  
15                  scribed in paragraph (6)(B).

16                  “(D) MEETINGS.—The board of directors  
17                  of the development company shall meet on a  
18                  regular basis to make policy decisions for such  
19                  company.

20                  “(8) PROFESSIONAL MANAGEMENT AND  
21                  STAFF.—

22                  “(A) IN GENERAL.—The development com-  
23                  pany shall have full-time professional manage-  
24                  ment, including a chief executive officer to man-  
25                  age daily operations and a full-time professional

1 staff qualified to market the Local Development  
2 Business Loan Program and handle all aspects  
3 of loan approval and servicing, including liq-  
4 uidation, if appropriate.

5 “(B) INDEPENDENT MANAGEMENT AND  
6 OPERATION.—Except as provided in paragraph  
7 (9), the development company shall be inde-  
8 pendently managed and operated to pursue the  
9 economic development purpose of the company  
10 and shall employ directly the chief executive of-  
11 ficer.

12 “(9) MANAGEMENT AND OPERATION EXCEP-  
13 TIONS.—

14 “(A) AFFILIATION.—A development com-  
15 pany may be an affiliate of another local non-  
16 profit service corporation (other than a develop-  
17 ment company), a purpose of which is to sup-  
18 port economic development in the area in which  
19 the development company operates.

20 “(B) STAFFING.—A development company  
21 may satisfy the requirement for full-time pro-  
22 fessional staff under paragraph (8)(A) by con-  
23 tracting for the required staffing with—

24 “(i) a local nonprofit service corpora-  
25 tion;

1                   “(ii) a nonprofit affiliate of a local  
2                   nonprofit service corporation;

3                   “(iii) an entity wholly or partially op-  
4                   erated by a governmental agency; or

5                   “(iv) another entity approved by the  
6                   Administrator.

7                   “(C) DIRECTORS.—A development com-  
8                   pany and a local nonprofit service corporation  
9                   with which it is affiliated may have in common  
10                  some, but not all, members of their respective  
11                  board of directors.

12                  “(D) RURAL AREAS.—A development com-  
13                  pany in a rural area may satisfy the require-  
14                  ments of a full-time professional staff and pro-  
15                  fessional management ability under paragraph  
16                  (8)(A) by contracting for such services with an-  
17                  other certified development company that—

18                         “(i) has such staff and management  
19                         ability; and

20                         “(ii) is located in the same State as  
21                         the development company or in a State  
22                         that is contiguous to the State in which  
23                         the development company is located.

24                         “(E) PREVIOUSLY CERTIFIED.—A develop-  
25                         ment company that, on or before December 31,

1           2005, was certified by the Administrator and  
2           had contracted with a for-profit company to  
3           provide staffing and management services, may  
4           continue to do so.

5           “(b) USE OF EXCESS FUNDS.—Any funds generated  
6 by a certified development company from making loans  
7 under section 503 or 504 that remain unexpended after  
8 payment of staff, operating, and overhead expenses shall  
9 be retained by the certified development company as a re-  
10 serve for—

11           “(1) future operations;

12           “(2) expanding the area in which the certified  
13 development company operates through the methods  
14 authorized by this Act; or

15           “(3) investment in other local economic develop-  
16 ment activity or community development in the  
17 State from which such funds were generated.

18           “(c) ETHICAL REQUIREMENTS.—

19           “(1) IN GENERAL.—A certified development  
20 company and the officers, employees, and other staff  
21 of the company shall at all times act ethically and  
22 avoid activities which constitute a conflict of interest  
23 or appear to constitute a conflict of interest.

24           “(2) PROHIBITED CONFLICT IN PROJECT  
25 LOANS.—

1           “(A) IN GENERAL.—No certified develop-  
2           ment company may—

3                   “(i) recommend or approve a guar-  
4                   antee of a debenture by the Administrator  
5                   under the Local Business Development  
6                   Loan Program that is collateralized by a  
7                   second lien position on the property being  
8                   constructed or acquired; and

9                   “(ii) provide, or be affiliated with a  
10                  corporation or other entity which provides,  
11                  financing collateralized by a first lien on  
12                  the same property.

13           “(B) EXCEPTION.—During the 2-year pe-  
14           riod beginning on the date of enactment of the  
15           Small Business Reauthorization and Improve-  
16           ments Act of 2006, a certified development  
17           company that was participating as a first mort-  
18           gage lender for the Local Business Develop-  
19           ment Loan Program in either of fiscal years  
20           2004 or 2005 may continue to do so.

21           “(3) OTHER ECONOMIC DEVELOPMENT ACTIVI-  
22           TIES.—It shall not be a conflict of interest for a cer-  
23           tified development company to operate multiple pro-  
24           grams to assist small business concerns as part of  
25           carrying out its economic development purpose.

1 “(d) MULTISTATE OPERATIONS.—

2 “(1) AUTHORIZATION.—Notwithstanding any  
3 other provision of law, the Administrator shall per-  
4 mit a certified development company to make loans  
5 in any State that is contiguous to the State of incor-  
6 poration of that certified development company, only  
7 if such company—

8 “(A) is—

9 “(i) an accredited lender under section  
10 507; or

11 “(ii) a premier certified lender under  
12 section 508;

13 “(B) has a membership that contains,  
14 from each of the States in which it operates,  
15 not fewer than 25 members who reside in that  
16 State;

17 “(C) has a board of directors that contains  
18 not fewer than 2 members from each State in  
19 which the company makes loans;

20 “(D) maintains not fewer than 1 loan com-  
21 mittee, which shall have not fewer than 1 mem-  
22 ber from each State in which the company  
23 makes loans; and

24 “(E) submits to the Administrator, in writ-  
25 ing—



1                   “(i) a notice of the intention of the  
2                   company to make loans in multiple States;

3                   “(ii) the names of the States in which  
4                   the company intends to make loans; and

5                   “(iii) a detailed statement of how the  
6                   company will comply with this paragraph,  
7                   including a list of the members described  
8                   in subparagraph (B).

9                   “(2) REVIEW.—The Administrator shall verify  
10                  whether a certified development company satisfies  
11                  the requirements of paragraph (1) on an expedited  
12                  basis and, not later than 30 days after the date on  
13                  which the Administrator receives the statement de-  
14                  scribed in paragraph (1)(E)(iii), the Administrator  
15                  shall determine whether such company satisfies such  
16                  criteria and provide notice to such company.

17                  “(3) LOAN COMMITTEE PARTICIPATION.—For  
18                  any loan made by a company described in paragraph  
19                  (1), not fewer than 1 member of the loan committee  
20                  from the State in which the loan is to be made shall  
21                  participate in the review of such loan.

22                  “(4) AGGREGATE ACCOUNTING.—A company  
23                  described in paragraph (1) may maintain an aggre-  
24                  gate accounting of all revenue and expenses of the  
25                  company for purposes of this title.

1           “(5) SERVICE TO CERTIFIED DEVELOPMENT  
2 COMPANIES.—

3           “(A) IN GENERAL.—Except as provided in  
4 subparagraph (B), an associate of a certified  
5 development company may not be an officer, di-  
6 rector, or manager of more than 1 certified de-  
7 velopment company.

8           “(B) EXCEPTION.—

9           “(i) IN GENERAL.—Notwithstanding  
10 any other provision of law, a person who is  
11 serving on the board of directors of a cer-  
12 tified development company may serve on  
13 the board of directors, but not as an offi-  
14 cer, of not more than 1 additional certified  
15 development company, if—

16           “(I) such companies are not lo-  
17 cated in the same State;

18           “(II) each board of directors de-  
19 termines that the service by such per-  
20 son on such board does not constitute  
21 a conflict of interest; and

22           “(III) there is not a contractual  
23 relationship between—

24           “(aa) the person and such  
25 additional certified development

1 company, except for the contract  
2 of such person to serve as a  
3 member of the board of directors  
4 of such company, if any; or

5 “(bb) the certified develop-  
6 ment companies of which such  
7 person is a member of the board  
8 of directors.

9 “(ii) MAXIMUM NUMBER OF MEM-  
10 BERS.—A certified development company  
11 may not have more than 1 member of the  
12 board of directors of such company in com-  
13 mon with any other board of directors of  
14 a certified development company.

15 “(C) DEFINITION.—As used in this para-  
16 graph, the term ‘associate of a certified develop-  
17 ment company’ has the meaning given the term  
18 ‘Associate of a CDC’ in section 120.10 of title  
19 13, Code of Federal Regulations (or any cor-  
20 responding similar regulation or ruling).

21 “(6) LOCAL JOB CREATION REQUIREMENTS.—  
22 Any certified development company making loans in  
23 multiple States shall satisfy any applicable job cre-  
24 ation or retention requirements separately for each  
25 such State. Such a company shall not count jobs

1 created or retained in 1 State towards any applica-  
2 ble job creation or retention requirement in another  
3 State.

4 “(7) CONTIGUOUS STATES.—For purposes of  
5 this subsection, the States of Alaska and Hawaii  
6 shall be deemed to be contiguous to any State abut-  
7 ting the Pacific Ocean.

8 “(8) LOCAL ECONOMIC AREA REQUIREMENT  
9 AND EXEMPTION.—

10 “(A) DEFINITION.—In this paragraph, the  
11 term ‘local economic area’ means an area, as  
12 determined by the Administrator, that—

13 “(i) is in a State other than the State  
14 in which a development company is incor-  
15 porated;

16 “(ii) shares a border with the area of  
17 operations of the development company;  
18 and

19 “(iii) is a part of a local trade area  
20 (including a city that is bisected by a State  
21 line and a metropolitan statistical area  
22 that is bisected by a State line) that is  
23 contiguous to the area of operations of the  
24 development company.

1           “(B) EXEMPTION.—An applicant operating  
2           in a local economic area shall not be considered  
3           to be operating in a multistate area, and shall  
4           not be required to comply with the require-  
5           ments for multistate operation.

6           “(e) RESTRICTIONS ON DEVELOPMENT COMPANY  
7 ASSISTANCE.—”.

8 **SEC. 332. CONFORMING AMENDMENTS.**

9           Section 503 of the Small Business Investment Act  
10 of 1958 (15 U.S.C. 697) is amended—

11           (1) in subsection (a)(1), by striking “qualified  
12           State or local development company” and inserting  
13           “certified development company”; and

14           (2) by striking subsection (e) and inserting the  
15           following:

16           “(e) SECTION 7(a) LOANS.—Notwithstanding any  
17 other provision of law, a certified development company  
18 is authorized to prepare applications for deferred partici-  
19 pation loans under section 7(a) of the Small Business Act,  
20 to service such loans, and to charge a reasonable fee for  
21 servicing such loans.”.

22 **SEC. 333. CLOSING COSTS.**

23           Section 503(b) of the Small Business Investment Act  
24 of 1958 (15 U.S.C. 697(b)) is amended by striking para-  
25 graph (4) and inserting the following:

1           “(4) the aggregate amount of such debenture  
2 does not exceed the amount of the loans to be made  
3 from the proceeds of such debenture plus, at the  
4 election of the borrower, other amounts attributable  
5 to the administrative and closing costs of such loans,  
6 except for the attorney fees of the borrower;”.

7 **SEC. 334. DEFINITION OF RURAL.**

8           Section 501 of the Small Business Investment Act  
9 of 1958 (15 U.S.C. 695) is amended by adding at the end  
10 the following:

11           “(f) As used in this title, the term ‘rural’ includes  
12 any area that is not—

13                   “(1) a city or town that has a population great-  
14 er than 50,000 inhabitants; or

15                   “(2) the urbanized area contiguous and adja-  
16 cent to a city or town described in paragraph (1).”.

17 **SEC. 335. REGULATIONS AND EFFECTIVE DATE.**

18           (a) IN GENERAL.—Except as provided in subsection

19 (b), the Administrator shall—

20                   (1) publish proposed rules to implement this  
21 subtitle and the amendments made by this subtitle,  
22 not later than 120 days after the date of enactment  
23 of this Act; and

1           (2) publish such rules in final form not later  
2           than 120 days after the date of publication under  
3           paragraph (1).

4           (b) MULTISTATE OPERATIONS.—As soon as is prac-  
5           ticable after the date of enactment of this Act, the Admin-  
6           istrator shall promulgate regulations to implement section  
7           506(d) of the Small Business Investment Act of 1958, as  
8           added by this subtitle. Such regulations shall become ef-  
9           fective not later than 120 days after the date of enactment  
10          of this Act.

11          (c) EFFECTIVE DATE.—

12           (1) IN GENERAL.—Except as otherwise specifi-  
13           cally provided this subtitle, this subtitle and the  
14           amendments made by this subtitle shall become ef-  
15           fective 240 days after the date of enactment of this  
16           Act, regardless of whether the Administrator has  
17           promulgated the regulations required under sub-  
18           section (a).

19           (2) MULTISTATE OPERATIONS.—Section 506(d)  
20           of the Small Business Investment Act of 1958, as  
21           added by this subtitle, shall become effective 120  
22           days after the date of enactment of this Act, regard-  
23           less of whether the Administrator has promulgated  
24           the regulations required under subsection (b).

1 **SEC. 336. LOW-INCOME GEOGRAPHIC AREAS.**

2 (a) MODIFICATION OF DEFINITION OF LOW-INCOME  
3 GEOGRAPHIC AREA FOR PURPOSES OF NEW MARKETS  
4 VENTURE CAPITAL PROGRAM.—

5 (1) IN GENERAL.—Section 351 of the Small  
6 Business Investment Act of 1958 (15 U.S.C. 689) is  
7 amended—

8 (A) by striking paragraph (2);

9 (B) in paragraph (3), by striking “(3)”  
10 and all that follows through the end of subpara-  
11 graph (A) and inserting the following:

12 “(2) LOW-INCOME GEOGRAPHIC AREA.—The  
13 term ‘low-income geographic area’ means—

14 “(A) any ‘low-income community’, as that  
15 term is defined in section 45D of the Internal  
16 Revenue Code of 1986 (relating to the new  
17 markets tax credit); and”;

18 (C) by redesignating paragraphs (4)  
19 through (8) as paragraphs (3) through (7), re-  
20 spectively.

21 (2) RETROACTIVE APPLICATION OF AMENDED  
22 DEFINITION TO CAPITAL REQUIREMENT.—The defi-  
23 nition of a low-income geographic area in section  
24 351(2) of the Small Business Investment Act of  
25 1958, as amended by paragraph (1) of this sub-  
26 section, shall apply to private capital raised under



1 section 354(d)(1) of the Small Business Investment  
2 Act of 1958 (15 U.S.C. 689c(d)(1)) before, on, or  
3 after the date of enactment of this Act.

4 (b) STUDY ON AVAILABILITY OF EQUITY CAPITAL.—

5 (1) STUDY REQUIRED.—Not later than the end  
6 of the 180-day period beginning on the date of en-  
7 actment of this Act, the Chief Counsel for Advocacy  
8 of the Administration shall conduct a study on the  
9 availability of equity capital in low-income geo-  
10 graphic areas.

11 (2) REPORT.—Not later than 90 days after the  
12 completion of the study under paragraph (1), the  
13 Administrator shall submit to Congress a report con-  
14 taining the findings of the study required under  
15 paragraph (1) and any recommendations of the Ad-  
16 ministrator based on such study.

17 **SEC. 337. LIMITATION ON TIME FOR FINAL APPROVAL OF**  
18 **COMPANIES.**

19 Section 354(d) of the Small Business Investment Act  
20 of 1958 (15 U.S.C. 689c(d)) is amended by striking “a  
21 period of time, not to exceed 2 years,” and inserting “2  
22 years”.

1 **TITLE IV—DISASTER RESPONSE**

2 **Subtitle A—Private Disaster Loans**

3 **SEC. 401. PRIVATE DISASTER LOANS.**

4 (a) IN GENERAL.—Section 7 of the Small Business  
5 Act (15 U.S.C. 636) is amended—

6 (1) by redesignating subsections (c) and (d) as  
7 subsections (d) and (e), respectively; and

8 (2) by inserting after subsection (b) the fol-  
9 lowing:

10 “(c) PRIVATE DISASTER LOANS.—

11 “(1) DEFINITIONS.—In this subsection—

12 “(A) the term ‘disaster area’ means a  
13 county, parish, or similar unit of general local  
14 government in which a disaster was declared  
15 under subsection (b);

16 “(B) the term ‘eligible small business con-  
17 cern’ means a business concern that is—

18 “(i) is a small business concern, as  
19 defined in this Act; or

20 “(ii) is a small business concern, as  
21 defined in section 103 of the Small Busi-  
22 ness Investment Act of 1958; and

23 “(C) the term ‘qualified private lender’  
24 means any privately-owned bank or other lend-  
25 ing institution that the Administrator deter-

1           mines meets the criteria established under para-  
2           graph (10).

3           “(2) AUTHORIZATION.—The Administrator may  
4           guarantee timely payment of all principal and inter-  
5           est as scheduled on any loan issued—

6                   “(A) by a qualified private lender to an eli-  
7                   gible small business concern located in a dis-  
8                   aster area; and

9                   “(B) during the 24-month period begin-  
10                  ning on the date on which the disaster area is  
11                  designated.

12           “(3) USE OF LOANS.—A loan guaranteed by  
13           the Administrator under this subsection may be used  
14           for—

15                   “(A) any purpose authorized under sub-  
16                   section (a) or (b); and

17                   “(B) acquiring or developing real estate for  
18                   the purpose of selling or renting such real es-  
19                   tate.

20           “(4) ONLINE APPLICATIONS.—

21                   “(A) IN GENERAL.—

22                           “(i) ESTABLISHMENT.—The Adminis-  
23                           trator may establish, directly or through  
24                           an agreement with another entity, an on-

1 line application process for loans guaran-  
2 teed under this subsection.

3 “(ii) OTHER FEDERAL ASSISTANCE.—

4 The Administrator may coordinate with  
5 the head of any other appropriate Federal  
6 agency so that any application submitted  
7 through an online application process es-  
8 tablished under clause (i) may be consid-  
9 ered for any other Federal assistance pro-  
10 gram for disaster relief.

11 “(B) CONTENTS.—

12 “(i) IN GENERAL.—An online applica-  
13 tion process established under subpara-  
14 graph (A) shall allow an applicant for a  
15 guarantee under this subsection to specify  
16 the qualified private lender from which the  
17 applicant seeks to obtain a loan.

18 “(ii) OFFERS FOR LOANS.—

19 “(I) IN GENERAL.—If an appli-  
20 cant does not specify a qualified pri-  
21 vate lender under clause (i), any  
22 qualified private lender may be se-  
23 lected to or opt to consider the appli-  
24 cation.

1                   “(II) PROCESS.—The Adminis-  
2                   trator may, via the online process or  
3                   another predetermined and objective  
4                   process, determine a means of distrib-  
5                   uting or otherwise making available  
6                   for consideration applications where a  
7                   qualified private lender has not been  
8                   specified by the applicant.

9                   “(5) REFINANCING.—A loan guaranteed under  
10                  this subsection may be used to refinance any debt  
11                  under this Act or the Small Business Investment  
12                  Act of 1958.

13                  “(6) MAXIMUM AMOUNTS.—

14                         “(A) GUARANTEE PERCENTAGE.—The Ad-  
15                         ministrators may guarantee not more than 85  
16                         percent of a loan under this subsection.

17                         “(B) LOAN AMOUNTS.—The maximum  
18                         amount of a loan guaranteed under this sub-  
19                         section shall be \$3,000,000.

20                  “(7) LOAN TERM.—The longest term of a loan  
21                  for a loan guaranteed under this subsection shall  
22                  be—

23                         “(A) 15 years for any loan that is issued  
24                         without collateral; and

1           “(B) 25 years for any loan that is issued  
2 with collateral.

3           “(8) FEES.—

4           “(A) IN GENERAL.—The Administrator  
5 may not collect a guarantee fee under this sub-  
6 section.

7           “(B) ORIGINATION FEE.—The Adminis-  
8 trator shall pay a qualified private lender an  
9 origination fee for a loan guaranteed under this  
10 subsection equal to  $\frac{15}{100}$  of 1 percent of the  
11 amount of the loan.

12           “(9) DOCUMENTATION.—A qualified private  
13 lender may use its own loan documentation for a  
14 loan guaranteed by the Administrator, to the extent  
15 authorized by the Administrator. The ability of a  
16 lender to use its own loan documentation for a loan  
17 offered under this subsection shall not be considered  
18 part of the criteria for becoming a qualified private  
19 lender under the regulations promulgated under  
20 paragraph (10)(B).

21           “(10) IMPLEMENTATION.—

22           “(A) IN GENERAL.—Not later than 30  
23 days after the date of enactment of the Small  
24 Business Reauthorization and Improvements  
25 Act of 2006, the Administrator shall—

1           “(i) establish interim criteria for  
2 qualified private lenders; and

3           “(ii) begin accepting applications from  
4 banks and lending institutions.

5           “(B) REGULATIONS.—

6           “(i) IN GENERAL.—Not later than 90  
7 days after the date of enactment of the  
8 Small Business Reauthorization and Im-  
9 provements Act of 2006, the Administrator  
10 shall promulgate regulations establishing  
11 permanent criteria for qualified private  
12 lenders.

13           “(ii) EXISTING QUALIFIED PRIVATE  
14 LENDERS.—A bank or lending institution  
15 that the Administrator determined met the  
16 criteria established under subparagraph  
17 (A)(i) may continue to operate as a quali-  
18 fied private lender if the Administrator de-  
19 termines that such bank or lending institu-  
20 tion meets the criteria established under  
21 clause (i).

22           “(11) OTHER ASSISTANCE.—The fact that a  
23 small business concern receives assistance under this  
24 subsection shall not preclude such business concern  
25 from receiving other assistance under this Act.

1           “(12) AUTHORIZATION OF APPROPRIATIONS.—

2                   “(A) IN GENERAL.—Amounts necessary to  
3           carry out this subsection shall be made avail-  
4           able from amounts appropriated to the Admin-  
5           istration under subsection (b).

6                   “(B) AUTHORITY TO REDUCE INTEREST  
7           RATES.—Funds appropriated to the Adminis-  
8           tration to carry out this subsection, may be  
9           used by the Administrator, to the extent avail-  
10          able, to reduce the applicable rate of interest  
11          for a loan guaranteed under this subsection by  
12          not more than 3 percentage points.”.

13          (b) EFFECTIVE DATE.—

14                  (1) IN GENERAL.—The amendments made by  
15          this section shall apply to disasters declared under  
16          section 7(b)(2) of the Small Business Act (631  
17          U.S.C. 636(b)(2)) before, on, or after the date of en-  
18          actment of this Act.

19                  (2) CONSTRUCTION.—For any disaster de-  
20          scribed in paragraph (1) that was declared before  
21          the date of enactment of this Act, the 24-month pe-  
22          riod described in section 7(c)(2)(B) of the Small  
23          Business Act, as amended by this Act, shall begin on  
24          the date on which such disaster was declared.



1 **SEC. 402. TECHNICAL AND CONFORMING AMENDMENTS.**

2 The Small Business Act (15 U.S.C. 631 et seq.) is  
3 amended—

4 (1) in section 4(c)—

5 (A) in paragraph (1), by striking “7(c)(2)”  
6 and inserting “7(d)(2)”; and

7 (B) in paragraph (2)—

8 (i) by striking “7(c)(2)” and inserting  
9 “7(d)(2)”; and

10 (ii) by striking “7(e),”; and

11 (2) in section 7(b), in the undesignated matter  
12 following paragraph (3)—

13 (A) by striking “That the provisions of  
14 paragraph (1) of subsection (c)” and inserting  
15 “That the provisions of paragraph (1) of sub-  
16 section (d)”; and

17 (B) by striking “Notwithstanding the pro-  
18 visions of any other law the interest rate on the  
19 Administration’s share of any loan made under  
20 subsection (b) except as provided in subsection  
21 (c),” and inserting “Notwithstanding any other  
22 provision of law, and except as provided in sub-  
23 section (d), the interest rate on the Administra-  
24 tion’s share of any loan made under subsection  
25 (b)”.

## **Subtitle B—Disaster Relief and Reconstruction**

### **3 SEC. 421. DEFINITION OF DISASTER AREA.**

4       In this subtitle, the term “disaster area” means an  
5 area affected by a natural or other disaster, as determined  
6 for purposes of paragraph (1) or (2) of section 7(b) of  
7 the Small Business Act, during the period of such declara-  
8 tion.

### **9 SEC. 422. DISASTER LOANS TO NONPROFITS.**

10       Section 7(b) of the Small Business Act (15 U.S.C.  
11 636(b)) is amended by inserting immediately after para-  
12 graph (3) the following:

13               “(4) LOANS TO NONPROFITS.—In addition to  
14 any other loan authorized by this subsection, the Ad-  
15 ministrator may make such loans (either directly or  
16 in cooperation with banks or other lending institu-  
17 tions through agreements to participate on an imme-  
18 diate or deferred basis) as the Administrator deter-  
19 mines appropriate to a nonprofit organization lo-  
20 cated or operating in an area affected by a natural  
21 or other disaster, as determined under paragraph  
22 (1) or (2), or providing services to persons who have  
23 evacuated from any such area.”.

1 **SEC. 423. DISASTER LOAN AMOUNTS.**

2 (a) INCREASED LOAN CAPS.—Section 7(b) of the  
3 Small Business Act (15 U.S.C. 636(b)) is amended by in-  
4 serting immediately after paragraph (4), as added by this  
5 subtitle, the following:

6 “(5) INCREASED LOAN CAPS.—

7 “(A) AGGREGATE LOAN AMOUNTS.—Ex-  
8 cept as provided in clause (ii), and notwith-  
9 standing any other provision of law, the aggre-  
10 gate loan amount outstanding and committed to  
11 a borrower under this subsection may not ex-  
12 ceed \$5,000,000.

13 “(B) WAIVER AUTHORITY.—The Adminis-  
14 trator may, at the discretion of the Adminis-  
15 trator, waive the aggregate loan amount estab-  
16 lished under clause (i).”.

17 (b) DISASTER MITIGATION.—

18 (1) IN GENERAL.—Section 7(b)(1)(A) of the  
19 Small Business Act (15 U.S.C. 636(b)(1)(A)) is  
20 amended by inserting “of the aggregate costs of  
21 such damage or destruction (whether or not com-  
22 pensated for by insurance or otherwise)” after “20  
23 per centum”.

24 (2) EFFECTIVE DATE.—The amendment made  
25 by paragraph (1) shall apply with respect to a loan

1 or guarantee made after the date of enactment of  
2 this Act.

3 (c) TECHNICAL AMENDMENTS.—Section 7(b) of the  
4 Small Business Act (15 U.S.C. 636(b)) is amended—

5 (1) in the matter preceding paragraph (1), by  
6 striking “the, Administration” and inserting “the  
7 Administration”;

8 (2) in paragraph (2)(A), by striking “Disaster  
9 Relief and Emergency Assistance Act” and inserting  
10 “Robert T. Stafford Disaster Relief and Emergency  
11 Assistance Act (42 U.S.C. 5121 et seq.)”; and

12 (3) in the undesignated matter at the end—

13 (A) by striking “, (2), and (4)” and insert-  
14 ing “and (2)”; and

15 (B) by striking “, (2), or (4)” and insert-  
16 ing “(2)”.

17 **SEC. 424. SMALL BUSINESS DEVELOPMENT CENTER PORT-**  
18 **ABILITY GRANTS.**

19 Section 21(a)(4)(C)(viii) of the Small Business Act  
20 (15 U.S.C. 648(a)(4)(C)(viii)) is amended—

21 (1) in the first sentence, by striking “as a re-  
22 sult of a business or government facility down sizing  
23 or closing, which has resulted in the loss of jobs or  
24 small business instability” and inserting “due to

1 events that have resulted or will result in, business  
 2 or government facility downsizing or closing”; and

3 (2) by adding at the end “At the discretion of  
 4 the Administrator, the Administrator may make an  
 5 award greater than \$100,000 to a recipient to ac-  
 6 commodate extraordinary occurrences having a cata-  
 7 strophic impact on the small business concerns in a  
 8 community.”.

9 **SEC. 425. ASSISTANCE TO OUT-OF-STATE BUSINESSES.**

10 Section 21(b)(3) of the Small Business Act (15  
 11 U.S.C. 648(b)(3)) is amended—

12 (1) by striking “At the discretion” and insert-  
 13 ing the following: “SMALL BUSINESS DEVELOPMENT  
 14 CENTERS.—

15 “(A) IN GENERAL.—At the discretion”;

16 and

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

18 “(B) DURING DISASTERS.—

19 “(i) IN GENERAL.—At the discretion  
 20 of the Administrator, the Administrator  
 21 may authorize a small business develop-  
 22 ment center to provide such assistance to  
 23 small business concerns located outside of  
 24 the State, without regard to geographic  
 25 proximity, if the small business concerns

1 are located in a disaster area declared  
2 under section 7(b)(2)(A).

3 “(ii) CONTINUITY OF SERVICES.—A  
4 small business development center that  
5 provides counselors to an area described in  
6 clause (i) shall, to the maximum extent  
7 practicable, ensure continuity of services in  
8 any State in which such small business de-  
9 velopment center otherwise provides serv-  
10 ices.

11 “(iii) ACCESS TO DISASTER RECOVERY  
12 FACILITIES.—For purposes of providing  
13 disaster recovery assistance under this sub-  
14 paragraph, the Administrator shall, to the  
15 maximum extent practicable, permit small  
16 business development center personnel to  
17 use any site or facility designated by the  
18 Administrator for use to provide disaster  
19 recovery assistance.”.

20 **SEC. 426. OUTREACH PROGRAMS.**

21 (a) IN GENERAL.—Not later than 30 days after the  
22 date of the declaration of a disaster area, the Adminis-  
23 trator may establish a contracting outreach and technical  
24 assistance program for small business concerns which have

1 had a primary place of business in, or other significant  
2 presence in, such disaster area.

3 (b) ADMINISTRATOR ACTION.—The Administrator  
4 may fulfill the requirement of subsection (a) by acting  
5 through—

6 (1) the Administration;

7 (2) the Federal agency small business officials  
8 designated under section 15(k)(1) of the Small Busi-  
9 ness Act (15 U.S.C. 644(k)(1)); or

10 (3) any Federal, State, or local government en-  
11 tity, higher education institution, procurement tech-  
12 nical assistance center, or private nonprofit organi-  
13 zation that the Administrator may determine appro-  
14 priate, upon conclusion of a memorandum of under-  
15 standing or assistance agreement, as appropriate,  
16 with the Administrator.

17 **SEC. 427. SMALL BUSINESS BONDING THRESHOLD.**

18 (a) IN GENERAL.—Except as provided in subsection  
19 (b), and notwithstanding any other provision of law, for  
20 any procurement related to a major disaster (as that term  
21 is defined in section 102 of the Robert T. Stafford Dis-  
22 aster Relief and Emergency Assistance Act (42 U.S.C.  
23 5122)), the Administrator may, upon such terms and con-  
24 ditions as the Administrator may prescribe, guarantee and  
25 enter into commitments to guarantee any surety against

1 loss resulting from a breach of the terms of a bid bond,  
2 payment bond, performance bond, or bonds ancillary  
3 thereto, by a principal on any total work order or contract  
4 amount at the time of bond execution that does not exceed  
5 \$5,000,000.

6 (b) INCREASE OF AMOUNT.—Upon request of the  
7 head of any Federal agency other than the Administration  
8 involved in reconstruction efforts in response to a major  
9 disaster, the Administrator may guarantee and enter into  
10 a commitment to guarantee any security against loss  
11 under subsection (a) on any total work order or contract  
12 amount at the time of bond execution that does not exceed  
13 \$10,000,000.

14 **SEC. 428. SMALL BUSINESS PARTICIPATION.**

15 In order to facilitate the maximum practicable par-  
16 ticipation of small business concerns in activities related  
17 to relief and recovery from an event for which a disaster  
18 area was declared, the Administrator and the head of any  
19 Federal agency making procurements related to the after-  
20 math of the disaster, may, at the discretion of the Admin-  
21 istrator, set a goal of awarding to small business concerns  
22 not less than 30 percent of amounts expended for prime  
23 contracts and not less than 40 percent of amounts ex-  
24 pended for subcontracts on procurements by such agency  
25 related to the aftermath of the disaster.



1 **SEC. 429. EMERGENCY PROCUREMENT AUTHORITY.**

2 (a) **SMALL BUSINESS RESERVATION OFFSET.**—Sec-  
3 tion 15(j) of the Small Business Act (15 U.S.C. 644(j))  
4 is amended by adding at the end the following:

5 “(4) For any contract involving the use of the special  
6 emergency procurement authority under section 32A(c) of  
7 the Office of Federal Procurement Policy Act (41 U.S.C.  
8 428a(c)), the dollar ceiling of the small business reserva-  
9 tion established in paragraph (1) shall be adjusted to  
10 match the applicable amount of the simplified acquisition  
11 threshold.”.

12 (b) **RETENTION OF SMALL BUSINESS SUBCON-**  
13 **TRACTING.**—Section 8(d)(4)(D) of the Small Business Act  
14 (15 U.S.C. 637(d)(4)(D)) is amended—

15 (1) by striking “(D) No contract” and inserting  
16 the following:

17 “(D) **SMALL BUSINESS PARTICIPATION.**—

18 “(i) **IN GENERAL.**—No contract”; and

19 (2) by adding at the end the following:

20 “(ii) **EMERGENCY PROCUREMENTS.**—

21 “(I) **IN GENERAL.**—For any contract  
22 which otherwise meets the requirements of  
23 this subsection, and which involves the use  
24 of special emergency procurement author-  
25 ity under section 32A(c) of the Office of  
26 Federal Procurement Policy Act (41

1 U.S.C. 428a(e)), the subcontracting plan  
2 required under this subsection shall be ne-  
3 gotiated as soon as practicable, but not  
4 later than 30 days after the date on which  
5 the contract is awarded.

6 “(II) PAYMENT.—Not greater than  
7 50 percent of the amounts due under any  
8 contract described in subclause (I) may be  
9 paid, unless a subcontracting plan compli-  
10 ant with this subsection is negotiated by  
11 the contractor.”.

12 **SEC. 430. PAPERWORK RECIPROCITY FOR SMALL DISASTER**  
13 **CONTRACTORS.**

14 Not later than 30 days after the date of enactment  
15 of this Act, the Administrator shall ensure that all eligible  
16 small business concerns receive the full benefit of reci-  
17 procity in certifications between Federal and federally  
18 funded contracting programs for small business concerns  
19 owned and controlled by socially and economically dis-  
20 advantaged individuals.

21 **SEC. 431. SMALL BUSINESS MULTIPLE AWARD DISASTER**  
22 **CONTRACTS.**

23 (a) IN GENERAL.—The Administrator and the Ad-  
24 ministrator for Federal Procurement Policy shall work  
25 with other Federal agencies to ensure that the Federal

1 Government establishes and maintains multiple award  
 2 contracts with small business concerns of all categories on  
 3 a nationwide and regional basis for the purpose of con-  
 4 ducting or supporting Federal disaster recovery efforts.

5 (b) REPORT.—At the end of each fiscal year, the Ad-  
 6 ministrator and the Administrator for Federal Procure-  
 7 ment Policy shall submit to the Committee on Small Busi-  
 8 ness and Entrepreneurship of the Senate and the Com-  
 9 mittee on Small Business of the House of Representatives  
 10 a report describing the terms, conditions, and status of  
 11 the contracts described in subsection (a) awarded during  
 12 the preceding fiscal year.

13 **SEC. 432. CONTRACTING PRIORITY FOR LOCAL SMALL**  
 14 **BUSINESSES.**

15 Section 15(d) of the Small Business Act (15 U.S.C.  
 16 644(d)) is amended—

17 (1) by striking “(d) For purposes” and insert-  
 18 ing the following:

19 “(d) CONTRACTING PRIORITIES.—

20 “(1) IN GENERAL.—For purposes”; and

21 (2) by adding at the end the following:

22 “(2) DISASTER CONTRACTING PRIORITY IN  
 23 GENERAL.—The Administrator shall designate any  
 24 disaster area as an area of concentrated unemploy-

1 ment or underemployment, or a labor surplus area  
2 for purposes of paragraph (1).

3 “(3) LOCAL SMALL BUSINESSES.—

4 “(A) IN GENERAL.—The head of each ex-  
5 ecutive agency shall give priority in the award-  
6 ing of contracts and the placement of sub-  
7 contracts for disaster relief to local small busi-  
8 ness concerns, by using, as appropriate—

9 “(i) preferential factors in evaluations  
10 of contract bids and proposals;

11 “(ii) competitions restricted to local  
12 small business concerns, where there is a  
13 reasonable expectation of receiving com-  
14 petitive, reasonably priced bids or pro-  
15 posals from not fewer than 2 local small  
16 business concerns;

17 “(iii) requirements of preference for  
18 local small business concerns in subcon-  
19 tracting plans; and

20 “(iv) assessments of liquidated dam-  
21 ages and other contractual penalties, in-  
22 cluding contract termination.

23 “(B) OTHER DISASTER ASSISTANCE.—Pri-  
24 ority shall be given to local small business con-  
25 cerns in the awarding of contracts and the

1 placement of subcontracts for disaster relief in  
2 any Federal procurement and any procurement  
3 by a State or local government made with Fed-  
4 eral disaster assistance funds.

5 “(4) DEFINITIONS.—In this subsection—

6 “(A) the term ‘declared disaster’ means a  
7 disaster, as designated by the Administrator;

8 “(B) the term ‘disaster area’ means any  
9 State or area affected by a declared disaster, as  
10 determined by the Administrator;

11 “(C) the term ‘executive agency’ has the  
12 same meaning as in section 105 of title 5,  
13 United States Code; and

14 “(D) the term ‘local small business con-  
15 cern’ means a small business concern that—

16 “(i) on the date immediately pre-  
17 ceding the date on which a declared dis-  
18 aster occurred—

19 “(I) had a principal office in the  
20 disaster area for such declared dis-  
21 aster; and

22 “(II) employed a majority of the  
23 workforce of such small business con-  
24 cern in the disaster area for such de-  
25 clared disaster; and

1           “(ii) is capable of performing a sub-  
2           stantial proportion of any contract or sub-  
3           contract for disaster relief within the dis-  
4           aster area for such declared disaster, as  
5           determined by the Administrator.”.

6 **SEC. 433. TERMINATION OF PROGRAM.**

7           Section 711(c) of the Small Business Competitive  
8           Demonstration Program Act of 1988 (15 U.S.C. 644 note)  
9           is amended by inserting after “January 1, 1989” the fol-  
10          lowing: “, and shall terminate on the date of enactment  
11          of the Small Business Reauthorization and Improvements  
12          Act of 2006”.

13 **SEC. 434. INCREASING COLLATERAL REQUIREMENTS.**

14          Section 7(d)(6) of the Small Business Act (15 U.S.C.  
15          636), as so designated by section 401, is amended by  
16          striking “\$10,000” and inserting “\$12,000”.

17           **Subtitle C—Disaster Response**

18 **SEC. 451. DEFINITIONS.**

19          In this subtitle—

20           (1) the term “approved State Bridge Loan Pro-  
21           gram” means a State Bridge Loan Program ap-  
22           proved under section 452(b);

23           (2) the term “catastrophic national disaster”  
24           has the meaning given the term in section 7(b)(6)

1 of the Small Business Act (15 U.S.C. 636(b)), as  
2 added by this Act;

3 (3) the term “declared disaster” means a major  
4 disaster or a catastrophic national disaster;

5 (4) the term “disaster loan program of the Ad-  
6 ministration” means assistance under section 7(b) of  
7 the Small Business Act (15 U.S.C. 636(b));

8 (5) the term “disaster update period” means  
9 the period beginning on the date on which the Presi-  
10 dent declares a major disaster or a catastrophic na-  
11 tional disaster and ending on the date on which such  
12 declaration terminates;

13 (6) the term “major disaster” has the meaning  
14 given the term in section 102 of the Robert T. Staf-  
15 ford Disaster Relief and Emergency Assistance Act  
16 (42 U.S.C. 5122); and

17 (7) the term “State” means any State of the  
18 United States, the District of Columbia, the Com-  
19 monwealth of Puerto Rico, the Northern Mariana Is-  
20 lands, the Virgin Islands, Guam, American Samoa,  
21 and any territory or possession of the United States.

22 **SEC. 452. STATE BRIDGE LOAN GUARANTEE.**

23 (a) AUTHORIZATION.—After issuing guidelines under  
24 subsection (c), the Administrator may guarantee loans  
25 made under an approved State Bridge Loan Program.

1 (b) APPROVAL.—

2 (1) APPLICATION.—A State desiring approval  
3 of a State Bridge Loan Program shall submit an ap-  
4 plication to the Administrator at such time, in such  
5 manner, and accompanied by such information as  
6 the Administrator may require.

7 (2) CRITERIA.—The Administrator may ap-  
8 prove an application submitted under paragraph (1)  
9 based on such criteria as the Administrator may es-  
10 tablish under this section.

11 (c) GUIDELINES.—

12 (1) IN GENERAL.—Not later than 90 days after  
13 the date of enactment of this Act, the Administrator  
14 shall issue to the appropriate economic development  
15 officials in each State, the Committee on Small  
16 Business and Entrepreneurship of the Senate, and  
17 the Committee on Small Business of the House of  
18 Representatives, guidelines regarding approved State  
19 Bridge Loan Programs.

20 (2) CONTENTS.—The guidelines issued under  
21 paragraph (1) shall—

22 (A) identify appropriate uses of funds  
23 under an approved State Bridge Loan Program;

24 (B) set terms and conditions for loans  
25 under an approved State Bridge Loan Program;



1 (C) address whether—

2 (i) an approved State Bridge Loan  
3 Program may charge administrative fees;  
4 and

5 (ii) loans under an approved State  
6 Bridge Loan Program shall be disbursed  
7 through local banks and other financial in-  
8 stitutions; and

9 (D) establish the percentage of a loan the  
10 Administrator will guarantee under an approved  
11 State Bridge Loan Program.

12 **SEC. 453. CATASTROPHIC NATIONAL DISASTERS.**

13 Section 7(b) of the Small Business Act (15 U.S.C.  
14 636(b)) is amended by inserting immediately after para-  
15 graph (5), as added by this Act, the following:

16 “(6) CATASTROPHIC NATIONAL DISASTERS.—

17 “(A) DEFINITION.—In this paragraph the  
18 term ‘catastrophic national disaster’ means a  
19 disaster, natural or other, that the President  
20 determines has caused significant adverse eco-  
21 nomic conditions outside of the geographic  
22 reach of the disaster.

23 “(B) AUTHORIZATION.—The Adminis-  
24 trator may make such loans under this para-  
25 graph (either directly or in cooperation with

1 banks or other lending institutions through  
2 agreements to participate on an immediate or  
3 deferred basis) as the Administrator determines  
4 appropriate to small business concerns located  
5 anywhere in the United States that are eco-  
6 nomically adversely impacted as a result of a  
7 catastrophic national disaster.

8 “(C) LOAN TERMS.—A loan under this  
9 paragraph shall be made on the same terms as  
10 a loan under paragraph (2).”.

11 **SEC. 454. PUBLIC AWARENESS OF DISASTER DECLARATION**  
12 **AND APPLICATION PERIODS.**

13 (a) IN GENERAL.—Section 7(b) of the Small Busi-  
14 ness Act (15 U.S.C. 636(b)) is amended by inserting im-  
15 mediately after paragraph (6), as added by this Act, the  
16 following:

17 “(7) COORDINATION WITH FEMA.—

18 “(A) IN GENERAL.—Notwithstanding any  
19 other provision of law, for any disaster (includ-  
20 ing a catastrophic national disaster) declared  
21 under this subsection or major disaster (as that  
22 term is defined in section 102 of the Robert T.  
23 Stafford Disaster Relief and Emergency Assist-  
24 ance Act (42 U.S.C. 5122)), the Administrator,  
25 in consultation with the Director of the Federal

1           Emergency Management Agency, shall ensure,  
2           to the maximum extent practicable, that all ap-  
3           plication periods for disaster relief under this  
4           Act and the Robert T. Stafford Disaster Relief  
5           and Emergency Assistance Act begin on the  
6           same date and end on the same date.

7           “(B) DEADLINE EXTENSIONS.—Notwith-  
8           standing any other provision of law—

9                   “(i) not later than 10 days before the  
10                  closing date of an application period for  
11                  disaster relief under this Act for any dis-  
12                  aster (including a catastrophic national  
13                  disaster) declared under this subsection,  
14                  the Administrator, in consultation with the  
15                  Director of the Federal Emergency Man-  
16                  agement Agency, shall notify the Com-  
17                  mittee on Small Business and Entrepre-  
18                  neurship of the Senate and the Committee  
19                  on Small Business of the House of Rep-  
20                  resentatives as to whether the Adminis-  
21                  trator intends to extend such application  
22                  period; and

23                   “(ii) not later than 10 days before the  
24                  closing date of an application period for  
25                  disaster relief under the Robert T. Staf-

1           ford Disaster Relief and Emergency Assist-  
2           ance Act for any major disaster (as that  
3           term is defined in section 102 of the Rob-  
4           ert T. Stafford Disaster Relief and Emer-  
5           gency Assistance Act (42 U.S.C. 5122))  
6           for which the President has declared a cat-  
7           astrophic national disaster under para-  
8           graph (6), the Director of the Federal  
9           Emergency Management Agency, in con-  
10          sultation with the Administrator, shall no-  
11          tify the Committee on Small Business and  
12          Entrepreneurship of the Senate and the  
13          Committee on Small Business of the  
14          House of Representatives as to whether  
15          the Director intends to extend such appli-  
16          cation period.

17               “(8) PUBLIC AWARENESS OF DISASTERS.—If a  
18          disaster (including a catastrophic national disaster)  
19          is declared under this subsection, the Administrator  
20          shall make every effort to communicate through  
21          radio, television, print, and web-based outlets, all  
22          relevant information needed by disaster loan appli-  
23          cants, including—

24               “(A) the date of such declaration;

1           “(B) cities and towns within the area of  
2 such declaration;

3           “(C) loan application deadlines related to  
4 such disaster;

5           “(D) all relevant contact information for  
6 victim services available through the Adminis-  
7 tration (including links to small business devel-  
8 opment center websites);

9           “(E) links to relevant Federal and State  
10 disaster assistance websites;

11           “(F) information on eligibility criteria for  
12 Federal Emergency Management Agency dis-  
13 aster assistance applications, as well as for Ad-  
14 ministration loan programs, including where  
15 such applications can be found; and

16           “(G) application materials that clearly  
17 state the function of the Administration as the  
18 Federal source of disaster loans for homeowners  
19 and renters.”.

20           (b) COORDINATION OF AGENCIES AND OUTREACH.—

21 Not later than 90 days after the date of enactment of this  
22 Act, the Administrator and the Director of the Federal  
23 Emergency Management Agency shall enter into an agree-  
24 ment that ensures adequate lodging and transportation for  
25 employees of the Administration, contract employees, and

1 volunteers during a major disaster, if such staff are need-  
2 ed to assist businesses, homeowners, or renters in recov-  
3 ery.

4 (c) **MARKETING AND OUTREACH.**—Not later than 90  
5 days after the date of enactment of this Act, the Adminis-  
6 trator shall create a marketing and outreach plan that—

7 (1) encourages a proactive approach to the dis-  
8 aster relief efforts of the Administration;

9 (2) distinguishes between disaster services pro-  
10 vided by the Administration and disaster services  
11 provided by the Federal Emergency Management  
12 Agency, including contact information, application  
13 information, and timelines for submitting applica-  
14 tions, the review of applications, and the disburse-  
15 ment of funds;

16 (3) describes the different disaster loan pro-  
17 grams of the Administration, including how they are  
18 made available and what eligibility requirements  
19 exist for each loan program;

20 (4) provides for regional marketing, focusing on  
21 disasters occurring in each region before the date of  
22 enactment of this Act, and likely scenarios for disas-  
23 ters in each such region; and

1           (5) ensures that the marketing plan is made  
2           available at small business development centers and  
3           on the website of the Administration.

4 **SEC. 455. CONSISTENCY BETWEEN ADMINISTRATION REGU-**  
5 **LATIONS AND STANDARD OPERATING PROCE-**  
6 **DURES.**

7           (a) IN GENERAL.—The Administrator shall, prompt-  
8 ly following the date of enactment of this Act, conduct  
9 a study of whether the standard operating procedures of  
10 the Administration for loans offered under section 7(b) of  
11 the Small Business Act are consistent with the regulations  
12 of the Administration for administering the disaster loan  
13 program.

14           (b) REPORT.—Not later than 180 days after the date  
15 of enactment of this Act, the Administration shall submit  
16 to Congress a report containing all findings and rec-  
17 ommendations of the study conducted under subsection  
18 (a).

19 **SEC. 456. PROCESSING DISASTER LOANS.**

20           (a) AUTHORITY FOR QUALIFIED PRIVATE CONTRAC-  
21 TORS TO PROCESS DISASTER LOANS.—Section 7(b) of the  
22 Small Business Act (15 U.S.C. 636(b)) is amended by in-  
23 serting immediately after paragraph (8), as added by this  
24 Act, the following:

1           “(9) AUTHORITY FOR QUALIFIED PRIVATE CON-  
2 TRACTORS.—

3           “(A) DISASTER LOAN PROCESSING.—The  
4 Administrator may enter into an agreement  
5 with a qualified private contractor, as deter-  
6 mined by the Administrator, to process loans  
7 under this subsection in the event of a major  
8 disaster (as defined in section 102 of the Rob-  
9 ert T. Stafford Disaster Relief and Emergency  
10 Assistance Act (42 U.S.C. 5122)) or a cata-  
11 strophic national disaster declared under para-  
12 graph (6), under which the Administrator shall  
13 pay the contractor a fee for each loan proc-  
14 essed.

15           “(B) LOAN LOSS VERIFICATION SERV-  
16 ICES.—The Administrator may enter into an  
17 agreement with a qualified lender or loss  
18 verification professional, as determined by the  
19 Administrator, to verify losses for loans under  
20 this subsection in the event of a major disaster  
21 (as defined in section 102 of the Robert T.  
22 Stafford Disaster Relief and Emergency Assist-  
23 ance Act (42 U.S.C. 5122)) or a catastrophic  
24 national disaster declared under paragraph (6),  
25 under which the Administrator shall pay the



1 lender or verification professional a fee for each  
 2 loan for which such lender or verification pro-  
 3 fessional verifies losses.”.

4 (b) COORDINATION OF EFFORTS BETWEEN THE AD-  
 5 MINISTRATOR AND THE INTERNAL REVENUE SERVICE TO  
 6 EXPEDITE LOAN PROCESSING.—The Administrator and  
 7 the Commissioner of Internal Revenue shall, to the max-  
 8 imum extent practicable, ensure that all relevant and al-  
 9 lowable tax records for loan approval are shared with loan  
 10 processors in an expedited manner, upon request by the  
 11 Administrator.

12 (c) REPORT ON LOAN APPROVAL RATE.—

13 (1) IN GENERAL.—Not later than 6 months  
 14 after the date of enactment of this Act, the Adminis-  
 15 trator shall submit a report to the Committee on  
 16 Small Business and Entrepreneurship of the Senate  
 17 and the Committee on Small Business of the House  
 18 of Representatives detailing how the Administration  
 19 can improve the processing of applications under the  
 20 disaster loan program of the Administration.

21 (2) CONTENTS.—The report submitted under  
 22 paragraph (1) shall include—

23 (A) recommendations, if any, regarding—  
 24 (i) staffing levels during a major dis-  
 25 aster;

1           (ii) how to improve the process for  
2           processing, approving, and disbursing  
3           loans under the disaster loan program of  
4           the Administration, to ensure that the  
5           maximum assistance is provided to victims  
6           in a timely manner;

7           (iii) the viability of using alternative  
8           methods for assessing the ability of an ap-  
9           plicant to repay a loan, included the credit  
10          score of the applicant on the day before  
11          the date on which the disaster for which  
12          the applicant is seeking assistance was de-  
13          clared; and

14          (iv) methods for the Administration to  
15          expedite loss verification and loan proc-  
16          essing of disaster loans during a major dis-  
17          aster for businesses affected by, and lo-  
18          cated in the area for which the President  
19          declared, the major disaster that are a  
20          major source of employment in the area or  
21          are vital to recovery efforts in the region  
22          (including providing debris removal serv-  
23          ices, manufactured housing, or building  
24          materials); and

1 (B) the plans of the Administrator for im-  
2 plementing any recommendation made under  
3 subparagraph (A).

4 **SEC. 457. DEVELOPMENT AND IMPLEMENTATION OF**  
5 **MAJOR DISASTER RESPONSE PLAN.**

6 (a) IN GENERAL.—Not later than January 31, 2007,  
7 the Administrator shall—

8 (1) by rule, amend the 2006 Atlantic hurricane  
9 season disaster response plan of the Administration  
10 (in this section referred to as the “disaster response  
11 plan”) to apply to major disasters and catastrophic  
12 national disasters, consistent with this Act and the  
13 amendments made by this Act; and

14 (2) submit a report to the Committee on Small  
15 Business and Entrepreneurship of the Senate and  
16 the Committee on Small Business of the House of  
17 Representatives detailing the amendments to the dis-  
18 aster response plan.

19 (b) CONTENTS.—The amended report required under  
20 subsection (a)(2) shall include—

21 (1) any updates or modifications made to the  
22 disaster response plan since the report regarding the  
23 disaster response plan submitted on July 14, 2006;

24 (2) a description of how the Administrator  
25 plans to utilize and integrate District Office per-

1       sonnel of the Administration in the response to a  
2       major disaster, including information on the utiliza-  
3       tion of personnel for loan processing and loan dis-  
4       bursement;

5               (3) a description of the disaster scalability  
6       model of the Administration and on what basis or  
7       function the plan is scaled;

8               (4) a description of how the agency-wide Dis-  
9       aster Oversight Council is structured, which offices  
10      comprise its membership, and whether the Associate  
11      Deputy Administrator for Entrepreneurial Develop-  
12      ment of the Administration is a member;

13              (5) a description of how the Administrator  
14      plans to coordinate the disaster efforts of the Ad-  
15      ministration with State and local government offi-  
16      cials, including recommendations on how to better  
17      incorporate State initiatives or programs, such as  
18      State-administered bridge loan programs, into the  
19      disaster response of the Administration;

20              (6) recommendations, if any, on how the Ad-  
21      ministrator can better coordinate its disaster re-  
22      sponse operations with the operations of the Depart-  
23      ment of Commerce and the Department of Agri-  
24      culture;

1           (7) any surge plans of the Administration for  
2 loan processing and loss verification functions;

3           (8) a description of the findings and rec-  
4 ommendations of the Administrator, if any, based on  
5 a review of the response of the Administration to  
6 Hurricane Katrina of 2005, Hurricane Rita of 2005,  
7 and Hurricane Wilma of 2005; and

8           (9) a plan for how the Administrator, in co-  
9 operation with the Director of the Federal Emer-  
10 gency Management Agency, will secure accommoda-  
11 tions and necessary resources for disaster assistance  
12 personnel to effectively perform their responsibilities  
13 in the aftermath of a major disaster.

14       (c) EXERCISES.—Not later than May 31, 2007, the  
15 Administrator shall develop and execute simulation exer-  
16 cises to demonstrate the effectiveness of the amended dis-  
17 aster response plan required under this section.

18 **SEC. 458. CONGRESSIONAL OVERSIGHT.**

19       (a) MONTHLY ACCOUNTING REPORT TO CON-  
20 GRESS.—

21           (1) IN GENERAL.—On the first Monday of each  
22 month after the date of enactment of this Act, the  
23 Administrator shall provide to the Committee on  
24 Small Business and Entrepreneurship of the Senate  
25 and to the Committee on Small Business of the

1 House of Representatives a report on the disaster  
2 loan program of the Administration for the pre-  
3 ceding month.

4 (2) CONTENTS.—Each report under paragraph  
5 (1) shall include—

6 (A) the daily average lending volume, in  
7 number of loans and dollars, and the percent by  
8 which each category has increased or decreased  
9 since the previous report under paragraph (1);

10 (B) the weekly average lending volume, in  
11 number of loans and dollars, and the percent by  
12 which each category has increased or decreased  
13 since the previous report under paragraph (1);

14 (C) the amount of funding spent over the  
15 month for loans, both in appropriations and  
16 program level, and the percent by which each  
17 category has increased or decreased since the  
18 previous report under paragraph (1);

19 (D) the amount of funding available for  
20 loans, both in appropriations and program level,  
21 and the percent by which each category has in-  
22 creased or decreased since the previous report  
23 under paragraph (1), noting the source of any  
24 additional funding;

1 (E) an estimate of how long the available  
2 funding for such loans will last, based on the  
3 spending rate;

4 (F) the amount of funding spent over the  
5 month for staff, along with the number of staff,  
6 and the percent by which each category has in-  
7 creased or decreased since the previous report  
8 under paragraph (1);

9 (G) the amount of funding spent over the  
10 month for administrative costs, and the percent  
11 by which spending has increased or decreased  
12 since the previous report under paragraph (1);

13 (H) the amount of funding available for  
14 salaries and expenses combined, and the per-  
15 cent by which funding has increased or de-  
16 creased, noting the source of any additional  
17 funding; and

18 (I) an estimate of how long the available  
19 funding for salaries and expenses will last,  
20 based on the spending rate.

21 (b) DAILY DISASTER UPDATES TO CONGRESS FOR  
22 PRESIDENTIALLY DECLARED DISASTERS.—

23 (1) IN GENERAL.—Each day during a disaster  
24 update period, excluding Federal holidays and week-  
25 ends, the Administrator shall provide to the Com-

1        mittee on Small Business and Entrepreneurship of  
2        the Senate and to the Committee on Small Business  
3        of the House of Representatives a report on the op-  
4        eration of the disaster loan program of the Adminis-  
5        tration for the area in which the President declared  
6        a major disaster or a catastrophic national disaster,  
7        as the case may be.

8            (2) CONTENTS.—Each report under paragraph  
9        (1) shall include—

10            (A) the allocations of loan processing, loss  
11            verification, and additional field staff at Admin-  
12            istration offices nationwide, as well as the allo-  
13            cations of such staff at the various disaster  
14            field offices, disaster recovery centers, and  
15            workshops in each State in the relevant area;

16            (B) the daily number of applications re-  
17            ceived from applicants in the relevant area, as  
18            well as a breakdown of such figures by State;

19            (C) the daily number of applications pend-  
20            ing application entry from applicants in the rel-  
21            evant area, as well as a breakdown of such fig-  
22            ures by State;

23            (D) the daily number of applications with-  
24            drawn by applicants in the relevant area, as  
25            well as a breakdown of such figures by State;



1 (E) the daily number of applications sum-  
2 marily declined by the Administrator from ap-  
3 plicants in the relevant area, as well as a break-  
4 down of such figures by State;

5 (F) the daily number of applications de-  
6 clined by the Administrator from applicants in  
7 the relevant area, as well as a breakdown of  
8 such figures by State;

9 (G) the daily number of applications in  
10 process from applicants in the relevant area, as  
11 well as a breakdown of such figures by State;

12 (H) the daily number of applications ap-  
13 proved by the Administrator from applicants in  
14 the relevant area, as well as a breakdown of  
15 such figures by State;

16 (I) the daily dollar amount of applications  
17 approved by the Administrator from applicants  
18 in the relevant area, as well as a breakdown of  
19 such figures by State;

20 (J) the daily amount of loans dispersed,  
21 both partially and fully, by the Administrator to  
22 applicants in the relevant area, as well as a  
23 breakdown of such figures by State;

24 (K) the daily dollar amount of loans dis-  
25 persed, both partially and fully, from the rel-

1           evant area, as well as a breakdown of such fig-  
2           ures by State;

3           (L) the number of applications approved,  
4           including dollar amount approved, as well as  
5           applications partially and fully dispersed, in-  
6           cluding dollar amounts, since the last report  
7           under paragraph (1); and

8           (M) the declaration date, physical damage  
9           closing date, economic injury closing date, and  
10          number of counties included in the declaration  
11          of a major disaster.

12          (c) REPORT ON NEED FOR SUPPLEMENTAL  
13 FUNDS.—Not later than 3 months before the date on  
14 which the Administrator estimates funding will no longer  
15 be available for the disaster loan program of the Adminis-  
16 tration in any fiscal year, the Administrator shall submit  
17 a report to the Committee on Small Business and Entre-  
18 preneurship of the Senate and to the Committee on Small  
19 Business of the House of Representatives regarding the  
20 need for supplemental funds for such loan program, in-  
21 cluding the amount needed to sustain such loan program  
22 at current funding rates through the end of the fiscal year  
23 in which the Administrator submits such report.

24          (d) REPORT ON CONTRACTING.—

1           (1) IN GENERAL.—Not later than 6 months  
2 after the date on which a declared disaster is de-  
3 clared, and every 6 months thereafter until the date  
4 that is 18 months after the date on which the de-  
5 clared disaster was declared, the Administrator shall  
6 submit a report to the Committee on Small Business  
7 and Entrepreneurship of the Senate and to the Com-  
8 mittee on Small Business of the House of Rep-  
9 resentatives regarding Federal contracts awarded as  
10 a result of the declared disaster.

11           (2) CONTENTS.—Each report submitted under  
12 paragraph (1) shall include—

13                   (A) the total number of contracts awarded  
14 as a result of the declared disaster;

15                   (B) the total number of contracts awarded  
16 to small business concerns as a result of the de-  
17 clared disaster;

18                   (C) the total number of contracts awarded  
19 to women and minority-owned businesses as a  
20 result of the declared disaster; and

21                   (D) the total number of contracts awarded  
22 to local businesses as a result of the declared  
23 disaster.

## 1     **Subtitle D—Energy Emergencies**

### 2     **SEC. 471. FINDINGS.**

3         Congress finds that—

4             (1) a significant number of small business con-  
5             cerns in the United States, nonfarm as well as agri-  
6             cultural producers, use heating oil, natural gas, pro-  
7             pane, or kerosene to heat their facilities and for  
8             other purposes;

9             (2) a significant number of small business con-  
10            cerns in the United States sell, distribute, market,  
11            or otherwise engage in commerce directly related to  
12            heating oil, natural gas, propane, and kerosene; and

13            (3) significant increases in the price of heating  
14            oil, natural gas, propane, or kerosene—

15                 (A) disproportionately harm small business  
16                 concerns dependent on those fuels or that use,  
17                 sell, or distribute those fuels in the ordinary  
18                 course of their business, and can cause them  
19                 substantial economic injury;

20                 (B) can negatively affect the national econ-  
21                 omy and regional economies;

22                 (C) have occurred in the winters of 1983  
23                 to 1984, 1988 to 1989, 1996 to 1997, 1999 to  
24                 2000, 2000 to 2001, and 2004 to 2005; and

1 (D) can be caused by a host of factors, in-  
2 cluding international conflicts, global or re-  
3 gional supply difficulties, weather conditions,  
4 insufficient inventories, refinery capacity, trans-  
5 portation, and competitive structures in the  
6 markets, causes that are often unforeseeable to,  
7 and beyond the control of, those who own and  
8 operate small business concerns.

9 **SEC. 472. SMALL BUSINESS ENERGY EMERGENCY DISASTER**  
10 **LOAN PROGRAM.**

11 (a) IN GENERAL.—Section 7(b) of the Small Busi-  
12 ness Act (15 U.S.C. 636(b)) is amended by inserting after  
13 paragraph (9), as added by this Act, the following:

14 “(10) ENERGY EMERGENCIES.—

15 “(A) DEFINITIONS.—In this paragraph—

16 “(i) the term ‘base price index’ means  
17 the moving average of the closing unit  
18 price on the New York Mercantile Ex-  
19 change for heating oil, natural gas, or pro-  
20 pane for the 10 days, in each of the most  
21 recent 2 preceding years, which correspond  
22 to the trading days described in clause (ii);

23 “(ii) the term ‘current price index’  
24 means the moving average of the closing  
25 unit price on the New York Mercantile Ex-

1 change, for the 10 most recent trading  
2 days, for contracts to purchase heating oil,  
3 natural gas, or propane during the subse-  
4 quent calendar month, commonly known as  
5 the ‘front month’;

6 “(iii) the term ‘heating fuel’ means  
7 heating oil, natural gas, propane, or ker-  
8 osene; and

9 “(iv) the term ‘significant increase’  
10 means—

11 “(I) with respect to the price of  
12 heating oil, natural gas, or propane,  
13 any time the current price index ex-  
14 ceeds the base price index by not less  
15 than 40 percent; and

16 “(II) with respect to the price of  
17 kerosene, any increase which the Ad-  
18 ministrator, in consultation with the  
19 Secretary of Energy, determines to be  
20 significant.

21 “(B) AUTHORIZATION.—The Administra-  
22 tion may make such loans, either directly or in  
23 cooperation with banks or other lending institu-  
24 tions through agreements to participate on an  
25 immediate or deferred basis, to assist a small

1 business concern that has suffered or that is  
2 likely to suffer substantial economic injury as  
3 the result of a significant increase in the price  
4 of heating fuel occurring on or after October 1,  
5 2004.

6 “(C) INTEREST RATE.—Any loan or guar-  
7 antee extended under this paragraph shall be  
8 made at the same interest rate as economic in-  
9 jury loans under paragraph (2).

10 “(D) MAXIMUM AMOUNT.—No loan may  
11 be made under this paragraph, either directly  
12 or in cooperation with banks or other lending  
13 institutions through agreements to participate  
14 on an immediate or deferred basis, if the total  
15 amount outstanding and committed to the bor-  
16 rower under this subsection would exceed  
17 \$1,500,000, unless such borrower constitutes a  
18 major source of employment in its surrounding  
19 area, as determined by the Administrator, in  
20 which case the Administrator, in the discretion  
21 of the Administrator, may waive the \$1,500,000  
22 limitation.

23 “(E) DECLARATIONS.—For purposes of  
24 assistance under this paragraph—

1           “(i) a declaration of a disaster area  
2           based on conditions specified in this para-  
3           graph shall be required, and shall be made  
4           by the President or the Administrator; or

5           “(ii) if no declaration has been made  
6           under clause (i), the Governor of a State  
7           in which a significant increase in the price  
8           of heating fuel has occurred may certify to  
9           the Administration that small business  
10          concerns have suffered economic injury as  
11          a result of such increase and are in need  
12          of financial assistance which is not other-  
13          wise available on reasonable terms in that  
14          State, and upon receipt of such certifi-  
15          cation, the Administration may make such  
16          loans as would have been available under  
17          this paragraph if a disaster declaration  
18          had been issued.

19          “(F) USE OF FUNDS.—Notwithstanding  
20          any other provision of law, loans made under  
21          this paragraph may be used by a small business  
22          concern described in subparagraph (B) to con-  
23          vert from the use of heating fuel to a renewable  
24          or alternative energy source, including agri-  
25          culture and urban waste, geothermal energy, co-



1 generation, solar energy, wind energy, or fuel  
2 cells.”.

3 (b) CONFORMING AMENDMENTS RELATING TO  
4 HEATING FUEL.—Section 3(k) of the Small Business Act  
5 (15 U.S.C. 632(k)) is amended—

6 (1) by inserting “, significant increase in the  
7 price of heating fuel” after “civil disorders”; and

8 (2) by inserting “other” before “economic”.

9 (c) EFFECTIVE PERIOD.—The amendments made by  
10 this section shall apply during the 4-year period beginning  
11 on the date on which guidelines are published by the Ad-  
12 ministrator under section 474.

13 **SEC. 473. AGRICULTURAL PRODUCER EMERGENCY LOANS.**

14 (a) IN GENERAL.—Section 321(a) of the Consoli-  
15 dated Farm and Rural Development Act (7 U.S.C.  
16 1961(a)) is amended—

17 (1) in the first sentence—

18 (A) by striking “operations have” and in-  
19 serting “operations (i) have”; and

20 (B) by inserting before “: *Provided*,” the  
21 following: “, or (ii)(I) are owned or operated by  
22 such an applicant that is also a small business  
23 concern (as defined in section 3 of the Small  
24 Business Act (15 U.S.C. 632)), and (II) have  
25 suffered or are likely to suffer substantial eco-

1            nomic injury on or after October 1, 2004, as  
2            the result of a significant increase in energy  
3            costs or input costs from energy sources occur-  
4            ring on or after October 1, 2004, in connection  
5            with an energy emergency declared by the  
6            President or the Secretary”;

7            (2) in the third sentence, by inserting before  
8            the period at the end the following: “or by an energy  
9            emergency declared by the President or the Sec-  
10          retary”; and

11          (3) in the fourth sentence—

12                  (A) by inserting “or energy emergency”  
13                  after “natural disaster” each place that term  
14                  appears; and

15                  (B) by inserting “or declaration” after  
16                  “emergency designation”.

17          (b) FUNDING.—Funds available on the date of enact-  
18          ment of this Act for emergency loans under subtitle C of  
19          the Consolidated Farm and Rural Development Act (7  
20          U.S.C. 1961 et seq.) shall be available to carry out the  
21          amendments made by subsection (a) to meet the needs re-  
22          sulting from energy emergencies.

23          (c) EFFECTIVE PERIOD.—The amendments made by  
24          this section shall apply during the 4-year period beginning

1 on the date on which guidelines are published by the Sec-  
2 retary of Agriculture under section 474.

3 **SEC. 474. GUIDELINES AND RULEMAKING.**

4 (a) GUIDELINES.—Not later than 30 days after the  
5 date of enactment of this Act, the Administrator and the  
6 Secretary of Agriculture shall each issue such guidelines  
7 as the Administrator or the Secretary, as applicable, de-  
8 termines to be necessary to carry out this subtitle and the  
9 amendments made by this subtitle.

10 (b) RULEMAKING.—Not later than 30 days after the  
11 date of enactment of this Act, the Administrator, after  
12 consultation with the Secretary of Energy, shall promul-  
13 gate regulations specifying the method for determining a  
14 significant increase in the price of kerosene under section  
15 7(b)(10)(A)(iv)(II) of the Small Business Act, as added  
16 by this Act.

17 **SEC. 475. REPORTS.**

18 (a) SMALL BUSINESS ADMINISTRATION.—Not later  
19 than 12 months after the date on which the Administrator  
20 issues guidelines under section 474, and annually there-  
21 after until the date that is 12 months after the end of  
22 the effective period of section 7(b)(10) of the Small Busi-  
23 ness Act, as added by this Act, the Administrator shall  
24 submit to the Committee on Small Business and Entrepre-  
25 neurship of the Senate and the Committee on Small Busi-

1 ness of the House of Representatives, a report on the ef-  
2 fectiveness of the assistance made available under section  
3 7(b)(10) of the Small Business Act, as added by this Act,  
4 including—

5 (1) the number of small business concerns that  
6 applied for a loan under such section and the num-  
7 ber of those that received such loans;

8 (2) the dollar value of those loans;

9 (3) the States in which the small business con-  
10 cerns that received such loans are located;

11 (4) the type of heating fuel or energy that  
12 caused the significant increase in the cost for the  
13 participating small business concerns; and

14 (5) recommendations for ways to improve the  
15 assistance provided under such section 7(b)(10), if  
16 any.

17 (b) DEPARTMENT OF AGRICULTURE.—Not later than  
18 12 months after the date on which the Secretary of Agri-  
19 culture issues guidelines under section 474, and annually  
20 thereafter until the date that is 12 months after the end  
21 of the effective period of the amendments made to section  
22 321(a) of the Consolidated Farm and Rural Development  
23 Act (7 U.S.C. 1961(a)) by this subtitle, the Secretary shall  
24 submit to the Committee on Small Business and Entrepre-  
25 neurship and the Committee on Agriculture, Nutrition,

1 and Forestry of the Senate and the Committee on Small  
2 Business and the Committee on Agriculture of the House  
3 of Representatives, a report that—

4 (1) describes the effectiveness of the assistance  
5 made available under section 321(a) of the Consoli-  
6 dated Farm and Rural Development Act (7 U.S.C.  
7 1961(a)); and

8 (2) contains recommendations for ways to im-  
9 prove the assistance provided under such section  
10 321(a), if any.

11 **TITLE V—VETERANS AND MEM-**  
12 **BERS OF THE GUARD AND RE-**  
13 **SERVE**

14 **SEC. 501. DEFINITIONS.**

15 In this title—

16 (1) the terms “active duty” and “military de-  
17 partment” have the meaning given the terms in sec-  
18 tion 101 of title 10, United States Code;

19 (2) the term “member of the Guard or Re-  
20 serve” means a member of a reserve component of  
21 the Armed Forces, as defined in section 10101 of  
22 title 10, United States Code;

23 (3) the term “Secretary” means the Secretary  
24 of Defense; and

1 (4) the term “veteran” has the same meaning  
2 as in section 101(2) of title 38, United States Code.

### 3 **Subtitle A—Veterans**

#### 4 **SEC. 521. FINDINGS.**

5 Congress finds the following:

6 (1) From September 2001 through November  
7 2004, approximately 410,000 members of the Guard  
8 or Reserve, have been mobilized in support of United  
9 States military operations.

10 (2) According to 2004 data from the Manpower  
11 Data Center of the Department of Defense, an esti-  
12 mated 35 percent of members of the Guard or Re-  
13 serve are either self-employed or own or are em-  
14 ployed by a small business concern.

15 (3) The majority of privately employed mem-  
16 bers of the Guard or Reserve either work for a small  
17 business concern or are self-employed.

18 (4) As a result of activations, many small busi-  
19 ness concerns have been forced to go without their  
20 owners and key personnel for months, and some-  
21 times years, on end.

22 (5) The effects have been devastating to such  
23 patriotic small business concerns.

24 (6) The Office of Veterans Business Develop-  
25 ment of the Administration has made a concerted ef-

1 fort to reach out to small business concerns affected  
2 by deployments, but given the sheer numbers of  
3 those deployed, their resources have been stretched  
4 thin.

5 (7) In addition, the Office of Veterans Business  
6 Development has been required to broaden its deliv-  
7 ery of services, as directed by Executive Order  
8 13360, to provide procurement training programs  
9 for service-disabled veterans.

10 (8) The purpose of this subtitle is to stem the  
11 effects of deployments of members of the Guard or  
12 Reserve on small business concerns, and better as-  
13 sist veterans and service-disabled veterans with their  
14 business needs.

15 **SEC. 522. INCREASED FUNDING FOR THE OFFICE OF VET-**  
16 **ERANS BUSINESS DEVELOPMENT.**

17 There is authorized to be appropriated to the Office  
18 of Veterans Business Development of the Administration,  
19 and to remain available until expended—

- 20 (1) \$2,000,000 for fiscal year 2007;  
21 (2) \$2,100,000 for fiscal year 2008; and  
22 (3) \$2,200,000 for fiscal year 2009.

1 **SEC. 523. EXTENSION OF ADVISORY COMMITTEE ON VET-**  
 2 **ERANS BUSINESS AFFAIRS.**

3 Section 203(h) of the Veterans Entrepreneurship and  
 4 Small Business Development Act of 1999 (15 U.S.C. 657b  
 5 note) is amended by striking “September 30, 2006” and  
 6 inserting “September 30, 2009”.

7 **SEC. 524. RELIEF FROM TIME LIMITATIONS FOR VETERAN-**  
 8 **OWNED SMALL BUSINESSES.**

9 Section 3(q) of the Small Business Act (15 U.S.C.  
 10 632(q)) is amended by adding at the end the following:

11 “(5) RELIEF FROM TIME LIMITATIONS.—

12 “(A) IN GENERAL.—Any time limitation  
 13 on any qualification, certification, or period of  
 14 participation imposed under this Act on any  
 15 program available to small business concerns  
 16 shall be extended for a small business concern  
 17 that—

18 “(i) is owned and controlled by—

19 “(I) a veteran who was called or  
 20 ordered to active duty under a provi-  
 21 sion of law specified in section  
 22 101(a)(13)(B) of title 10, United  
 23 States, on or after September 11,  
 24 2001; or

25 “(II) a service-disabled veteran  
 26 who became such a veteran due to an



1 injury or illness incurred or aggra-  
2 vated in the active military, naval, or  
3 air service during a period of active  
4 duty under a call or order to active  
5 duty under a provision of law referred  
6 to in subclause (I) on or after Sep-  
7 tember 11, 2001; and

8 “(ii) was subject to the time limitation  
9 during such period of active duty.

10 “(B) DURATION.—Upon submission of  
11 proper documentation to the Administrator, the  
12 extension of a time limitation under subpara-  
13 graph (A) shall be equal to the period of time  
14 that such veteran who owned or controlled such  
15 a concern was on active duty as described in  
16 that subparagraph.”.

## 17 **Subtitle B—Guard and Reserve**

### 18 **SEC. 541. GUARD AND RESERVE LOANS.**

19 (a) IN GENERAL.—Section 7(b)(3) of the Small Busi-  
20 ness Act (15 U.S.C. 636(b)(3)) is amended—

21 (1) in subparagraph (E), by striking  
22 “\$1,500,000” each place such term appears and in-  
23 serting “\$2,000,000”; and

24 (2) by adding at the end the following:

1           “(G) Notwithstanding any other provision  
2 of law, a loan not greater than \$25,000 may be  
3 made under this paragraph without collateral.

4           “(H) The Administrator shall give priority  
5 to any application for a loan under this para-  
6 graph, and shall process and make a determina-  
7 tion regarding such applications prior to proc-  
8 essing or making a determination on other loan  
9 applications under this subsection, on a rolling  
10 basis.”.

11 (b) LOAN INFORMATION.—

12           (1) IN GENERAL.—The Administrator and the  
13 Secretary shall develop a joint website and printed  
14 materials providing information regarding the pro-  
15 gram under section 7(b)(3) of the Small Business  
16 Act.

17           (2) MARKETING.—The Administrator is author-  
18 ized—

19           (A) to advertise and promote the program  
20 under section 7(b)(3) of the Small Business Act  
21 jointly with the Secretary and veteran’s service  
22 organizations; and

23           (B) to advertise and promote participation  
24 by lenders in such program jointly with trade

1           associations for banks or other lending institu-  
2           tions.

3 **SEC. 542. STUDY OF INSURANCE PROGRAM FOR MEMBERS**  
4                                   **OF THE GUARD AND RESERVE.**

5           (a) IN GENERAL.—The Administrator and the Sec-  
6           retary shall jointly conduct a study of the feasibility of—

7                   (1) creating a business mobilization and inter-  
8                   ruption insurance program for members of the  
9                   Guard or Reserve who own or operate small business  
10                  concerns;

11                   (2) creating an insurance program to repay  
12                  debts to the Administrator in the event of the death  
13                  or significant injury of a member of the Guard or  
14                  Reserve who is on active duty; and

15                   (3) increasing the use of credit unions affiliated  
16                  with the Department of Defense in programs admin-  
17                  istered by the Administrator.

18           (b) REPORT.—Not later than 6 months after the date  
19           of enactment of this Act, the Administrator and the Sec-  
20           retary shall submit a joint report to the Committee on  
21           Small Business and Entrepreneurship of the Senate and  
22           the Committee on Small Business of the House of Rep-  
23           resentatives regarding the study conducted under sub-  
24           section (a).

1 **SEC. 543. GRANT ASSISTANCE FOR MILITARY RESERVISTS'**  
2 **SMALL BUSINESS CONCERNS.**

3 (a) AUTHORIZATION OF GRANTS.—Section  
4 7(b)(3)(B) of the Small Business Act (15 U.S.C.  
5 636(b)(3)(B)) is amended by inserting “or grants” after  
6 “or deferred basis”).

7 (b) GRANT SPECIFICATIONS.—Section 7(b)(3) of the  
8 Small Business Act (15 U.S.C. 636(b)(3)), as amended  
9 by this Act, is amended by adding at the end the following:

10 “(I) Grants made under subparagraph  
11 (B)—

12 “(i) may be awarded in addition to  
13 any loan made under subparagraph (B);

14 “(ii) shall not exceed \$25,000; and

15 “(iii) shall be made only to a small  
16 business concern—

17 “(I) that provides a business plan  
18 demonstrating viability for not less  
19 than 3 future years;

20 “(II) with 10 or fewer employees;

21 “(III) that has not received an-  
22 other grant under subparagraph (B)  
23 in the previous 2 years.”.

24 (c) AUTHORIZATION OF APPROPRIATIONS.—Section  
25 20(e)(2) of the Small Business Act (15 U.S.C. 631 note),

1 as amended by this Act, is amended by inserting after sub-  
2 paragraph (B) the following:

3                   “(C) GRANT ASSISTANCE FOR MILITARY  
4 RESERVISTS’ SMALL BUSINESSES.—There are  
5 authorized to be appropriated for grants under  
6 section 7(b)(3)(B) for each of fiscal years 2007  
7 through 2009.”.

## 8 **Subtitle C—Veterans Corporation**

### 9 **SEC. 561. PURPOSES OF THE CORPORATION.**

10       (a) PURPOSES.—Section 33(b) of the Small Business  
11 Act (15 U.S.C. 657c(b)) is amended—

12           (1) by striking paragraph (1) and inserting the  
13 following:

14           “(1) to establish and maintain a national net-  
15 work of information and assistance centers for use  
16 by veterans and the public, by—

17                   “(A) providing information regarding small  
18 business oriented employment or development  
19 programs;

20                   “(B) providing access to studies and re-  
21 search concerning the management, financing,  
22 and operation of small business enterprises,  
23 small business participation in international  
24 markets, export promotion, and technology  
25 transfer;

1           “(C) providing referrals to business ana-  
2           lysts who can provide direct counseling to vet-  
3           eran small business concern owners regarding  
4           the subjects described in this section;

5           “(D) serving as an information clearing-  
6           house for business development and entrepre-  
7           neurial assistance materials, as well as other  
8           veteran assistance materials, as determined nec-  
9           essary, that are provided by Federal, State and  
10          local governments; and

11          “(E) providing assistance to veterans and  
12          service-disabled veterans in efforts to gain ac-  
13          cess to Federal prime contracts and sub-  
14          contracts; and”;

15          (2) in paragraph (2), by striking “including  
16          service-disabled veterans” and inserting “particu-  
17          larly service-disabled veterans”.

18 **SEC. 562. MANAGEMENT OF THE CORPORATION.**

19          (a) APPOINTMENTS TO THE BOARD.—Section  
20          33(c)(2) of the Small Business Act (15 U.S.C. 657c(e)(2))  
21          is amended to read as follows:

22                 “(2) APPOINTMENT OF VOTING MEMBERS.—

23                         “(A) IN GENERAL.—The President shall,  
24                         after considering recommendations proposed  
25                         under subparagraph (B), appoint the 9 voting

1 members of the Board, all of whom shall be  
2 United States citizens, and not more than 5 of  
3 whom shall be members of the same political  
4 party.

5 “(B) RECOMMENDATIONS.—Recommendations shall be submitted to the President for ap-  
6 pointments under this paragraph by the chair-  
7 man or ranking member of the Committee on  
8 Small Business and Entrepreneurship or the  
9 Committee on Veterans Affairs of the Senate or  
10 the Committee on Small Business or the Com-  
11 mittee on Veterans Affairs of the House of  
12 Representatives.

13  
14 “(C) CONSULTATION WITH VETERAN OR-  
15 GANIZATIONS.—Recommendations under sub-  
16 paragraph (B) shall be made after consultation  
17 with such veteran service organizations as are  
18 determined appropriate by the member of Con-  
19 gress making the recommendation.

20 “(D) CONSIDERATIONS.—Consideration for  
21 eligibility for membership on the Board shall in-  
22 clude business experience, knowledge of vet-  
23 erans’ issues, and ability to raise funds for the  
24 Corporation.

1           “(E) LIMITATION ON INTERNAL REC-  
2           COMMENDATIONS.—No member of the Board  
3           may recommend an individual for appointment  
4           to another position on the Board.”.

5           (b) TERMS.—Section 33(c)(6) of the Small Business  
6 Act (15 U.S.C. 657c(c)(6)) is amended to read as follows:

7           “(6) TERMS OF APPOINTED MEMBERS.—

8           “(A) IN GENERAL.—Each member of the  
9           Board of Directors appointed under paragraph  
10          (2) shall serve for a term of 4 years.

11          “(B) UNEXPIRED TERMS.—Any member of  
12          the Board of Directors appointed to fill a va-  
13          cancy occurring before the expiration of the  
14          term for which the member’s predecessor was  
15          appointed shall be appointed only for the re-  
16          mainder of the term. A member of the Board  
17          of Directors may not serve beyond the expira-  
18          tion of the term for which the member is ap-  
19          pointed.”.

20          (c) REMOVAL OF BOARD MEMBERS.—Section 33(c)  
21 of the Small Business Act (15 U.S.C. 657c(c)) is amended  
22 by adding at the end the following:

23          “(12) REMOVAL OF MEMBERS.—With the ap-  
24          proval of a majority of the Board of Directors and  
25          the approval of the chairmen and ranking members



1 of the Committee on Small Business and Entrepre-  
2 neurship and the Committee on Veterans Affairs of  
3 the Senate, the Corporation may remove a member  
4 of the Board of Directors that is deemed unable to  
5 fulfill his or her duties, as established under this  
6 section.”.

7 **SEC. 563. TIMING OF TRANSFER OF ADVISORY COMMITTEE**  
8 **DUTIES.**

9 Section 33(h) of the Small Business Act (15 U.S.C.  
10 657c(h)) is amended by striking “October 1, 2006” and  
11 inserting “October 1, 2009”.

12 **SEC. 564. AUTHORIZATION OF APPROPRIATIONS.**

13 Section 33(k) of the Small Business Act (15 U.S.C.  
14 657c(k)(1)) is amended—

15 (1) in paragraph (1)—

16 (A) by inserting “, through the Office of  
17 Veteran’s Business Development of the Admin-  
18 istration,” after “to the Corporation”; and

19 (B) by striking subparagraphs (A) through  
20 (D) and inserting the following:

21 “(A) \$2,000,000 for fiscal year 2007;

22 “(B) \$2,000,000 for fiscal year 2008; and

23 “(C) \$2,000,000 for fiscal year 2009.”;

24 (2) by striking paragraph (2) and inserting the  
25 following:

1           “(2) MATCHING REQUIREMENTS.—

2                   “(A) IN GENERAL.—The Administration  
3 shall require, as a condition of any grant (or  
4 amendment or modification thereto) made to  
5 the Corporation under this section, that a  
6 matching amount (excluding any fees collected  
7 from recipients of such assistance) equal to the  
8 amount of such grant be provided from sources  
9 other than the Federal Government.

10                   “(B) LIMITATION.—Not more than 33 per-  
11 cent of the total revenue of the Corporation, in-  
12 cluding the funds raised for use at the Vet-  
13 eran’s Business Resource Centers, may be ac-  
14 quired from fee-for-service tools or direct  
15 charge to the veteran receiving services, as de-  
16 scribed in this section, except that the amount  
17 of any such fee or charge may not exceed the  
18 amount of such fee or charge in effect on the  
19 date of enactment of the Small Business Reau-  
20 thorization and Improvements Act of 2006.

21                   “(C) MISSION-RELATED LIMITATION.—The  
22 Corporation may not engage in revenue pro-  
23 ducing programs, services, or related business  
24 ventures that are not intended to carry out the  
25 mission and activities described in section (b).

1           “(D) RETURN TO TREASURY.—Funds ap-  
2           propriated under this section that have not been  
3           expended at the end of the fiscal year for which  
4           they were appropriated shall revert back to the  
5           Treasury.”; and

6           (3) by striking paragraph (3).

7 **SEC. 565. PRIVATIZATION.**

8           Section 33 of the Small Business Act (15 U.S.C.  
9 657e) is amended—

10           (1) by striking subsections (f) and (i); and

11           (2) by redesignating subsections (g), (h), (j),  
12           and (k) as subsections (f) through (i), respectively;  
13           and

14           (3) by adding at the end the following:

15           “(j) PRIVATIZATION.—

16           “(1) DEVELOPMENT OF PLAN.—Not later than  
17           6 months after the date of enactment of the Small  
18           Business Reauthorization and Improvements Act of  
19           2006, the Corporation shall develop, institute, and  
20           implement a plan to raise private funds and become  
21           a self-sustaining corporation.

22           “(2) GAO AUDIT AND REPORT.—

23           “(A) AUDIT.—The Comptroller General of  
24           the United States shall conduct an audit of the  
25           Corporation, in accordance with generally ac-

1           cepted accounting principles and generally ac-  
2           cepted audit standards.

3           “(B) INCLUSIONS.—The audit required by  
4           this paragraph shall include—

5                   “(i) an evaluation of the efficacy of  
6                   the Corporation in carrying out the pur-  
7                   poses under section (b); and

8                   “(ii) an analysis of the feasibility of  
9                   the sustainability plan developed by the  
10                  Corporation.

11           “(C) REPORT.—Not later than 1 year  
12           after the date of enactment of the Small Busi-  
13           ness Reauthorization and Improvements Act of  
14           2006, the Comptroller General shall submit a  
15           report on the audit conducted under this para-  
16           graph to the Committee on Small Business and  
17           Entrepreneurship and the Committee on Vet-  
18           erans Affairs of the Senate and to the Com-  
19           mittee on Small Business and the Committee  
20           on Veterans Affairs of the House of Represent-  
21           atives.”.

1 **TITLE VI—ENERGY LOANS FOR**  
2 **SMALL BUSINESS CONCERNS**

3 **SEC. 601. EXPRESS LOANS FOR RENEWABLE ENERGY AND**  
4 **ENERGY EFFICIENCY.**

5 Section 7(a)(31) of the Small Business Act (15  
6 U.S.C. 636(a)(31)) is amended by adding at the end the  
7 following:

8 “(F) EXPRESS LOANS FOR RENEWABLE  
9 ENERGY AND ENERGY EFFICIENCY.—

10 “(i) DEFINITIONS.—In this subpara-  
11 graph—

12 “(I) the term ‘biomass’—

13 “(aa) means any organic  
14 material that is available on a re-  
15 newable or recurring basis, in-  
16 cluding—

17 “(AA) agricultural  
18 crops;

19 “(BB) trees grown for  
20 energy production;

21 “(CC) wood waste and  
22 wood residues;

23 “(DD) plants (includ-  
24 ing aquatic plants and  
25 grasses);

1 “(EE) residues;  
2 “(FF) fibers;  
3 “(GG) animal wastes  
4 and other waste materials;  
5 and  
6 “(HH) fats, oils, and  
7 greases (including recycled  
8 fats, oils, and greases); and  
9 “(bb) does not include—  
10 “(AA) paper that is  
11 commonly recycled; or  
12 “(BB) unsegregated  
13 solid waste;  
14 “(II) the term ‘energy efficiency  
15 project’ means the installation or up-  
16 grading of equipment that results in a  
17 significant reduction in energy usage;  
18 and  
19 “(III) the term ‘renewable energy  
20 system’ means a system of energy de-  
21 rived from—  
22 “(aa) a wind, solar, biomass,  
23 or geothermal source; or

1                   “(bb) hydrogen derived from  
2                   biomass or water using an energy  
3                   source described in item (aa).

4                   “(ii) LOANS.—Loans may be made  
5                   under the ‘Express Loan Program’ for the  
6                   purpose of—

7                   “(I) purchasing a renewable en-  
8                   ergy system; or

9                   “(II) an energy efficiency project  
10                  for an existing business.”.

## 11 **TITLE VII—HEALTH INSURANCE**

### 12 **SEC. 701. PURPOSE.**

13           The purpose of this title is to establish a 4-year pilot  
14 program to provide information and educational materials  
15 to small business concerns regarding health insurance op-  
16 tions, including coverage options within the small group  
17 market.

### 18 **SEC. 702. DEFINITIONS.**

19           In this title:

20           (1) ASSOCIATION.—The term “association”  
21 means an association established under section  
22 21(a)(3)(A) of the Small Business Act (15 U.S.C.  
23 648(a)(3)(A)) representing a majority of small busi-  
24 ness development centers.

1           (2) PARTICIPATING SMALL BUSINESS DEVELOP-  
 2           MENT CENTER.—The term “participating small  
 3           business development center” means a small busi-  
 4           ness development center described in section 21 of  
 5           the Small Business Act (15 U.S.C. 648) that—

6                   (A) is certified under section 21(k)(2) of  
 7           the Small Business Act (15 U.S.C. 648(k)(2));  
 8           and

9                   (B) receives a grant under the pilot pro-  
 10          gram.

11          (3) PILOT PROGRAM.—The term “pilot pro-  
 12          gram” means the small business health insurance in-  
 13          formation pilot program established under this title.

14          (4) STATE.—The term “State” means each of  
 15          the several States of the United States, the District  
 16          of Columbia, the Commonwealth of Puerto Rico, the  
 17          Virgin Islands, American Samoa, and Guam.

18       **SEC. 703. SMALL BUSINESS HEALTH INSURANCE INFORMA-**  
 19                               **TION PILOT PROGRAM.**

20          (a) AUTHORITY.—The Administrator shall establish  
 21          a pilot program to make grants to small business develop-  
 22          ment centers to provide neutral and objective information  
 23          and educational materials regarding health insurance op-  
 24          tions, including coverage options within the small group  
 25          market, to small business concerns.



1 (b) APPLICATIONS.—

2 (1) POSTING OF INFORMATION.—Not later than  
3 90 days after the date of enactment of this Act, the  
4 Administrator shall post on the website of the Ad-  
5 ministration and publish in the Federal Register a  
6 guidance document describing—

7 (A) the requirements of an application for  
8 a grant under the pilot program; and

9 (B) the types of informational and edu-  
10 cational materials regarding health insurance  
11 options to be created under the pilot program,  
12 including by referencing materials and re-  
13 sources developed by the National Association  
14 of Insurance Commissioners, the Kaiser Family  
15 Foundation, and the Healthcare Leadership  
16 Council.

17 (2) SUBMISSION.—A small business develop-  
18 ment center desiring a grant under the pilot pro-  
19 gram shall submit an application at such time, in  
20 such manner, and accompanied by such information  
21 as the Administrator may reasonably require.

22 (c) SELECTION OF PARTICIPATING SMALL BUSINESS  
23 DEVELOPMENT CENTERS.—

1           (1) IN GENERAL.—The Administrator shall se-  
2           lect not more than 20 small business development  
3           centers to receive a grant under the pilot program.

4           (2) SELECTION OF PROGRAMS.—In selecting  
5           small business development centers under paragraph  
6           (1), the Administrator may not select—

7                   (A) more than 2 programs from each of  
8                   the groups of States described in paragraph  
9                   (3); and

10                   (B) more than 1 program in any State.

11           (3) GROUPINGS.—The groups of States de-  
12           scribed in this paragraph are the following:

13                   (A) GROUP 1.—Group 1 shall consist of  
14                   Maine, Massachusetts, New Hampshire, Con-  
15                   necticut, Vermont, and Rhode Island.

16                   (B) GROUP 2.—Group 2 shall consist of  
17                   New York, New Jersey, Puerto Rico, and the  
18                   Virgin Islands.

19                   (C) GROUP 3.—Group 3 shall consist of  
20                   Pennsylvania, Maryland, West Virginia, Vir-  
21                   ginia, the District of Columbia, and Delaware.

22                   (D) GROUP 4.—Group 4 shall consist of  
23                   Georgia, Alabama, North Carolina, South Caro-  
24                   lina, Mississippi, Florida, Kentucky, and Ten-  
25                   nessee.

1 (E) GROUP 5.—Group 5 shall consist of Il-  
2 linois, Ohio, Michigan, Indiana, Wisconsin, and  
3 Minnesota.

4 (F) GROUP 6.—Group 6 shall consist of  
5 Texas, New Mexico, Arkansas, Oklahoma, and  
6 Louisiana.

7 (G) GROUP 7.—Group 7 shall consist of  
8 Missouri, Iowa, Nebraska, and Kansas.

9 (H) GROUP 8.—Group 8 shall consist of  
10 Colorado, Wyoming, North Dakota, South Da-  
11 kota, Montana, and Utah.

12 (I) GROUP 9.—Group 9 shall consist of  
13 California, Guam, American Samoa, Hawaii,  
14 Nevada, and Arizona.

15 (J) GROUP 10.—Group 10 shall consist of  
16 Washington, Alaska, Idaho, and Oregon.

17 (4) DEADLINE FOR SELECTION.—The Adminis-  
18 trator shall make selections under this subsection  
19 not later than 6 months after the later of the date  
20 on which the information described in subsection  
21 (b)(1) is posted on the website of the Administration  
22 and the date on which the information described in  
23 subsection (b)(1) is published in the Federal Reg-  
24 ister.

25 (d) USE OF FUNDS.—

1           (1) IN GENERAL.—A participating small busi-  
2           ness development center shall use funds provided  
3           under the pilot program to—

4                   (A) create and distribute informational  
5                   materials; and

6                   (B) conduct training and educational ac-  
7                   tivities.

8           (2) CONTENT OF MATERIALS.—

9                   (A) IN GENERAL.—In creating materials  
10                  under the pilot program, a participating small  
11                  business development center shall evaluate and  
12                  incorporate relevant portions of existing infor-  
13                  mational materials regarding health insurance  
14                  options, including materials and resources de-  
15                  veloped by the National Association of Insur-  
16                  ance Commissioners, the Kaiser Family Foun-  
17                  dation, and the Healthcare Leadership Council.

18                  (B) HEALTH INSURANCE OPTIONS.—In in-  
19                  corporating information regarding health insur-  
20                  ance options under subparagraph (A), a partici-  
21                  pating small business development center shall  
22                  provide neutral and objective information re-  
23                  garding health insurance options in the geo-  
24                  graphic area served by the participating small  
25                  business development center, including tradi-

1 tional employer sponsored health insurance for  
2 the individual and group insurance markets,  
3 such as the health insurance options defined in  
4 section 2791 of the Public Health Services Act  
5 (42 U.S.C. 300gg-91) or section 125 or 223(d)  
6 of the Internal Revenue Code of 1986, and  
7 Federal and State health insurance programs.

8 (e) GRANT AMOUNTS.—Each participating small  
9 business development center program shall receive a grant  
10 in an amount equal to—

- 11 (1) not less than \$150,000 per fiscal year; and
- 12 (2) not more than \$300,000 per fiscal year.

13 (f) MATCHING REQUIREMENT.—Subparagraphs (A)  
14 and (B) of section 21(a)(4) of the Small Business Act (15  
15 U.S.C. 648(a)(4)) shall apply to assistance made available  
16 under the pilot program.

17 **SEC. 704. REPORTS.**

18 Each participating small business development center  
19 shall transmit to the Administrator and the Chief Counsel  
20 for Advocacy of the Administration, as the Administrator  
21 may direct, a quarterly report that includes—

- 22 (1) a summary of the information and edu-  
23 cational materials regarding health insurance op-  
24 tions provided by the participating small business  
25 development center under the pilot program; and

1           (2) the number of small business concerns as-  
2           sisted under the pilot program.

3 **SEC. 705. AUTHORIZATION OF APPROPRIATIONS.**

4           (a) IN GENERAL.—There are authorized to be appro-  
5           priated to carry out this title—

6           (1) \$5,000,000 for the first fiscal year begin-  
7           ning after the date of enactment of this Act; and

8           (2) \$5,000,000 for each of the 3 fiscal years  
9           following the fiscal year described in paragraph (1).

10          (b) LIMITATION ON USE OF OTHER FUNDS.—The  
11          Administrator may carry out the pilot program only with  
12          amounts appropriated in advance specifically to carry out  
13          this title.

14 **TITLE VIII—WOMEN’S SMALL**  
15 **BUSINESS OWNERSHIP PRO-**  
16 **GRAMS**

17 **SEC. 801. OFFICE OF WOMEN’S BUSINESS OWNERSHIP.**

18          Section 29(g) of the Small Business Act (15 U.S.C.  
19          656(g)) is amended—

20               (1) in paragraph (2)—

21                       (A) in subparagraph (B)(i), by striking “in  
22                       the areas” and all that follows through the end  
23                       of subclause (I), and inserting the following: “to  
24                       address issues concerning management, oper-  
25                       ations, manufacturing, technology, finance, re-

1 tail and product sales, international trade, and  
2 other disciplines required for—

3 “(I) starting, operating, and  
4 growing a small business concern;”  
5 and

6 (B) in subparagraph (C), by inserting be-  
7 fore the period at the end the following: “, the  
8 National Women’s Business Council, and any  
9 association of women’s business centers”; and  
10 (2) by adding at the end the following:

11 “(3) PROGRAMS AND SERVICES FOR WOMEN-  
12 OWNED SMALL BUSINESSES.—The Assistant Admin-  
13 istrator, in consultation with the National Women’s  
14 Business Council, the Interagency Committee on  
15 Women’s Business Enterprise, and 1 or more asso-  
16 ciations of women’s business centers, shall develop  
17 programs and services for women-owned businesses  
18 (as defined in section 408 of the Women’s Business  
19 Ownership Act of 1988 (15 U.S.C. 631 note)) in  
20 business areas, which may include—

21 “(A) manufacturing;

22 “(B) technology;

23 “(C) professional services;

24 “(D) retail and product sales;

25 “(E) travel and tourism;

1           “(F) international trade; and

2           “(G) Federal Government contract busi-  
3           ness development.

4           “(4) TRAINING.—The Administrator shall pro-  
5           vide annual programmatic and financial oversight  
6           training for women’s business ownership representa-  
7           tives and district office technical representatives of  
8           the Administration to enable representatives to carry  
9           out their responsibilities under this section.

10          “(5) GRANT PROGRAM IMPROVEMENT.—The  
11          Administrator shall improve the women’s business  
12          center grant proposal process and the programmatic  
13          and financial oversight process by—

14               “(A) providing notice to the public of each  
15               women’s business center grant announcement  
16               for an initial and renewal grant, not later than  
17               6 months before awarding such grant;

18               “(B) providing notice to grant applicants  
19               and recipients of program evaluation criteria,  
20               not later than 12 months before any such eval-  
21               uation;

22               “(C) reducing paperwork and reporting re-  
23               quirements for grant applicants and recipients;

24               “(D) standardizing the oversight and re-  
25               view process of the Administration; and



1           “(E) providing to each women’s business  
2 center, not later than 30 days after the comple-  
3 tion of a site visit at that center, a copy of site  
4 visit reports and evaluation reports prepared by  
5 district office technical representatives or Ad-  
6 ministration officials.”.

7 **SEC. 802. WOMEN’S BUSINESS CENTER PROGRAM.**

8           (a) WOMEN’S BUSINESS CENTER GRANTS PRO-  
9 GRAM.—Section 29 of the Small Business Act (15 U.S.C.  
10 656) is amended—

11           (1) in subsection (a)—

12           (A) by redesignating paragraphs (2), (3),  
13 and (4), as paragraphs (3), (4), and (5), re-  
14 spectively; and

15           (B) by inserting after paragraph (1) the  
16 following:

17           “(2) the term ‘association of women’s business  
18 centers’ means an organization that represents not  
19 fewer than 30 percent of the women’s business cen-  
20 ters that are participating in a program under this  
21 section, and whose primary purpose is to represent  
22 women’s business centers;”;

23           (2) by striking subsections (b) through (f) and  
24 inserting the following:

25           “(b) GRANTS AUTHORIZED.—

1 “(1) IN GENERAL.—

2 “(A) ISSUANCE.—The Administrator may  
3 award initial and renewal grants of not more  
4 than \$150,000 per year, which shall be known  
5 as ‘women’s business center grants’, to private  
6 nonprofit organizations to conduct projects for  
7 the benefit of small business concerns owned  
8 and controlled by women.

9 “(B) RENEWALS.—At the end of the initial  
10 4-year grant period, and every 3 years there-  
11 after, the grant recipient may apply to renew  
12 the grant in accordance with this subsection  
13 and subsection (e)(2).

14 “(C) EQUAL ALLOCATIONS.—In the event  
15 that the Administration has insufficient funds  
16 to provide grants of \$150,000 for each eligible  
17 women’s business center, available funds shall  
18 be allocated equally to eligible centers, unless  
19 any center requests a lower amount than the al-  
20 locable amount.

21 “(2) COOPERATIVE AGREEMENT AUTHORITY.—

22 “(A) IN GENERAL.—The Administrator  
23 may enter into Federal cooperative agreements  
24 with grant recipients under this subsection to  
25 perform the services described under paragraph

1 (3), only to the extent and in the amount pro-  
2 vided by appropriated funds.

3 “(B) TERMINATION.—

4 “(i) IN GENERAL.—If any grant re-  
5 cipient under this subsection does not ful-  
6 fill its grant obligations, after advanced no-  
7 tification, during the period of the grant,  
8 the Administrator may terminate the  
9 grant.

10 “(ii) EXCEPTION.—Notwithstanding a  
11 violation by a grant recipient of a grant  
12 obligation under this subsection, the Ad-  
13 ministrator may continue to fund the  
14 grant, if the grant recipient is making a  
15 good faith effort to comply with such obli-  
16 gation.

17 “(3) USE OF FUNDS.—Grants awarded under  
18 this subsection may be used to provide training and  
19 counseling in the areas of—

20 “(A) pre-business, business start-up, and  
21 business operations;

22 “(B) financial planning assistance;

23 “(C) procurement assistance;

24 “(D) management assistance;

25 “(E) marketing assistance; and

1           “(F) international trade.

2           “(4) MATCHING REQUIREMENT.—

3           “(A) WOMEN’S BUSINESS CENTER  
4 GRANTS.—As a condition of receiving financial  
5 assistance under this subsection, the grant re-  
6 cipient shall agree to obtain, after its applica-  
7 tion has been approved and notice of award has  
8 been issued, cash contributions from non-Fed-  
9 eral sources as follows:

10           “(i) In the first and second years, 1  
11 non-Federal dollar for each 2 Federal dol-  
12 lars provided under the 4-year grant.

13           “(ii) In the third and fourth years, 1  
14 non-Federal dollar for each Federal dollar  
15 provided under the 4-year grant.

16           “(iii) In each renewal period, 1 non-  
17 Federal dollar for each Federal dollar pro-  
18 vided under the 3-year grant.

19           “(B) FORM OF NON-FEDERAL CONTRIBU-  
20 TIONS.—Not more than 1/2 of the non-Federal  
21 sector matching assistance may be in the form  
22 of in-kind contributions that are budget line  
23 items only, including office equipment and of-  
24 fice space.

1           “(C) FAILURE TO OBTAIN NON-FEDERAL  
2 FUNDING.—

3           “(i) ADVANCE DISBURSEMENTS.—If  
4 any grant recipient fails to obtain the re-  
5 quired non-Federal contribution during  
6 any project year, it shall not be eligible for  
7 advance disbursements under subpara-  
8 graph (D) during the remainder of that  
9 project year.

10           “(ii) ABILITY TO OBTAIN NON-FED-  
11 ERAL FUNDING.—Before approving assist-  
12 ance to a grant recipient that has failed to  
13 obtain the required non-Federal contribu-  
14 tion for any other projects under this Act,  
15 the Administrator shall require the grant  
16 recipient to certify that it will be able to  
17 obtain the requisite non-Federal funding  
18 and enter a written finding setting forth  
19 the reasons for making such determina-  
20 tion.

21           “(D) FORM OF FEDERAL CONTRIBU-  
22 TIONS.—The financial assistance authorized  
23 under this subsection may be made by grant or  
24 cooperative agreement and may contain such  
25 provisions, as necessary, to provide for pay-

1           ments in lump sum or installments, and in ad-  
2           vance or by way of reimbursement. The Admin-  
3           istrator may disburse not more than 25 percent  
4           of the Federal share awarded to a grant recipi-  
5           ent for each year after notice of the award has  
6           been issued and before the non-Federal sector  
7           matching funds are obtained.

8           “(5) APPLICATION FOR AN INITIAL GRANT.—

9           Each organization desiring an initial grant under  
10          this subsection, shall submit to the Administrator an  
11          application that contains—

12                   “(A) a certification that the applicant—

13                           “(i) is a private nonprofit organiza-  
14                           tion;

15                           “(ii) has designated an executive di-  
16                           rector or program manager, who may be  
17                           compensated from grant funds or other  
18                           sources, to manage the center; and

19                           “(iii) as a condition of receiving a  
20                           grant under this subsection, agrees—

21                                   “(I) to receive a site visit as part  
22                                   of the final selection process;

23                                   “(II) to undergo an annual pro-  
24                                   grammatic and financial examination;  
25                                   and

1                   “(III) to the maximum extent  
2                   practicable, to remedy any problems  
3                   identified pursuant to the site visit or  
4                   examination under subclauses (I) and  
5                   (II);

6                   “(B) information demonstrating that the  
7                   applicant has the ability and resources to meet  
8                   the needs of the market to be served by the  
9                   women’s business center site for which an ini-  
10                  tial grant is sought, including the ability to  
11                  comply with the matching requirement under  
12                  paragraph (4);

13                  “(C) information relating to assistance to  
14                  be provided by the women’s business center site  
15                  for which an initial grant is sought in the area  
16                  in which the site is located;

17                  “(D) information demonstrating the effec-  
18                  tive experience of the applicant in—

19                         “(i) conducting financial, manage-  
20                         ment, and marketing assistance programs,  
21                         as described under paragraph (3), which  
22                         are designed to teach or upgrade the busi-  
23                         ness skills of women who are business own-  
24                         ers or potential business owners;

1           “(ii) providing training and services to  
2           a representative number of women who are  
3           both socially and economically disadvan-  
4           taged; and

5           “(iii) using resource partners of the  
6           Administration and other entities, such as  
7           universities;

8           “(E) a 4-year plan that projects the ability  
9           of the women’s business center site for which  
10          an initial grant is sought—

11          “(i) to serve women who are business  
12          owners or potential owners in the future by  
13          improving training and counseling activi-  
14          ties; and

15          “(ii) to provide training and services  
16          to a representative number of women who  
17          are both socially and economically dis-  
18          advantaged; and

19          “(F) any additional information that the  
20          Administrator may reasonably require.

21          “(6) REVIEW AND APPROVAL OF APPLICATIONS  
22          FOR AN INITIAL GRANT.—

23          “(A) IN GENERAL.—The Administrator  
24          shall—



1           “(i) review each application submitted  
2           under paragraph (5), based on the infor-  
3           mation described in such paragraph and  
4           the criteria set forth under subparagraph  
5           (B) of this paragraph; and

6           “(ii) as part of the final selection  
7           process, conduct a site visit at each wom-  
8           en’s business center for which an initial  
9           grant is sought.

10          “(B) SELECTION CRITERIA.—

11           “(i) IN GENERAL.—The Administrator  
12           shall evaluate applicants in accordance  
13           with predetermined selection criteria that  
14           shall be stated in terms of relative impor-  
15           tance. Such criteria and their relative im-  
16           portance shall be made publicly available  
17           and stated in each solicitation for applica-  
18           tions made by the Administrator.

19           “(ii) REQUIRED CRITERIA.—The se-  
20           lection criteria for an initial grant under  
21           clause (i) shall include—

22                   “(I) the experience of the appli-  
23                   cant in conducting programs or ongo-  
24                   ing efforts designed to teach or up-  
25                   grade the business skills of women

1 who are business owners or potential  
2 owners;

3 “(II) the ability of the applicant  
4 to commence a project within a min-  
5 imum amount of time;

6 “(III) the ability of the applicant  
7 to provide training and services to a  
8 representative number of women who  
9 are both socially and economically dis-  
10 advantaged; and

11 “(IV) the location for the wom-  
12 en’s business center site proposed by  
13 the applicant.

14 “(C) RECORD RETENTION.—The Adminis-  
15 trator shall maintain a copy of each application  
16 submitted under this paragraph for not less  
17 than 7 years.

18 “(7) APPLICATION FOR A RENEWAL GRANT.—  
19 Each organization desiring a renewal grant under  
20 this subsection, shall submit to the Administrator,  
21 not later than 3 months before the expiration of an  
22 existing grant under this subsection, an application  
23 that contains—

24 “(A) a certification that the applicant—

1           “(i) is a private nonprofit organiza-  
2           tion;

3           “(ii) has designated an executive di-  
4           rector or program manager to manage the  
5           center; and

6           “(iii) as a condition of receiving a  
7           grant under this subsection, agrees—

8                   “(I) to receive a site visit as part  
9                   of the final selection process;

10                   “(II) to submit, for the preceding  
11                   2 years, annual programmatic and fi-  
12                   nancial examination reports or cer-  
13                   tified copies of the applicant’s compli-  
14                   ance supplemental audits under OMB  
15                   Circular A-133; and

16                   “(III) to the maximum extent  
17                   practicable, to remedy any problems  
18                   identified pursuant to the site visit or  
19                   examination under subclauses (I) and  
20                   (II);

21           “(B) information demonstrating that the  
22           applicant has the ability and resources to meet  
23           the needs of the market to be served by the  
24           women’s business center site for which a re-  
25           newal grant is sought, including the ability to

1           comply with the matching requirement under  
2           paragraph (4);

3           “(C) information relating to assistance to  
4           be provided by the women’s business center site  
5           for which a renewal grant is sought in the area  
6           in which the site is located;

7           “(D) information demonstrating the utili-  
8           zation of resource partners of the Administra-  
9           tion and other entities;

10          “(E) a 3-year plan that projects the ability  
11          of the women’s business center site for which a  
12          renewal grant is sought—

13                 “(i) to serve women who are business  
14                 owners or potential owners in the future by  
15                 improving training and counseling activi-  
16                 ties; and

17                 “(ii) to provide training and services  
18                 to a representative number of women who  
19                 are both socially and economically dis-  
20                 advantaged; and

21          “(F) any additional information that the  
22          Administrator may reasonably require.

23          “(8) REVIEW AND APPROVAL OF APPLICATIONS  
24          FOR A RENEWAL GRANT.—

1           “(A) IN GENERAL.—The Administrator  
2 shall—

3           “(i) review each application submitted  
4 under paragraph (7), based on the infor-  
5 mation described in such paragraph and  
6 the criteria set forth under subparagraph  
7 (B) of this paragraph; and

8           “(ii) as part of the final selection  
9 process, conduct a site visit at each wom-  
10 en’s business center for which a renewal  
11 grant is sought.

12           “(B) SELECTION CRITERIA.—The Admin-  
13 istrator shall evaluate applicants in accordance  
14 with predetermined selection criteria that shall  
15 be stated in terms of relative importance. Such  
16 criteria and their relative importance shall be  
17 made publicly available and stated in each solie-  
18 itation for applications made by the Adminis-  
19 trator.

20           “(C) CONDITIONS FOR CONTINUED FUND-  
21 ING.—In determining whether to renew a grant  
22 or cooperative agreement with a women’s busi-  
23 ness center, the Administrator—

24           “(i) shall consider the results of the  
25 most recent evaluation of the center, and,

1 to a lesser extent, previous evaluations;  
2 and

3 “(ii) may withhold such renewal, if  
4 the Administrator determines that the cen-  
5 ter has failed to provide the information  
6 required to be provided under this sub-  
7 section, or the information provided by the  
8 center is inadequate.

9 “(D) CONTINUING GRANT AND COOPERA-  
10 TIVE AGREEMENT AUTHORITY.—

11 “(i) IN GENERAL.—The authority of  
12 the Administrator to enter into grants or  
13 cooperative agreements under this sub-  
14 section shall be in effect for each fiscal  
15 year only to the extent and in the amounts  
16 as are provided in advance in appropria-  
17 tions Acts.

18 “(ii) RENEWAL.—After the Adminis-  
19 trator has entered into a grant or coopera-  
20 tive agreement with any women’s business  
21 center under this subsection, the Adminis-  
22 trator shall not suspend, terminate, or fail  
23 to renew or extend any such grant or coop-  
24 erative agreement, unless the Adminis-  
25 trator provides the center with written no-

1           tification setting forth the reasons there-  
2           fore and affords the center an opportunity  
3           for a hearing, appeal, or other administra-  
4           tive proceeding under chapter 5 of title 5,  
5           United States Code.

6           “(E) RECORD RETENTION.—The Adminis-  
7           trator shall maintain a copy of each application  
8           submitted under this paragraph for not less  
9           than 7 years.

10          “(9) DATA COLLECTION.—Consistent with the  
11          annual report to Congress under subsection (g),  
12          each women’s business center site that is awarded  
13          an initial or renewal grant under this subsection  
14          shall collect information relating to—

15                 “(A) the number of individuals counseled  
16                 or trained;

17                 “(B) the number of hours of counseling  
18                 provided;

19                 “(C) the number of workshops conducted;

20                 “(D) the number of start-up small busi-  
21                 ness concerns formed; and

22                 “(E) the number of jobs created or main-  
23                 tained at assisted small business concerns.

24          “(10) PRIVACY REQUIREMENTS.—

1           “(A) IN GENERAL.—A women’s business  
2 center may not disclose the name, address, or  
3 telephone number of any individual or small  
4 business concern receiving assistance under this  
5 subsection without the consent of such indi-  
6 vidual or small business concern, unless—

7           “(i) the Administrator is ordered to  
8 make such a disclosure by a court in any  
9 civil or criminal enforcement action initi-  
10 ated by a Federal or State agency; or

11           “(ii) the Administrator considers such  
12 a disclosure to be necessary for the pur-  
13 pose of conducting a financial audit of a  
14 women’s business center, but a disclosure  
15 under this clause shall be limited to the in-  
16 formation necessary for such audit.

17           “(B) ADMINISTRATION USE OF INFORMA-  
18 TION.—This subsection shall not—

19           “(i) restrict Administration access to  
20 program activity data; or

21           “(ii) prevent the Administration from  
22 using client information (other than the in-  
23 formation described in subparagraph (A))  
24 to conduct client surveys.



1           “(C) REGULATIONS.—The Administrator  
2 shall issue regulations to establish standards for  
3 requiring disclosures during a financial audit  
4 under subparagraph (A)(ii).

5           “(11) TRANSITION RULES.—

6           “(A) IN GENERAL.—Notwithstanding any  
7 other provision of law, a grant or cooperative  
8 agreement that was awarded as an eligible sus-  
9 tainability grant, from amounts appropriated  
10 for fiscal year 2006, to operate a women’s busi-  
11 ness center, shall remain in full force and effect  
12 under the terms, and for the duration, of such  
13 agreement, subject to the grant limitation in  
14 paragraph (1).

15           “(B) EXTENSION.—If a sustainability  
16 grant under subparagraph (A) is scheduled to  
17 expire not later than June 30, 2007, a 1-year  
18 extension shall be granted without any interrup-  
19 tion of funding, subject to the grant limitation  
20 in paragraph (1).

21           “(C) EFFECT ON CERTAIN EXISTING  
22 PROJECTS AND RENEWAL AUTHORITY.—A  
23 project being conducted by a women’s business  
24 center under this subsection on the day before  
25 the date of enactment of the Small Business

1           Reauthorization and Improvements Act of  
2           2006—

3                   “(i) as a 5-year project, shall remain  
4                   in full force and effect under the terms  
5                   and for the duration of that agreement;  
6                   and

7                   “(ii) shall be eligible to apply for a 3-  
8                   year renewal grant funded at a level equal  
9                   to not more than \$150,000 per year.

10          “(c) ASSOCIATIONS OF WOMEN’S BUSINESS CEN-  
11          TERS.—

12                   “(1) RECOGNITION.—The Administrator shall  
13                   recognize the existence and activities of any associa-  
14                   tion of women’s business centers established to ad-  
15                   dress matters of common concern.

16                   “(2) CONSULTATION.—The Administrator shall  
17                   consult with each association of women’s business  
18                   centers to develop—

19                           “(A) a training program for the staff of  
20                           the women’s business centers and the Adminis-  
21                           tration; and

22                           “(B) recommendations to improve the poli-  
23                           cies and procedures for governing the general  
24                           operations and administration of the Women’s

1 Business Center Program, including grant pro-  
2 gram improvements under subsection (e)(5).”.

3 (b) CONFORMING AMENDMENTS.—Section 29 of the  
4 Small Business Act (15 U.S.C. 656) is amended—

5 (1) by redesignating subsections (g), (h), (i),  
6 (j), and (k) as subsections (d), (e), (f), (g), and (h),  
7 respectively;

8 (2) in subsection (e)(2), as redesignated by  
9 paragraph (1) of this subsection, by striking “to  
10 award a contract (as a sustainability grant) under  
11 subsection (l) or”;

12 (3) in subsection (g)(1), as redesignated by  
13 paragraph (1) of this subsection, by striking “The  
14 Administration” and inserting “Not later than No-  
15 vember 1st of each year, the Administrator”;

16 (4) in subsection (h), as redesignated by para-  
17 graph (1) of this subsection—

18 (A) by striking paragraphs (1) and (2) and  
19 inserting the following:

20 “(1) IN GENERAL.—There are authorized to be  
21 appropriated to the Administration to carry out this  
22 section, to remain available until expended—

23 “(A) \$15,000,000 for fiscal year 2007, of  
24 which \$500,000 may be used to provide supple-  
25 mental sustainability grants to women’s busi-

1           ness centers, except that no such center may re-  
2           ceive more than a total of \$125,000 in grant  
3           funding for the grant period beginning on July  
4           1, 2006 and ending on June 30, 2007;

5                   “(B) \$16,000,000 for fiscal year 2008; and

6                   “(C) \$17,500,000 for fiscal year 2009.

7           “(2) USE OF AMOUNTS.—Amounts made avail-  
8           able under this subsection may only be used for  
9           grant awards and may not be used for costs incurred  
10          by the Administration in connection with the man-  
11          agement and administration of the program under  
12          this section.”; and

13                   (B) by striking paragraph (4); and

14                   (5) by striking subsection (l).

15 **SEC. 803. NATIONAL WOMEN’S BUSINESS COUNCIL.**

16          (a) COSPONSORSHIP AUTHORITY.—Section 406 of  
17          the Women’s Business Ownership Act of 1988 (15 U.S.C.  
18          7106) is amended by adding at the end the following:

19           “(f) COSPONSORSHIP AUTHORITY.—The Council is  
20          authorized to enter into agreements as a cosponsor with  
21          public and private entities, in the same manner as is pro-  
22          vided in section 8(b)(1)(A) of the Small Business Act (15  
23          U.S.C. 637(b)(1)(A)), to carry out its duties under this  
24          section.”.

1 (b) MEMBERSHIP.—Section 407(f) of the Women’s  
2 Business Ownership Act of 1988 (15 U.S.C. 7107(f)) is  
3 amended by adding at the end the following:

4 “(3) REPRESENTATION OF MEMBER ORGANIZA-  
5 TIONS.—In consultation with the chairperson of the  
6 Council and the Administrator, a national women’s  
7 business organization or small business concern that  
8 is represented on the Council may replace its rep-  
9 resentative member on the Council during the serv-  
10 ice term to which that member was appointed.”.

11 (c) ESTABLISHMENT OF WORKING GROUPS.—Title  
12 IV of the Women’s Business Ownership Act of 1988 (15  
13 U.S.C. 7101 et seq.) is amended by inserting after section  
14 410, the following new section:

15 **“SEC. 411. WORKING GROUPS.**

16 “(a) ESTABLISHMENT.—There are established within  
17 the Council, working groups, as directed by the chair-  
18 person.

19 “(b) DUTIES.—The working groups established  
20 under subsection (a) shall perform such duties as the  
21 chairperson shall direct.”.

22 (d) CLEARINGHOUSE FOR HISTORICAL DOCU-  
23 MENTS.—Section 409 of the Women’s Business Owner-  
24 ship Act of 1988 (15 U.S.C. 7109) is amended by adding  
25 at the end the following:

1       “(c) CLEARINGHOUSE FOR HISTORICAL DOCU-  
2 MENTS.—The Council shall serve as a clearinghouse for  
3 information on small businesses owned and controlled by  
4 women, including research conducted by other organiza-  
5 tions and individuals relating to ownership by women of  
6 small business concerns in the United States.”.

7       (e) AUTHORIZATION OF APPROPRIATIONS.—Section  
8 410(a) of the Women’s Business Ownership Act of 1988  
9 (15 U.S.C. 7110(a)) is amended by striking “2001  
10 through 2003, of which \$550,000” and inserting “2007  
11 through 2009, of which not less than 30 percent”.

12 **SEC. 804. INTERAGENCY COMMITTEE ON WOMEN’S BUSI-**  
13 **NESS ENTERPRISE.**

14       (a) CHAIRPERSON.—Section 403(b) of the Women’s  
15 Business Ownership Act of 1988 (15 U.S.C. 7103(b)) is  
16 amended—

17           (1) by striking “Not later” and inserting the  
18 following:

19           “(1) IN GENERAL.—Not later”; and

20           (2) by adding at the end the following:

21           “(2) VACANCY.—In the event that a chair-  
22 person is not appointed under paragraph (1), the  
23 Deputy Administrator of the Small Business Admin-  
24 istration shall serve as acting chairperson of the

1 Interagency Committee until a chairperson is ap-  
2 pointed under paragraph (1).”.

3 (b) POLICY ADVISORY GROUP.—Section 401 of the  
4 Women’s Business Ownership Act of 1988 (15 U.S.C.  
5 7101) is amended—

6 (1) by striking “There” and inserting the fol-  
7 lowing:

8 “(a) IN GENERAL.—There”; and

9 (2) by adding at the end the following:

10 “(b) POLICY ADVISORY GROUP.—

11 “(1) ESTABLISHMENT.—There is established a  
12 Policy Advisory Group to assist the chairperson in  
13 developing policies and programs under this Act.

14 “(2) MEMBERSHIP.—The Policy Advisory  
15 Group shall be composed of 7 policy making offi-  
16 cials, of whom—

17 “(A) 1 shall be a representative of the  
18 Small Business Administration;

19 “(B) 1 shall be a representative of the De-  
20 partment of Commerce;

21 “(C) 1 shall be a representative of the De-  
22 partment of Labor;

23 “(D) 1 shall be a representative of the De-  
24 partment of Defense;

1           “(E) 1 shall be a representative of the De-  
2           partment of the Treasury; and

3           “(F) 2 shall be representatives of the  
4           Council.”.

5 **SEC. 805. PRESERVING THE INDEPENDENCE OF THE NA-**  
6 **TIONAL WOMEN’S BUSINESS COUNCIL.**

7           (a) FINDINGS.—Congress finds the following:

8           (1) The National Women’s Business Council  
9           provides an independent source of advice and policy  
10          recommendations regarding women’s business devel-  
11          opment and the needs of women entrepreneurs in  
12          the United States to—

13                   (A) the President;

14                   (B) Congress;

15                   (C) the Interagency Committee on Wom-  
16          en’s Business Enterprise; and

17                   (D) the Administrator.

18          (2) The members of the National Women’s  
19          Business Council are small business owners, rep-  
20          resentatives of business organizations, and rep-  
21          resentatives of women’s business centers.

22          (3) The chair and ranking member of the Com-  
23          mittee on Small Business and Entrepreneurship of  
24          the Senate and the Committee on Small Business of  
25          the House of Representatives make recommenda-



1 tions to the Administrator to fill 8 of the positions  
2 on the National Women’s Business Council. Four of  
3 the positions are reserved for small business owners  
4 who are affiliated with the political party of the  
5 President and 4 of the positions are reserved for  
6 small business owners who are not affiliated with the  
7 political party of the President. This method of ap-  
8 pointment ensures that the National Women’s Busi-  
9 ness Council will provide Congress with nonpartisan,  
10 balanced, and independent advice.

11 (4) In order to maintain the independence of  
12 the National Women’s Business Council and to en-  
13 sure that the Council continues to provide Congress  
14 with advice on a nonpartisan basis, it is essential  
15 that the Council maintain the bipartisan balance es-  
16 tablished under section 407 of the Women’s Busi-  
17 ness Ownership Act of 1988 (15 U.S.C. 7107).

18 (b) MAINTENANCE OF PARTISAN BALANCE.—Section  
19 407(f) of the Women’s Business Ownership Act of 1988  
20 (15 U.S.C. 7107(f)), as amended by this Act, is amended  
21 by adding at the end the following:

22 “(4) PARTISAN BALANCE.—When filling a va-  
23 cancy under paragraph (1) of this subsection of a  
24 member appointed under paragraph (1) or (2) of  
25 subsection (b), the Administrator shall, to the extent

1       practicable, ensure that there are an equal number  
 2       of members on the Council from each of the 2 major  
 3       political parties.

4           “(5) ACCOUNTABILITY.—If a vacancy is not  
 5       filled within the 30-day period required under para-  
 6       graph (1), or if there exists an imbalance of party-  
 7       affiliated members on the Council for a period ex-  
 8       ceeding 30 days, the Administrator shall submit a  
 9       report, not later than 10 days after the expiration  
 10      of either such 30-day deadline, to the Committee on  
 11      Small Business and Entrepreneurship of the Senate  
 12      and the Committee on Small Business of the House  
 13      of Representatives, that explains why the respective  
 14      deadline was not met and provides an estimated date  
 15      on which any vacancies will be filled, as applicable.”.

16           **TITLE IX—INTERNATIONAL**  
 17                           **TRADE**

18   **SEC. 901. SMALL BUSINESS ADMINISTRATION ASSOCIATE**  
 19                           **ADMINISTRATOR     FOR     INTERNATIONAL**  
 20                           **TRADE.**

21           (a) ESTABLISHMENT.—Section 22(a) of the Small  
 22   Business Act (15 U.S.C. 649(a)) is amended by adding  
 23   at the end the following: “The head of the Office shall  
 24   be the Associate Administrator for International Trade,  
 25   who shall be responsible to the Administrator.”.

1 (b) AUTHORITY FOR ADDITIONAL ASSOCIATE AD-  
2 MINISTRATOR.—Section 4(b)(1) of the Small Business Act  
3 (15 U.S.C. 633(b)(1)) is amended—

4 (1) in the fifth sentence, by striking “five Asso-  
5 ciate Administrators” and inserting “Associate Ad-  
6 ministrators”; and

7 (2) by adding at the end the following: “One of  
8 the Associate Administrators shall be the Associate  
9 Administrator for International Trade, who shall be  
10 the head of the Office of International Trade estab-  
11 lished under section 22.”.

12 (c) DISCHARGE OF ADMINISTRATION INTER-  
13 NATIONAL TRADE RESPONSIBILITIES.—Section 22 of the  
14 Small Business Act (15 U.S.C. 649) is amended by adding  
15 at the end the following:

16 “(h) DISCHARGE OF ADMINISTRATION INTER-  
17 NATIONAL TRADE RESPONSIBILITIES.—The Adminis-  
18 trator shall ensure that—

19 “(1) the responsibilities of the Administration  
20 regarding international trade are carried out  
21 through the Associate Administrator for Inter-  
22 national Trade;

23 “(2) the Associate Administrator for Inter-  
24 national Trade has sufficient resources to carry out  
25 such responsibilities; and

1           “(3) the Associate Administrator for Inter-  
2           national Trade has direct supervision and control  
3           over the staff of the Office of International Trade,  
4           and over any employee of the Administration whose  
5           principal duty station is a United States Export As-  
6           sistance Center or any successor entity.”.

7           (d) **ROLE OF ASSOCIATE ADMINISTRATOR IN CAR-**  
8 **RYING OUT INTERNATIONAL TRADE POLICY.**—Section  
9 2(b)(1) of the Small Business Act (15 U.S.C. 631(b)(1))  
10 is amended in the matter preceding subparagraph (A)—

11           (1) by inserting “the Administrator of” before  
12           “the Small Business Administration”; and

13           (2) by inserting “through the Associate Admin-  
14           istrator for International Trade, and” before “in co-  
15           operation with”.

16           (e) **TECHNICAL AMENDMENT.**—Section 22(c)(5) of  
17 the Small Business Act (15 U.S.C. 649(c)(5)) is amended  
18 by striking the period at the end and inserting a semi-  
19 colon.

20           (f) **EFFECTIVE DATE.**—Not later than 90 days after  
21 the date of enactment of this Act, the Administrator shall  
22 appoint an Associate Administrator for International  
23 Trade under section 22 of the Small Business Act (15  
24 U.S.C. 649), as amended by this section.

1 **SEC. 902. OFFICE OF INTERNATIONAL TRADE.**

2 Section 22 of the Small Business Act (15 U.S.C. 649)  
3 is amended—

4 (1) by striking “**SEC. 22.** (a) There” and in-  
5 serting the following:

6 **“SEC. 22. OFFICE OF INTERNATIONAL TRADE.**

7 “(a) ESTABLISHMENT.—There”.

8 (2) in subsection (a), by inserting “(referred to  
9 in this section as the ‘Office’),” after “Trade”;

10 (3) in subsection (b)—

11 (A) by striking “The Office” and inserting  
12 the following:

13 “(b) TRADE DISTRIBUTION NETWORK.—The Office,  
14 including United States Export Assistance Centers (re-  
15 ferred to as ‘one-stop shops’ in section 2301(b)(8) of the  
16 Omnibus Trade and Competitiveness Act of 1988 (15  
17 U.S.C. 4721(b)(8)) and as ‘export centers’ in this sec-  
18 tion)”;

19 (B) by amending paragraph (1) to read as  
20 follows:

21 “(1) assist in maintaining a distribution net-  
22 work using regional and local offices of the Adminis-  
23 tration, the small business development center net-  
24 work, the women’s business center network, and ex-  
25 port centers for—

26 “(A) trade promotion;

1 “(B) trade finance;

2 “(C) trade adjustment;

3 “(D) trade remedy assistance; and

4 “(E) trade data collection.”;

5 (4) in subsection (c)—

6 (A) by redesignating paragraphs (1)  
7 through (8) as paragraphs (2) through (9), re-  
8 spectively;

9 (B) by inserting before paragraph (2), as  
10 so redesignated, the following:

11 “(1) establish annual goals for the Office relat-  
12 ing to—

13 “(A) enhancing the exporting capability of  
14 small business concerns and small manufactur-  
15 ers;

16 “(B) facilitating technology transfers;

17 “(C) enhancing programs and services to  
18 assist small business concerns and small manu-  
19 facturers to compete effectively and efficiently  
20 against foreign entities;

21 “(D) increasing the access to capital by  
22 small business concerns;

23 “(E) disseminating information concerning  
24 Federal, State, and private programs and initia-  
25 tives; and

1           “(F) ensuring that the interests of small  
2 business concerns are adequately represented in  
3 trade negotiations;”;

4           (C) in paragraph (2), as so redesignated,  
5 by striking “mechanism for” and all that fol-  
6 lows through “(D)” and inserting the following:  
7 “mechanism for—

8           “(A) identifying subsectors of the small  
9 business community with strong export poten-  
10 tial;

11           “(B) identifying areas of demand in for-  
12 eign markets;

13           “(C) prescreening foreign buyers for com-  
14 mercial and credit purposes; and

15           “(D)”;

16           (D) in paragraph (9), as so redesignated—

17           (i) in the matter preceding subpara-  
18 graph (A)—

19           (I) by striking “full-time export  
20 development specialists to each Ad-  
21 ministration regional office and as-  
22 signing”; and

23           (II) by striking “office. Such spe-  
24 cialists” and inserting “office and pro-  
25 viding each Administration regional

1 office with a full-time export develop-  
2 ment specialist, who”;

3 (ii) in subparagraph (D), by striking  
4 “and” at the end;

5 (iii) in subparagraph (E), by striking  
6 the period at the end and inserting a semi-  
7 colon; and

8 (iv) by adding at the end the fol-  
9 lowing:

10 “(F) participate jointly with employees of  
11 the Office in an annual training program that  
12 focuses on current small business needs for ex-  
13 porting; and

14 “(G) jointly develop and conduct training  
15 programs for exporters and lenders in coopera-  
16 tion with the United States Export Assistance  
17 Centers, the Department of Commerce, small  
18 business development centers, and other rel-  
19 evant Federal agencies.”;

20 (5) in subsection (d)—

21 (A) by inserting “EXPORT FINANCING  
22 PROGRAMS.—” after “(d)”;

23 (B) by redesignating paragraphs (1)  
24 through (5) as clauses (i) through (v), respec-  
25 tively, and adjusting the margins accordingly;



1 (C) by striking “The Office shall work in  
2 cooperation” and inserting the following:

3 “(1) IN GENERAL.—The Office shall work in  
4 cooperation”; and

5 (D) by striking “To accomplish this goal,  
6 the Office shall work” and inserting the fol-  
7 lowing:

8 “(2) TRADE FINANCIAL SPECIALIST.—To ac-  
9 complish the goal established under paragraph (1),  
10 the Office shall—

11 “(A) designate at least 1 individual within  
12 the Administration as a trade financial spe-  
13 cialist to oversee international loan programs  
14 and assist Administration employees with trade  
15 finance issues; and

16 “(B) work”;

17 (6) in subsection (e), by inserting “TRADE  
18 REMEDIES.—” after “(e)”;

19 (7) by amending subsection (f) to read as fol-  
20 lows:

21 “(f) REPORTING REQUIREMENT.—The Office shall  
22 submit an annual report to the Committee on Small Busi-  
23 ness and Entrepreneurship of the Senate and the Com-  
24 mittee on Small Business of the House of Representatives  
25 that contains—

1           “(1) a description of the progress of the Office  
2 in implementing the requirements of this section;

3           “(2) the destinations of travel by Office staff  
4 and benefits to the Administration and to small  
5 business concerns therefrom; and

6           “(3) a description of the participation by the  
7 Office in trade negotiations.”;

8           (8) in subsection (g), by inserting “STUD-  
9 IES.—” after “(g)”;

10           (9) by adding at the end the following:

11           “(i) EXPORT ASSISTANCE CENTERS.—

12           “(1) IN GENERAL.—During the period begin-  
13 ning on October 1, 2006, and ending on September  
14 30, 2009, the Administrator shall ensure that the  
15 number of full-time equivalent employees of the Of-  
16 fice assigned to the one-stop shops referred to in  
17 section 2301(b) of the Omnibus Trade and Competi-  
18 tiveness Act of 1988 (15 U.S.C. 4721 (b)) is not less  
19 than the number of such employees so assigned on  
20 January 1, 2003.

21           “(2) PRIORITY OF PLACEMENT.—Priority shall  
22 be given, to the maximum extent practicable, to  
23 placing employees of the Administration at any Ex-  
24 port Assistance Center that—

1           “(A) had an Administration employee as-  
2           signed to such Center before January 2003;  
3           and

4           “(B) has not had an Administration em-  
5           ployee assigned to such Center during the pe-  
6           riod beginning January 2003, and ending on  
7           the date of enactment of this subsection, either  
8           through retirement or reassignment.

9           “(3) NEEDS OF EXPORTERS.—The Adminis-  
10          trator shall, to the maximum extent practicable,  
11          strategically assign Administration employees to Ex-  
12          port Assistance Centers, based on the needs of ex-  
13          porters.

14          “(4) GOALS.—The Office shall work with the  
15          Department of Commerce and the Export-Import  
16          Bank to establish shared annual goals for the Ex-  
17          port Centers.

18          “(5) OVERSIGHT.—The Office shall designate  
19          an individual within the Administration to oversee  
20          all activities conducted by Administration employees  
21          assigned to Export Centers.”.

22   **SEC. 903. INTERNATIONAL TRADE LOANS.**

23          (a) IN GENERAL.—Section 7(a)(3)(B) of the Small  
24          Business Act (15 U.S.C. 636(a)(3)(B)) is amended by  
25          striking “\$1,750,000, of which not more than

1 \$1,250,000” and inserting “\$2,750,000 (or if the gross  
2 loan amount would exceed \$3,670,000), of which not more  
3 than \$2,000,000”.

4 (b) WORKING CAPITAL.—Section 7(a)(16)(A) of the  
5 Small Business Act (15 U.S.C. 636(a)(16)(A)) is amend-  
6 ed—

7 (1) in the matter preceding clause (i), by strik-  
8 ing “in—” and inserting “—”;

9 (2) in clause (i)—

10 (A) by inserting “in” after “(i)”; and

11 (B) by striking “or” at the end;

12 (3) in clause (ii)—

13 (A) by inserting “in” after “(ii)”; and

14 (B) by striking the period and inserting “;  
15 or”; and

16 (4) by adding at the end the following:

17 “(iii) by providing working capital.”.

18 (c) COLLATERAL.—Section 7(a)(16)(B) of the Small  
19 Business Act (15 U.S.C. 636(a)(16)(B)) is amended—

20 (1) by striking “Each loan” and inserting the  
21 following:

22 “(i) IN GENERAL.—Except as pro-  
23 vided in clause (ii), each loan”; and

24 (2) by adding at the end the following:

1           “(ii) EXCEPTION.—A loan under this  
2           paragraph may be secured by a second lien  
3           position on the property or equipment fi-  
4           nanced by the loan or on other assets of  
5           the small business concern, if the Adminis-  
6           trator determines such lien provides ade-  
7           quate assurance of the payment of such  
8           loan.”.

9           (d) REFINANCING.—Section 7(a)(16)(A)(ii) of the  
10          Small Business Act (15 U.S.C. 636(a)(16)(A)(ii)), as  
11          amended by this section, is amended by inserting “, in-  
12          cluding any debt that qualifies for refinancing under any  
13          other provision of this subsection” before the semicolon.

## 14          **TITLE X—CONTRACT BUNDLING**

### 15          **SEC. 1001. PRESIDENTIAL POLICY.**

16          Section 3(o) of the Small Business Act (15 U.S.C.  
17          632(o)) is amended—

18                  (1) by striking paragraphs (2) and (3); and

19                  (2) by inserting after paragraph (1) the fol-  
20          lowing:

21                  “(2) POLICY.—It is the policy of Congress that each  
22          Federal agency shall endeavor to promote competition and  
23          small business procurement opportunities by unbundling  
24          Government contracts in accordance with the Presidential  
25          policy on contract bundling of March 19, 2002.

1       “(3) BUNDLING OF CONTRACT REQUIREMENTS.—In  
2 this Act, the term ‘bundling of contract requirements’  
3 means a use of solicitation for a single contract or a mul-  
4 tiple award contract to satisfy 2 or more requirements of  
5 any Federal agency for goods or services that restricts  
6 competition or limits the number of suppliers by being  
7 likely unsuitable for award to a small business concern due  
8 to—

9               “(A) the diversity, size, or specialized nature of  
10 the elements of the performance specified;

11               “(B) the aggregate dollar value of the antici-  
12 pated award;

13               “(C) the geographical dispersion of the contract  
14 performance sites;

15               “(D) unduly restrictive contract requirements  
16 or any other similar procurement strategy or factor  
17 that restricts the ability of a responsible small busi-  
18 ness concern to compete or otherwise participate as  
19 a prime contractor in the procurement; or

20               “(E) any combination of the factors described  
21 in (A) through (D).”.

22       “(4) PRESUMED BUNDLINGS.—The Adminis-  
23 trator and each Federal agency shall, for all pur-  
24 poses under this Act, presumptively treat as bundled  
25 any contract that—

1           “(A) is valued at more than 3 times the  
2           substantial bundling threshold for such agency;  
3           and

4           “(B) is not set aside or reserved for award,  
5           in whole or in part, to a small business concern  
6           or to a team of small business concerns.”.

7 **SEC. 1002. LEADERSHIP AND OVERSIGHT.**

8           (a) **IN GENERAL.**—Section 15 of the Small Business  
9 Act (15 U.S.C. 644) is amended by adding at the end the  
10 following:

11           “(q) **BUNDLING ACCOUNTABILITY MEASURES.**—

12           “(1) **GOVERNMENTWIDE ACCOUNTABILITY ON**  
13 **BUNDLING.**—

14           “(A) **REINSTATEMENT OF REPORTING RE-**  
15 **QUIREMENTS.**—In addition to submitting such  
16 annual reports on all incidents of bundling to  
17 the Administrator as may be required under  
18 Federal law, the head of each Federal agency  
19 shall submit an annual report on all incidents  
20 of bundling to the Administrator for Federal  
21 Procurement Policy.

22           “(B) **REPORT TO CONGRESS.**—The Admin-  
23 istrator shall promptly review and annually re-  
24 port to Congress information on any discrep-  
25 ancies between the reports on bundled contracts

1 from Federal agencies to the Administration,  
2 the Office of Federal Procurement Policy, and  
3 the Federal procurement data system described  
4 in subsection (c)(5).

5 “(2) TEAMING REQUIREMENTS.—Each Federal  
6 agency shall include in each solicitation for any con-  
7 tract award above the substantial bundling threshold  
8 of such agency a provision soliciting small business  
9 teams and joint ventures.

10 “(3) IMPLEMENTATION OF COMPTROLLER GEN-  
11 ERAL’S RECOMMENDATIONS.—Not later than 270  
12 days after the date of enactment of this subsection,  
13 the Administrator, with the concurrence of the Ad-  
14 ministrator for Federal Procurement Policy, shall  
15 ensure that, in response to the recommendations of  
16 the Comptroller General of the United States con-  
17 tained in Report No. GAO-04-454, titled ‘Contract  
18 Management: Impact of Strategy to Mitigate Effects  
19 of Contract Bundling Is Uncertain’—

20 “(A) modifications are made to the Fed-  
21 eral procurement data system described in sub-  
22 section (c)(5) to capture information concerning  
23 the impact of bundling on small business con-  
24 cerns;



1           “(B) the Administrator receives from each  
2 Federal agency an annual report containing in-  
3 formation concerning—

4           “(i) the number and dollar value of  
5 bundled contract actions and contracts;

6           “(ii) benefit analyses (including the  
7 total dollars saved) to justify why contracts  
8 are bundled;

9           “(iii) the number of small business  
10 concerns losing Federal contracts because  
11 of bundling;

12           “(iv) how contractors awarded bun-  
13 dled contracts complied with the agencies  
14 subcontracting plans; and

15           “(v) how mitigating actions, such as  
16 teaming arrangements, provided increased  
17 contracting opportunities to small business  
18 concerns.

19           “(4) GOVERNMENTWIDE REVIEW OF BUNDLING  
20 INTERPRETATIONS.—

21           “(A) IN GENERAL.—The Administrator,  
22 with the concurrence of the Chief Counsel for  
23 Advocacy and the Inspector General, shall con-  
24 duct a governmentwide review of the Federal

1 agencies legal interpretations of antibundling  
2 statutory and regulatory requirements.

3 “(B) REPORT.—Not later than 1 year  
4 after the date of enactment of this subsection,  
5 the Administrator shall submit to Congress a  
6 report containing the findings of the review con-  
7 ducted under subparagraph (A).

8 “(5) AGENCY POLICIES ON REDUCTION OF CON-  
9 TRACT BUNDLING.—Not later than 180 days after  
10 the date of enactment of this subsection, the head of  
11 each Federal agency shall, with concurrence of the  
12 Administrator, issue a policy on the reduction of  
13 contract bundling.

14 “(6) BEST PRACTICES ON CONTRACT BUNDLING  
15 REDUCTION AND MITIGATION.—Not later than 60  
16 days after the date of the enactment of this sub-  
17 section, the Administrator shall publish a guide on  
18 best practices to reduce contract bundling, as di-  
19 rected by the Strategy and Report on Contract Bun-  
20 dling issued by the Office of Management and Budg-  
21 et on October 29, 2002, and disseminate the guide  
22 through the President’s Management Council.

23 “(7) SMALL BUSINESS PERFORMANCE OF  
24 AGENCY LEADERSHIP.—Not later than 270 days  
25 after the date of the enactment of this subsection,

1 the Administrator, together with the Administrator  
2 for Federal Procurement Policy and the head of any  
3 other appropriate Federal agency, shall jointly estab-  
4 lish a policy on rewarding and sanctioning perform-  
5 ance of Federal managers with regard to compliance  
6 with this Act and the President's Initiative Against  
7 Contract Bundling.

8 “(8) CONTRACT BUNDLING OVERSIGHT.—

9 “(A) POLICY.—It is the policy of Congress  
10 that the Administrator shall take appropriate  
11 actions to remedy contract bundling oversight  
12 problems identified by the Inspector General of  
13 the Administration in Report No. 5–14, titled  
14 ‘Audit of the Contract Bundling Program’.

15 “(B) CORRECTIVE ACTION.—

16 “(i) ASSIGNMENT OF PROCUREMENT  
17 CENTER REPRESENTATIVES.—

18 “(I) IN GENERAL.—The Admin-  
19 istrator shall assign not fewer than 1  
20 procurement center representative to  
21 each major procurement center, as  
22 designated by the Administrator  
23 under section 8(l)(6) and ensure that,  
24 in any case, each State has not fewer

1 than 1 resident procurement center  
2 representative.

3 “(II) REPORTING.—The Admin-  
4 istrator shall annually submit to Con-  
5 gress a report—

6 “(aa) containing a list of  
7 designations of major procure-  
8 ment centers in effect during the  
9 relevant fiscal year;

10 “(bb) detailing the criteria  
11 for designations;

12 “(cc) containing a list of all  
13 procurement activities under re-  
14 view by a procurement center  
15 representative or breakout pro-  
16 curement center representative  
17 during the relevant fiscal year;  
18 and

19 “(dd) including a trend  
20 analysis concerning the impact of  
21 reviews and placements of pro-  
22 curement center representatives  
23 and breakout procurement center  
24 representatives.

1                   “(ii) **TIMELY REVIEW OF BUNDLED**  
2                   **CONTRACTS.**—Not later than 30 days after  
3                   receiving a submission from a Federal  
4                   agency, the Administrator shall review any  
5                   potential bundled contract submitted to the  
6                   Administrator for review by any Federal  
7                   agency.

8                   “(9) **CONTRACT BUNDLING MITIGATION**  
9                   **THROUGH SUBCONTRACTING.**—A commercial market  
10                  representative may not be assigned by the Adminis-  
11                  trator to provide services for more than 2 States.”.

12                  (b) **TECHNICAL CORRECTION.**—Section 15(g) of the  
13                  Small Business Act (15 U.S.C. 644(g)) is amended by  
14                  striking “Administrator of the Office of Federal Procure-  
15                  ment Policy” each place such term appears and inserting  
16                  “Administrator for Federal Procurement Policy”.

17                  (c) **PROCUREMENT CENTER REPRESENTATIVES.**—  
18                  Section 15(l) of the Small Business Act (15 U.S.C. 644(l))  
19                  is amended—

20                         (1) by striking paragraph (1) and inserting the  
21                         following:

22                         “(1)(A) A procurement center representative shall  
23                         carry out the activities described in paragraph (2), and  
24                         shall be an advocate for—

1           “(i) the maximum practicable utilization of  
2           small business concerns, whenever appropriate; and

3           “(ii) the use of full and open competition,  
4           whenever appropriate, for the procurement of sup-  
5           plies and services by the procurement center.

6           “(B) A procurement center representative is author-  
7           ized to assist contracting officers in the performance of  
8           market research in order to locate small business con-  
9           cerns, small business concerns owned and controlled by so-  
10          cially and economically disadvantaged individuals, small  
11          business concerns owned and controlled by women, small  
12          business concerns owned and controlled by service-disabled  
13          veterans, small business concerns owned and controlled by  
14          veterans, and HUBZone small business concerns capable  
15          of satisfying agency needs.

16          “(C) Any procurement center representative assigned  
17          under this paragraph shall be in addition to the represent-  
18          ative referred to in subsection (k).”;

19          (2) in paragraph (2)—

20                 (A) by striking “breakout” each place that term  
21                 appears;

22                 (B) in subparagraph (F), by striking “and” at  
23                 the end;

24                 (C) in subparagraph (G), by striking the period  
25                 at the end and inserting a semicolon; and

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

2 “(H)(i) identify and review solicitations that in-  
3 volve contract consolidations for potential bundling  
4 of contract requirements; and

5 “(ii) recommend small business concern partici-  
6 pation as contractors, including small business con-  
7 cern teams, whenever appropriate, prior to the  
8 issuance of a solicitation described in clause (i);

9 “(I) manage the activities of the breakout pro-  
10 curement center representative, commercial mar-  
11 keting representative, and technical assistant; and

12 “(J) submit an annual report to the Adminis-  
13 trator containing—

14 “(i) the number of proposed solicitations  
15 reviewed;

16 “(ii) the contract recommendations made  
17 on behalf of small business concerns;

18 “(iii) the number and total amount of con-  
19 tracts broken out from bundled or consolidated  
20 contracts for full and open competition or small  
21 business concern set-aside; and

22 “(iv) the number and total amount of con-  
23 tract dollars awarded to small business con-  
24 cerns as a result of actions taken by the pro-  
25 curement center office.”;

1           (3) by redesignating paragraphs (4) through  
2           (7) as paragraphs (5) through (8), respectively;

3           (4) by striking paragraph (3) and inserting the  
4           following:

5           “(3)(A) The Administrator may assign a breakout  
6           procurement center representative, which shall be in addi-  
7           tion to any representative assigned under paragraph (1).

8           “(B) A breakout procurement center representa-  
9           tive—

10           “(i) shall be an advocate for the breakout of  
11           items for procurement through full and open com-  
12           petition or small business concern set-aside, when-  
13           ever appropriate, from new, existing, bundled, or  
14           consolidated contracts; and

15           “(ii) is authorized—

16           “(I) to recommend small business concern  
17           participation in existing contracts that were  
18           previously not reviewed for small business con-  
19           cern participation;

20           “(II) to perform the duties described in  
21           paragraph (2), as necessary to perform the due  
22           diligence required for a breakout recommenda-  
23           tion; and



1           “(III) to appeal the failure to act favorably  
2           on any recommendation made under subclause  
3           (I).

4           “(C) Any appeal under subparagraph  
5           (B)(ii)(III) shall be filed and processed in the same  
6           manner and subject to the same conditions and limi-  
7           tations as an appeal filed by the Administrator  
8           under subsection (a).

9           “(4)(A) The Administrator may assign a commercial  
10          marketing representative to identify and market small  
11          business concerns to large prime contractors and assist  
12          small business concerns in identifying and obtaining sub-  
13          contracts.

14          “(B) A commercial marketing representative as-  
15          signed under this paragraph shall—

16                 “(i) conduct compliance reviews of prime con-  
17                 tractors;

18                 “(ii) counsel small business concerns on how to  
19                 obtain subcontracts;

20                 “(iii) conduct matchmaking activities to facili-  
21                 tate subcontracting to small business concerns;

22                 “(iv) work in coordination with local small busi-  
23                 ness development centers, technical assistance cen-  
24                 ters, and other regional economic development enti-

1 ties to identify small business concerns capable of  
2 competing for Federal contracts; and

3 “(v) provide orientation and training on the  
4 subcontracting assistance program under section  
5 8(d)(4)(E) for both large and small business con-  
6 cerns.

7 “(C) Any commercial marketing representative as-  
8 signed under this paragraph shall be in addition to any  
9 procurement center representative assigned under para-  
10 graph (1) or (3).”;

11 (5) in paragraph (5), as so designated by this  
12 section—

13 (A) in the second sentence, by inserting  
14 “the procurement center representative and”  
15 before “the breakout procurement”; and

16 (B) in the third sentence, by striking  
17 “(6)”;

18 (6) in paragraph (6), as so designated by this  
19 section—

20 (A) in subparagraph (A), by striking “The  
21 breakout procurement center representative”  
22 and inserting the following: “The procurement  
23 center representative, breakout procurement  
24 center representative, commercial marketing  
25 representative,”;

1 (B) by striking subparagraph (B); and

2 (C) by redesignating subparagraph (C) as  
3 subparagraph (B);

4 (7) in paragraph (7), as so designated by this  
5 section, by striking “other than commercial items”  
6 and all that follows through the end of the para-  
7 graph and inserting the following: “commercial  
8 items for authorized resale, or other than commer-  
9 cial items, and which has the potential to incur sig-  
10 nificant savings or create significant procurement  
11 opportunities for small business concerns as the re-  
12 sult of the placement of a breakout procurement  
13 center representative.”; and

14 (8) in paragraph (8), as so designated by this  
15 section—

16 (A) by striking “breakout” each place the  
17 term appears; and

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

19 “(C) The procurement center representative shall  
20 conduct training sessions to inform procurement staff at  
21 Federal agencies about the reporting requirements for  
22 bundled contracts and potentially bundled contracts, and  
23 how to work effectively with the procurement center rep-  
24 resentative assigned to such agencies to locate capable

1 small business concerns to meet the needs of the agen-  
 2 cies.”.

3 **SEC. 1003. REMOVAL OF IMPEDIMENTS TO CONTRACT BUN-**  
 4 **DLING DATABASE IMPLEMENTATION.**

5 Section 15(p)(5)(B) of the Small Business Act (15  
 6 U.S.C. 644(p)(5)(B) is amended by striking “procurement  
 7 information” and all that follows through the end of the  
 8 subparagraph and inserting the following: “any relevant  
 9 procurement information as may be required to implement  
 10 this section, and shall perform, at the request of the Ad-  
 11 ministrator, any other action necessary to enable comple-  
 12 tion of the contract bundling database authorized by this  
 13 section by not later than 270 days after the date of enact-  
 14 ment of the Small Business Reauthorization and Improve-  
 15 ments Act of 2006.”.

16 **TITLE XI—SUBCONTRACTING**  
 17 **INTEGRITY**

18 **SEC. 1101. GAO RECOMMENDATIONS ON SUBCONTRACTING**  
 19 **MISREPRESENTATIONS.**

20 Section 8 of the Small Business Act (15 U.S.C. 637)  
 21 is amended by adding at the end the following:

22 “(o) PREVENTION OF MISREPRESENTATIONS IN  
 23 SUBCONTRACTING; IMPLEMENTATION OF COMPTROLLER  
 24 GENERAL’S RECOMMENDATIONS.—

1           “(1) STATEMENT OF POLICY.—It is the policy  
2 of Congress that the recommendations of the Comp-  
3 troller General of the United States in Report No.  
4 05–459, concerning oversight improvements nec-  
5 essary to ensure maximum practicable participation  
6 by small business concerns in subcontracting, shall  
7 be implemented governmentwide, to the maximum  
8 extent possible.

9           “(2) CONTRACTOR COMPLIANCE.—Compliance  
10 of Federal prime contractors with small business  
11 subcontracting plans shall be evaluated as a percent-  
12 age of obligated prime contract dollars, as well as a  
13 percentage of subcontracts awarded.

14           “(3) ISSUANCE OF AGENCY POLICIES.—Not  
15 later than 180 days after the date of enactment of  
16 this subsection, the head of each Federal agency  
17 shall issue a policy on small business subcontracting  
18 compliance, including assignment of compliance re-  
19 sponsibilities between contracting, small business,  
20 and program offices and periodic oversight and re-  
21 view activities.”.

1 **SEC. 1102. SMALL BUSINESS SUBCONTRACTING BAIT-AND-**  
2 **SWITCH FRAUD.**

3 (a) **CERTIFICATIONS REQUIRED.**—Section 8(d)(6) of  
4 the Small Business Act (15 U.S.C. 637(d)(6)) is amend-  
5 ed—

6 (1) in subparagraph (E), by striking “and” at  
7 the end;

8 (2) in subparagraph (F), by striking the period  
9 at the end and inserting “; and”; and

10 (3) by adding at the end, the following:

11 “(G) certification that the offeror or bidder  
12 will acquire articles, equipment, supplies, serv-  
13 ices, or materials, or obtain the performance of  
14 construction work from small business concerns  
15 in the amount and quality used in preparing  
16 and submitting to the contracting agency the  
17 bid or proposal, unless such small business con-  
18 cerns are no longer in business or can no longer  
19 meet the quality, quantity, or delivery date.”.

20 (b) **PENALTIES FOR FALSE CERTIFICATIONS.**—Sec-  
21 tion 16(f) of the Small Business Act (15 U.S.C. 645(f))  
22 is amended by striking “of this Act” and inserting “or  
23 the reporting requirements of section 8(d)(11)”.

1 **SEC. 1103. EVALUATING SUBCONTRACTING PARTICIPA-**  
2 **TION.**

3 (a) **SIGNIFICANT FACTORS.**—Section 8(d)(4)(G) of  
4 the Small Business Act (15 U.S.C. 637(d)(4)(G)) is  
5 amended by striking “a bundled” and inserting “any”.

6 (b) **EVALUATION REPORTS.**—Section 8(d)(10) of the  
7 Small Business Act (15 U.S.C. 637(d)(10)) is amended—

8 (1) by striking “is authorized to” and inserting  
9 “shall”;

10 (2) in subparagraph (B), by striking “and” at  
11 the end;

12 (3) in subparagraph (C), by striking the period  
13 at the end and inserting “; and”; and

14 (4) by adding at the end the following:

15 “(D) report the results of each evaluation  
16 under subparagraph (C) to the appropriate con-  
17 tracting officers.”.

18 (c) **CENTRALIZED DATABASE; PAYMENTS PENDING**  
19 **REPORTS.**—Section 8(d) of the Small Business Act (15  
20 U.S.C. 637(d)) is amended—

21 (1) by redesignating paragraph (11) as para-  
22 graph (14); and

23 (2) by inserting after paragraph (10) the fol-  
24 lowing:

25 “(11) **CERTIFICATION.**—A report submitted by  
26 the prime contractor under paragraph (6)(E) to de-

1        terminate the attainment of a subcontract utilization  
2        goal under any subcontracting plan entered into  
3        with a Federal agency under this subsection shall  
4        contain the name and signature of the president or  
5        chief executive officer of the contractor, certifying  
6        that the subcontracting data provided in the report  
7        are accurate and complete.

8            “(12) CENTRALIZED DATABASE.—The results  
9        of an evaluation under paragraph (10)(C) shall be  
10       included in a national centralized governmentwide  
11       database.

12           “(13) PAYMENTS PENDING REPORTS.—Each  
13       Federal agency having contracting authority shall  
14       ensure that the terms of each contract for goods and  
15       services includes a provision allowing the contracting  
16       officer of an agency to withhold an appropriate  
17       amount of payment with respect to a contract (de-  
18       pending on the size of the contract) until the date  
19       of receipt of complete, accurate, and timely subcon-  
20       tracting reports in accordance with paragraph  
21       (11).”.



1 **SEC. 1104. PILOT PROGRAM ON DIRECT PAYMENTS TO SUB-**  
2 **CONTRACTORS.**

3 (a) IN GENERAL.—Section 8(d) of the Small Busi-  
4 ness Act (15 U.S.C. 637(d)), as amended by this Act, is  
5 amended by adding at the end the following:

6 “(15) TIMELY PAYMENT TO SMALL BUSINESS  
7 SUBCONTRACTORS.—

8 “(A) IN GENERAL.—Subject to subpara-  
9 graph (B), the failure of a civilian agency prime  
10 contractor to make a timely payment, as deter-  
11 mined under the contract with the subcon-  
12 tractor, to a subcontractor that is a small busi-  
13 ness concern shall be a material breach of the  
14 contract with the Federal agency.

15 “(B) CONSIDERATION OF PERFORM-  
16 ANCE.—Before making a determination under  
17 subparagraph (A), the contracting officer shall  
18 consider all reasonable issues regarding the cir-  
19 cumstances surrounding the failure to make the  
20 timely payment described in subparagraph (A).

21 “(C) WITHHOLDING OF PAYMENTS.—Not  
22 later than 30 days after the date on which a  
23 material breach is determined by the con-  
24 tracting officer under subparagraph (A), the  
25 Federal agency may withhold any amounts due  
26 and owing the subcontractor from payments

1           due to the prime contractor and pay such  
2           amounts directly to the subcontractor.”.

3           (b) SUNSET.—The amendment made by this section  
4 shall remain in effect during the period beginning on the  
5 date of enactment of this Act and ending on September  
6 30, 2009.

7 **SEC. 1105. PILOT PROGRAM.**

8           Section 8 of the Small Business Act (15 U.S.C. 637),  
9 as amended by this Act, is amended by adding at the end  
10 the following:

11           “(p) SUBCONTRACTING INCENTIVES AND REMEDIAL  
12 ASSISTANCE.—

13                   “(1) PILOT PROGRAM ON INCENTIVES AND  
14 MENTOR-PROTÉGÉ REMEDIAL ASSISTANCE.—

15                           “(A) IN GENERAL.—Each Federal agency  
16                           on the President’s Management Council, or any  
17                           successor thereof, is authorized to operate a  
18                           pilot program to provide contractual incentives  
19                           to prime contractors that exceed their small  
20                           business subcontracting goals and to direct  
21                           prime contractors that fail to comply with their  
22                           small business subcontracting plans to fund  
23                           mentor-protégé assistance for small business  
24                           concerns (in this subsection referred to as the  
25                           ‘program’).

1           “(B) TERMINATION.—The authority under  
2           this paragraph shall terminate on September  
3           30, 2009.

4           “(2) ASSESSMENT OF MENTOR-PROTÉGÉ AS-  
5           SISTANCE FUNDING.—The mentor-protégé assistance  
6           funding assessed by an agency under the terms of  
7           the program shall be determined in relation to the  
8           dollar amount by which the prime contractor failed  
9           its small business subcontracting goals.

10          “(3) EXPENDITURE OF MENTOR-PROTÉGÉ AS-  
11          SISTANCE FUNDING.—The prime contractor shall ex-  
12          pend the mentor-protégé assistance funding assessed  
13          by the agency under the terms of the program on  
14          mentor-protégé assistance to small business con-  
15          cerns, as provided by a mentor-protégé agreement  
16          approved by the relevant Federal agency.

17          “(4) ANNUAL REPORT REQUIRED.—Each Fed-  
18          eral agency described in paragraph (1) shall submit  
19          an annual report to the Committee on Small Busi-  
20          ness and Entrepreneurship of the Senate and the  
21          Committee on Small Business of the House of Rep-  
22          resentatives containing a detailed description of the  
23          pilot program, as carried out by that agency, includ-  
24          ing the number of participating companies, any in-  
25          centives provided to prime contractors, as appro-

1        appropriate, and the amounts and types of mentor-protégé  
2        assistance provided to small business concerns.”.

3        **TITLE XII—SMALL BUSINESS**  
4        **PROCUREMENT PROGRAMS**  
5        **IMPROVEMENT**

6        **SEC. 1201. DEFINITIONS.**

7        In this title—

8            (1) the term “small business concern owned  
9            and controlled by service-disabled veterans” has the  
10          same meaning as in section 3 of the Small Business  
11          Act (15 U.S.C. 632); and

12          (2) the terms “small business concern owned  
13          and controlled by socially and economically disadvan-  
14          taged individuals” and “small business concern  
15          owned and controlled by women” have the same  
16          meanings as in section 8(d) of the Small Business  
17          Act (15 U.S.C. 637(d)).

18        **Subtitle A—HUBZone Program**

19        **SEC. 1211. HUBZONE REAUTHORIZATION.**

20        Section 31(d) of the Small Business Act (15 U.S.C.  
21        657a(d)) is amended by striking “each of fiscal years 2004  
22        through 2006” and inserting “each of fiscal years 2006  
23        through 2012”.

1 **SEC. 1212. EQUITY FOR SUBURBAN HUBZONES.**

2 Section 3(p)(4) of the Small Business Act (15 U.S.C.  
3 632(p)(4)) is amended by adding at the end the following:

4 “(E) **QUALIFIED SUBURBAN AREA.**—The  
5 term ‘qualified suburban area’ means any vil-  
6 lage, city, town, economic development area  
7 governed by a public authority, district, or  
8 other unit of general local government—

9 “(i) located in a county that includes,  
10 or is located in, a metropolitan statistical  
11 area (as defined in section 143(k)(2)(B) of  
12 the Internal Revenue Code of 1986); and

13 “(ii) that meets the income or unem-  
14 ployment qualifications under subpara-  
15 graph (B)(ii).”.

16 **Subtitle B—Service-Disabled Vet-**  
17 **eran-Owned Small Business**  
18 **Program**

19 **SEC. 1221. CERTIFICATION.**

20 (a) **CONGRESSIONAL INTENT.**—It is the intent of  
21 Congress that the Administrator should accept certifi-  
22 cations by other Federal agencies and State and local gov-  
23 ernments and certifications from responsible national cer-  
24 tifying entities, under such criteria as the Administrator  
25 may prescribe, by regulation or order, in certifying small

1 business concerns owned and controlled by service-disabled  
2 veterans.

3 (b) REGULATIONS.—Before implementing subsection  
4 (a), the Administrator shall promulgate regulations or or-  
5 ders ensuring appropriate certification safeguards to be  
6 implemented by the Administration and the agencies and  
7 entities described in subsection (a).

8 **SEC. 1222. TEMPORARY WAIVER.**

9 (a) IN GENERAL.—Notwithstanding any other provi-  
10 sion of law, section 36(a)(1) of the Small Business Act  
11 (15 U.S.C. 657f(a)(1)) does not apply to the award of a  
12 contract to a small business concern owned and controlled  
13 by service-disabled veterans during the period beginning  
14 on the date of enactment of this Act and ending on Sep-  
15 tember 30, 2009, except for the requirement that the con-  
16 cern be determined to be a responsible contractor with re-  
17 spect to performance of such contract opportunity.

18 (b) REPORT TO CONGRESS.—The Administrator shall  
19 submit to Congress an annual report concerning the im-  
20 pact of the temporary waiver authority under subsection  
21 (a) on contract awards for small businesses owned and  
22 controlled by service-disabled veterans.

1 **SEC. 1223. TRANSITION PERIOD FOR SURVIVING SPOUSES**  
2 **OR PERMANENT CARE GIVERS.**

3 Section 3(q)(2) of the Small Business Act (15 U.S.C.  
4 632(q)(2)) is amended by striking subparagraph (B) and  
5 inserting the following:

6 “(B) the management and daily business  
7 operations of which are controlled—

8 “(i) by 1 or more service-disabled vet-  
9 erans or, in the case of a veteran with per-  
10 manent and severe disability, the spouse or  
11 permanent care giver of such veteran; or

12 “(ii) for a period of not longer than  
13 10 years after the death of a service-dis-  
14 abled veteran, by a surviving spouse or  
15 permanent caregiver thereof.”.

16 **SEC. 1224. CONTRACTING AUTHORITY.**

17 Section 36(a) of the Small Business Act (15 U.S.C.  
18 657f(a)) is amended in the matter preceding paragraph  
19 (1), by striking “may” and inserting “shall”.

20 **Subtitle C—Women-Owned Small**  
21 **Business Program**

22 **SEC. 1231. IMPLEMENTATION DEADLINE.**

23 Not later than 90 days after the date of enactment  
24 of this Act, the Administrator shall implement the pro-  
25 curement program for small business concerns owned and

1 controlled by women under section 8(m) of the Small  
2 Business Act (15 U.S.C. 637(m)).

3 **SEC. 1232. CERTIFICATION.**

4 (a) CONGRESSIONAL INTENT.—It is the intent of  
5 Congress that the Administrator should accept certifi-  
6 cations by other Federal agencies and State and local gov-  
7 ernments and certifications from responsible national cer-  
8 tifying entities, under such criteria as the Administrator  
9 may prescribe, by regulation or order, in certifying small  
10 business concerns owned and controlled by women for pur-  
11 poses of the program under section 8(m) of the Small  
12 Business Act (15 U.S.C. 637(m)).

13 (b) REGULATIONS.—Prior to implementing sub-  
14 section (a), the Administrator shall promulgate regula-  
15 tions ensuring appropriate certification safeguards to be  
16 implemented by the Administration and the agencies and  
17 entities described in subsection (a).

18 **Subtitle D—Small Disadvantaged**  
19 **Business Program**

20 **SEC. 1241. CERTIFICATION.**

21 (a) CONGRESSIONAL INTENT.—It is the intent of  
22 Congress that the Administrator should accept certifi-  
23 cations by other Federal agencies and State and local gov-  
24 ernments and certifications from responsible national cer-  
25 tifying entities, under such criteria as the Administrator



1 may prescribe, by regulation or order, in certifying small  
2 business concerns owned and controlled by socially and  
3 economically disadvantaged individuals.

4 (b) REGULATIONS.—Prior to implementing sub-  
5 section (a), the Administrator shall promulgate regula-  
6 tions or orders ensuring appropriate certification safe-  
7 guards to be implemented by the Administration and the  
8 agencies and entities described in subsection (a).

9 **SEC. 1242. NET WORTH THRESHOLD.**

10 Section 8(a)(6)(A) of the Small Business Act (15  
11 U.S.C. 637(a)(6)(A)) is amended—

12 (1) by inserting “(i)” after “(6)(A)”;

13 (2) by striking “In determining the degree of  
14 diminished credit” and inserting the following:

15 “(ii)(I) In determining the degree of diminished cred-  
16 it”;

17 (3) by striking “In determining the economic  
18 disadvantage” and inserting the following:

19 “(iii) In determining the economic disadvantage”;

20 and

21 (4) by inserting after clause (ii)(I), as so des-  
22 ignated by this section, the following:

23 “(II) The Administrator shall establish procedures  
24 that—

1           “(aa) account for inflationary adjustments to,  
2           and include a reasonable assumption of, the average  
3           income and net worth of market dominant competi-  
4           tors; and

5           “(bb) require an annual inflationary adjustment  
6           to the average income and net worth requirements  
7           under this subsection.”.

## 8 **Subtitle E—BusinessLINC Program**

### 9 **SEC. 1251. BUSINESSLINC PROGRAM.**

10           Section 8(n) of the Small Business Act (15 U.S.C.  
11 637(n)) is amended to read as follows:

12           “(n) BUSINESS GRANTS AND COOPERATIVE AGREE-  
13 MENTS.—

14           “(1) IN GENERAL.—In accordance with this  
15           subsection, the Administrator shall make grants  
16           available to enter into cooperative agreements with  
17           any coalition of private entities, not-for-profit enti-  
18           ties, public entities, or any combination of private,  
19           not-for-profit, and public entities—

20                   “(A) to expand business-to-business rela-  
21                   tionships between large and small business con-  
22                   cerns; and

23                   “(B) to provide, directly or indirectly, with  
24                   online information and a database of companies  
25                   that are interested in mentor-protégé programs

1 or community-based, statewide, or local busi-  
2 ness development programs.

3 “(2) MATCHING REQUIREMENT.—The Adminis-  
4 trator may make a grant to a coalition under para-  
5 graph (1) only if the coalition provides for activities  
6 described in paragraph (1)(A) or (1)(B) an amount,  
7 either in-kind or in cash, equal to the grant amount.

8 “(3) AUTHORIZATION OF APPROPRIATIONS.—  
9 There is authorized to be appropriated to carry out  
10 this subsection \$3,000,000 for each of fiscal years  
11 2007 through 2009, to remain available until ex-  
12 pended.

13 “(4) REPORTS TO CONGRESS.—

14 “(A) IN GENERAL.—Not later than April  
15 30, 2007, and annually thereafter, the Asso-  
16 ciate Administrator of Business Development of  
17 the Administration shall collect data on the  
18 BusinessLINC Program and submit to the  
19 Committee on Small Business and Entrepre-  
20 neurship of the Senate and the Committee on  
21 Small Business of the House of Representa-  
22 tives, a report on the effectiveness of the  
23 BusinessLINC Program.

1           “(B) CONTENTS.—Each report submitted  
2           under subparagraph (A) shall include, for the  
3           year covered by the report—

4                   “(i) the number of programs adminis-  
5                   tered in each State under the  
6                   BusinessLINC Program;

7                   “(ii) the number of grant awards  
8                   under each program described in clause (i)  
9                   and the date of each such award;

10                   “(iii) the number of participating  
11                   large businesses and participating small  
12                   business concerns;

13                   “(iv) the number and dollar amount  
14                   of the contracts in effect in each State as  
15                   a result of the programs run by each grant  
16                   recipient under the BusinessLINC Pro-  
17                   gram; and

18                   “(v) the number of mentor-protégé,  
19                   teaming relationships, or partnerships cre-  
20                   ated as a result of the BusinessLINC Pro-  
21                   gram.

22           “(5) DEFINITION.—In this subsection, the term  
23           ‘BusinessLINC Program’ means the grant program  
24           authorized under paragraph (1).”.

# TITLE XIII—ACQUISITION PROCESS

## 3 SEC. 1301. PROCUREMENT IMPROVEMENTS.

4 Section 15 of the Small Business Act (15 U.S.C.  
5 644), as amended by this Act, is amended by adding at  
6 the end the following:

7 “(r) BUNDLING DATA FIELDS.—For each contract  
8 (including task or delivery orders against governmentwide  
9 or other multiple award contracts, indefinite quantity or  
10 indefinite delivery contracts, and blanket purchase agree-  
11 ments) that is bundled or consolidated, an agency shall  
12 report publicly, not later than 7 days after the date of  
13 the award, by means of the Federal governmentwide pro-  
14 curement data system described in subsection (c)(5)—

15 “(1) the number of contracts involving small  
16 business concerns that were displaced by the bun-  
17 dled or consolidated action;

18 “(2) the number of small business concerns  
19 that the contracting officer identified as able to bid  
20 on all or part of requirements; and

21 “(3) the projected cost savings anticipated as a  
22 result of bundling or consolidating the requirements.

23 “(s) GOVERNMENTWIDE SMALL BUSINESS TRAIN-  
24 ING.—The Administrator, in conjunction with the head of  
25 any other appropriate Federal agency, shall coordinate the

1 development of governmentwide training courses on small  
2 business contracting and subcontracting with small busi-  
3 ness concerns, with special focus on the role of the small  
4 business specialist as a vital part of the acquisition team.”.

5 **SEC. 1302. RESERVATION OF PRIME CONTRACT AWARDS**  
6 **FOR SMALL BUSINESSES.**

7 Section 15 of the Small Business Act (15 U.S.C.  
8 644), as amended by this Act, is amended by adding at  
9 the end the following:

10 “(t) MULTIPLE AWARD CONTRACTS.—Not later than  
11 180 days after the date of enactment of this subsection,  
12 the head of each Federal agency, with the concurrence of  
13 the Administrator, shall, by regulation, establish criteria  
14 for such agency—

15 “(1) setting aside part or parts of a multiple  
16 award contract for small business concerns, includ-  
17 ing the subcategories of small business concerns  
18 identified in subsection (g)(2);

19 “(2) setting aside multiple award contracts for  
20 small business concerns, including the subcategories  
21 of small business concerns identified in subsection  
22 (g)(2); and

23 “(3) reserving 1 or more contract awards for  
24 small business concerns under full and open multiple  
25 award procurements, including the subcategories of

1 small business concerns identified in subsection  
2 (g)(2).”.

3 **SEC. 1303. GAO STUDY OF REPORTING SYSTEMS.**

4 (a) **STUDY REQUIRED.**—The Comptroller General of  
5 the United States shall conduct a study of—

6 (1) the accuracy and timeliness of data col-  
7 lected under the Small Business Act (15 U.S.C. 631  
8 et seq.) in the Pro-Net database of the Administra-  
9 tion, or any successor database, the Federal procure-  
10 ment data system described in section 15(c)(5) of  
11 the Small Business Act (15 U.S.C. 644(c)(5)), and  
12 the Subcontracting Reporting System; and

13 (2) the availability of small business informa-  
14 tion in these computer-based systems to Congress,  
15 Federal agencies, and the public.

16 (b) **MATTERS COVERED.**—The study conducted  
17 under subsection (a) shall include—

18 (1) an assessment of the accuracy and timeli-  
19 ness of the information provided by the data collec-  
20 tion systems described in subsection (a)(1) and rec-  
21 ommendations as to how any deficiencies in such  
22 systems can be eliminated;

23 (2) a review of the system manuals for such  
24 systems and a determination of the adequacy of such

1 manuals in assisting proper operation and adminis-  
2 tration of the systems;

3 (3) a review of the user manuals for such sys-  
4 tems and a determination of the clarity and ease of  
5 use of such manuals in assisting those reporting into  
6 such systems and those obtaining information from  
7 such systems;

8 (4) the adequacy of the training given to indi-  
9 viduals responsible for reporting into such systems  
10 and recommendations for any necessary improve-  
11 ments;

12 (5) an assessment of the adequacy of any safe-  
13 guards in such systems against the reporting of in-  
14 accurate and untimely data and the need for any ad-  
15 ditional safeguards; and

16 (6) the system architecture, Internet access,  
17 user-friendly characteristics, flexibility to add new  
18 data fields, ability to provide structured and  
19 unstructured reports, range of information necessary  
20 to meet user needs, and adequacy of system and  
21 user manuals and instructions of such systems.

22 (c) REPORT.—Not later than November 30, 2007,  
23 the Comptroller General shall submit to the Committee  
24 on Small Business and Entrepreneurship of the Senate  
25 and the Committee on Small Business of the House of



1 Representatives a report containing the results of the  
2 study under this section.

3 **SEC. 1304. MEETING SMALL BUSINESS GOALS.**

4 Section 15 of the Small Business Act (15 U.S.C.  
5 644), as amended by this Act, is amended by adding at  
6 the end the following:

7 “(u) MEETING SMALL BUSINESS GOALS.—Before  
8 setting aside a contract for small business concerns, Fed-  
9 eral agency contracting officers shall consider setting aside  
10 the contract for small business concerns owned and con-  
11 trolled by service disabled veterans, qualified HUBZone  
12 small business concerns, small business concerns owned  
13 and controlled by socially and economically disadvantaged  
14 individuals, small business concerns owned and controlled  
15 by women, or any other subcategory of small business con-  
16 cerns for which goals may be established by law, regula-  
17 tion, or policy, in the order in which the goals for such  
18 subcategories of small business concerns under subsection  
19 (g)(2) were not met by the agency in the fiscal year before  
20 the fiscal year of such consideration, from the most defi-  
21 cient to the least deficient.”.

22 **SEC. 1305. MICROPURCHASE GUIDELINES.**

23 Not later than 180 days after the date of enactment  
24 of this Act, the Director of the Office of Management and  
25 Budget shall issue guidelines regarding the analysis of

1 purchase card expenditures to identify opportunities for  
2 achieving and accurately measuring fair participation of  
3 small business concerns in micropurchases, consistent with  
4 the national policy on small business participation in Fed-  
5 eral procurements set forth in sections 2(a) and 15(g) of  
6 the Small Business Act (15 U.S.C. 631(a) and 644(g)),  
7 and dissemination of best practices for participation of  
8 small business concerns in micropurchases.

9 **SEC. 1306. REPORTING ON OVERSEAS CONTRACTS.**

10 At the end of each fiscal year, the Administrator shall  
11 submit to Congress a report identifying what portion of  
12 contracts and subcontracts awarded for performance out-  
13 side of the United States were awarded to small business  
14 concerns.

15 **SEC. 1307. AGENCY ACCOUNTABILITY.**

16 (a) IN GENERAL.—Section 15(g)(2) of the Small  
17 Business Act (15 U.S.C. 644(g)(2)) is amended—

18 (1) by inserting “(A)” after “(2)”;

19 (2) in the first sentence, by striking “shall,  
20 after consultation” and inserting the following:  
21 “shall—

22 “(i) after consultation”;

23 (3) by striking “agency. Goals established” and  
24 inserting the following: “agency;

1           “(ii) identify a percentage of the procurement  
2 budget of the agency to be awarded to small busi-  
3 ness concerns, in consultation with the Office of  
4 Small and Disadvantaged Business Utilization of the  
5 agency, which information shall be included in the  
6 strategic plan required under section 306 of title 5,  
7 United States Code, and the annual budget submis-  
8 sion to Congress by that agency, and, upon request,  
9 in any testimony provided by that agency before  
10 Congress in connection with the budget process; and

11           “(iii) report, as part of its annual performance  
12 plan, the extent to which the agency achieved the  
13 goals referred to in clause (ii), and appropriate jus-  
14 tification for any failure to do so.

15           “(B) Goals established”;

16           (4) by striking “Whenever” and inserting the  
17 following:

18           “(C) Whenever”;

19           (5) by striking “For the purpose of” and insert-  
20 ing the following:

21           “(D) For the purpose of”;

22           (6) in the last sentence—

23                   (A) by striking “(A) contracts” and insert-  
24 ing “(i) contracts”; and

1 (B) by striking “(B) contracts” and insert-  
2 ing “(ii) contracts”; and

3 (7) by adding at the end the following:

4 “(E)(i) Each procurement employee described in  
5 clause (ii)—

6 “(I) shall communicate to their subordinates  
7 the importance of achieving small business goals;  
8 and

9 “(II) shall have as an annual performance eval-  
10 uation factor, where appropriate, the success of that  
11 procurement employee in small business utilization,  
12 in accordance with the goals established under this  
13 subsection.

14 “(ii) A procurement employee described in this clause  
15 is a senior procurement executive, senior program man-  
16 ager, or small and disadvantaged business utilization man-  
17 ager of a Federal agency having contracting authority.”.

18 (b) ANNUAL REPORTS.—Section 10(d) of the Small  
19 Business Act (15 U.S.C. 639(d)) is amended—

20 (1) by inserting “and each agency that is a  
21 member of the President’s Management Council (or  
22 any successor thereto)” after “Department of De-  
23 fense” the first place that term appears; and

1           (2) by inserting “or that agency” after “De-  
2           partment of Defense” the second place that term ap-  
3           pears.

4           **TITLE XIV—SMALL BUSINESS**  
5           **SIZE AND STATUS INTEGRITY**

6           **SEC. 1401. POLICY AND PRESUMPTIONS.**

7           Section 3 of the Small Business Act (15 U.S.C. 632)  
8           is amended by adding at the end the following:

9           “(s) PRESUMPTION.—

10           “(1) IN GENERAL.—In every contract, sub-  
11           contract, cooperative agreement, cooperative re-  
12           search and development agreement, or grant which  
13           is set aside, reserved, or otherwise classified as in-  
14           tended for award to small business concerns, there  
15           shall be a presumption of loss to the United States  
16           based on the total dollars expended on such con-  
17           tract, subcontract, cooperative agreement, coopera-  
18           tive research and development agreement, or grant  
19           whenever it is established that a business concern  
20           other than a small business concern willfully sought  
21           and received the award by misrepresentation.

22           “(2) DEEMED CERTIFICATIONS.—The following  
23           actions shall be deemed affirmative, willful, and in-  
24           tentional certifications of small business size and  
25           status:

1           “(A) Submission of a bid or proposal for a  
2           Federal grant, contract, subcontract, coopera-  
3           tive agreement, or cooperative research and de-  
4           velopment agreement reserved, set aside, or oth-  
5           erwise classified as intended for award to small  
6           business concerns.

7           “(B) Submission of a bid or proposal for  
8           a Federal grant, contract, subcontract, coopera-  
9           tive agreement, or cooperative research and de-  
10          velopment agreement which in any way encour-  
11          ages a Federal agency to classify such bid or  
12          proposal, if awarded, as an award to a small  
13          business concern.

14          “(C) Registration on any Federal elec-  
15          tronic database for the purpose of being consid-  
16          ered for award of a Federal grant, contract,  
17          subcontract, cooperative agreement, or coopera-  
18          tive research agreement, as a small business  
19          concern.

20          “(3) PAPER-BASED CERTIFICATION BY SIGNA-  
21          TURE OF RESPONSIBLE OFFICIAL.—

22                 “(A) IN GENERAL.—Each solicitation, bid,  
23                 or application for a Federal contract, sub-  
24                 contract, or grant shall contain a certification  
25                 concerning the small business size and status of

1 a business concern seeking such Federal con-  
2 tract, subcontract, or grant.

3 “(B) CONTENT OF CERTIFICATIONS.—A  
4 certification that a business concern qualifies as  
5 a small business concern of the exact size and  
6 status claimed by such business concern for  
7 purposes of bidding on a Federal contract or  
8 subcontract, or applying for a Federal grant,  
9 shall contain the signature of a director, officer,  
10 or counsel on the same page on which the cer-  
11 tification is contained.

12 “(4) REGULATIONS.—The Administrator shall  
13 promulgate regulations to provide adequate protec-  
14 tions to individuals and business concerns from li-  
15 ability under this subsection in cases of uninten-  
16 tional errors, technical malfunctions, and other simi-  
17 lar situations.”.

18 **SEC. 1402. ANNUAL CERTIFICATION.**

19 Section 3 of the Small Business Act (15 U.S.C. 632),  
20 as amended by this Act, is amended by adding at the end  
21 the following:

22 “(t) ANNUAL CERTIFICATION.—

23 “(1) IN GENERAL.—Each business certified as  
24 a small business concern under this Act shall annu-  
25 ally certify its small business size and, if appro-

1        appropriate, its small business status, by means of a con-  
2        firming entry on the Pro-Net database of the Ad-  
3        ministration, or any successor thereto.

4            “(2) REGULATIONS.—Not later than 120 days  
5        after the date of enactment of this subsection, the  
6        Administrator, in consultation with the Inspector  
7        General and the Chief Counsel for Advocacy of the  
8        Administration, shall promulgate regulations to en-  
9        sure that—

10            “(A) no business concern continues to be  
11        certified as a small business concern on the  
12        Pro-Net database of the Administration, or any  
13        successor thereto, without fulfilling the require-  
14        ments for annual certification under this sub-  
15        section; and

16            “(B) the requirements of this subsection  
17        are implemented in a manner presenting the  
18        least possible regulatory burden on small busi-  
19        ness concerns.

20            “(3) DETERMINATION OF SIZE STATUS.—Small  
21        business size or status for purposes of this Act shall  
22        be determined at the time of the award of a Fed-  
23        eral—

24            “(A) contract, provided that, in the case of  
25        interagency multiple award contracts, small



1 business size, or status shall be determined an-  
2 nually, except for purposes of the award of each  
3 task or delivery order set aside or reserved for  
4 small business concerns;

5 “(B) subcontract;

6 “(C) grant;

7 “(D) cooperative agreement; or

8 “(E) cooperative research and development  
9 agreement.”.

10 **SEC. 1403. SBA SUSPENSIONS AND DEBARMENTS AUTHOR-**  
11 **ITY.**

12 Section 16(d)(2)(C) of the Small Business Act (15  
13 U.S.C. 645(d)(2)(C)) is amended by inserting after “(or  
14 any successor regulation)” the following: “or as specified  
15 in part 145 of title 13, Code of Federal Regulations (or  
16 any corresponding similar regulation or ruling)”.

17 **SEC. 1404. MEANINGFUL PROTESTS OF SMALL BUSINESS**  
18 **SIZE AND STATUS.**

19 The Small Business Act (15 U.S.C. 631 et seq.) is  
20 amended by inserting after section 37, as added by this  
21 Act, the following:

22 **“SEC. 38. SMALL BUSINESS SIZE AND STATUS PROTEST SYS-**  
23 **TEM.**

24 “(a) DEFINITIONS.—In this section:

1           “(1) PROTEST.—The term ‘protest’ means a  
2 written objection by an interested party to a viola-  
3 tion of any small business size or status requirement  
4 established under any provision of law, including  
5 section 3, in connection with—

6           “(A) a solicitation or other request by a  
7 Federal agency for offers for a contract for the  
8 procurement of property or services;

9           “(B) the cancellation of such a solicitation  
10 or other request;

11           “(C) an award or proposed award of such  
12 a contract; or

13           “(D) a termination or cancellation of an  
14 award of such a contract, if the written objec-  
15 tion contains an allegation that the termination  
16 or cancellation is based in whole or in part on  
17 improprieties concerning the award of the con-  
18 tract.

19           “(2) INTERESTED PARTY.—

20           “(A) IN GENERAL.—The term ‘interested  
21 party’, with respect to a contract or a solicita-  
22 tion or other request for offers described in  
23 paragraph (1), means an actual or prospective  
24 bidder or offeror whose direct economic interest

1 would be affected by the award of the contract  
2 or by failure to award the contract.

3 “(B) INCLUSIONS.—The term ‘interested  
4 party’ includes the official responsible for sub-  
5 mitting the Federal agency tender in a public-  
6 private competition conducted under Office of  
7 Management and Budget Circular A-76 (or any  
8 successor thereto) regarding an activity or func-  
9 tion of a Federal agency performed by more  
10 than 65 full-time equivalent employees of the  
11 Federal agency.

12 “(3) FEDERAL AGENCY.—The term ‘Federal  
13 agency’ has the same meaning as in section 102 of  
14 title 40, United States Code.

15 “(b) REVIEW OF PROTESTS; EFFECT ON CONTRACTS  
16 PENDING DECISION.—

17 “(1) IN GENERAL.—Under procedures estab-  
18 lished under subsection (d), the Administrator shall  
19 decide a protest submitted to the Administrator by  
20 an interested party.

21 “(2) RECEIPTS OF PROTESTS.—

22 “(A) IN GENERAL.—Not later than 1 day  
23 after the receipt of a protest, the Administrator  
24 shall notify the Federal agency involved of the  
25 protest.

1           “(B) AGENCIES.—Except as provided in  
2           subparagraph (C), a Federal agency receiving a  
3           notice of a protested procurement under sub-  
4           paragraph (A) shall submit to the Adminis-  
5           trator a complete report (including all relevant  
6           documents) on the small business size or status  
7           aspects of the protested procurement—

8                   “(i) not later than 30 days after the  
9                   date of the receipt of that notice by the  
10                  agency;

11                  “(ii) if the Administrator, upon a  
12                  showing by the Federal agency, determines  
13                  (and states the reasons in writing) that the  
14                  specific circumstances of the protest re-  
15                  quire a longer period, within the longer pe-  
16                  riod determined by the Administrator; or

17                  “(iii) in a case determined by the Ad-  
18                  ministrator to be suitable for the express  
19                  option under subsection (c)(1)(B), not  
20                  later than 20 days after the date of the re-  
21                  ceipt of that determination by the agency.

22           “(C) EXCEPTIONS.—A Federal agency  
23           need not submit a report to the Administrator  
24           under subparagraph (B) if the agency is noti-  
25           fied by the Administrator before the date on

1           which such report is to be submitted that the  
2           protest concerned has been dismissed under  
3           subsection (c)(1)(D).

4           “(3) AWARD OF CONTRACTS.—

5                 “(A) IN GENERAL.—Except as provided in  
6           subparagraph (B), a contract may not be  
7           awarded in any procurement after the Federal  
8           agency has received notice of a protest with re-  
9           spect to such procurement from the Adminis-  
10          trator and while the protest is pending.

11                “(B) EXCEPTIONS.—The head of the pro-  
12          curing activity responsible for award of a con-  
13          tract may authorize the award of the contract  
14          (notwithstanding a protest of which the Federal  
15          agency has notice under this section)—

16                   “(i) upon a written finding that ur-  
17                  gent and compelling circumstances which  
18                  significantly affect interests of the United  
19                  States will not permit waiting for the deci-  
20                  sion of the Administrator under this sec-  
21                  tion; and

22                   “(ii) after the Administrator is ad-  
23                  vised of that finding.

24                “(C) URGENT AND COMPELLING CIR-  
25          CUMSTANCES.—A finding may not be made

1 under subparagraph (B)(i), unless the award of  
2 the contract is otherwise likely to occur within  
3 30 days after the making of such finding.

4 “(4) PERFORMANCE.—

5 “(A) IN GENERAL.—A contractor awarded  
6 a Federal agency contract may, during the pe-  
7 riod described in subparagraph (D), begin per-  
8 formance of the contract and engage in any re-  
9 lated activities that result in obligations being  
10 incurred by the United States under the con-  
11 tract, unless the contracting officer responsible  
12 for the award of the contract withholds author-  
13 ization to proceed with performance of the con-  
14 tract.

15 “(B) AUTHORIZATION WITHHELD.—The  
16 contracting officer may withhold an authoriza-  
17 tion to proceed with performance of the con-  
18 tract during the period described in subpara-  
19 graph (D) if the contracting officer determines  
20 in writing that—

21 “(i) a protest is likely to be filed with  
22 the Administrator alleging a violation of a  
23 small business size or status requirement;  
24 and

1           “(ii) the immediate performance of  
2           the contract is not in the best interests of  
3           the United States.

4           “(C) NOTICE OF PROTEST.—

5           “(i) IN GENERAL.—If the Federal  
6           agency awarding the contract receives no-  
7           tice of a protest in accordance with this  
8           subsection during the period described in  
9           subparagraph (D)—

10           “(I) the contracting officer may  
11           not authorize performance of the con-  
12           tract to begin while the protest is  
13           pending; or

14           “(II) if authorization for contract  
15           performance to proceed was not with-  
16           held in accordance with subparagraph  
17           (B) before receipt of the notice, the  
18           contracting officer shall immediately  
19           direct the contractor to cease perform-  
20           ance under the contract and to sus-  
21           pend any related activities that may  
22           result in additional obligations being  
23           incurred by the United States under  
24           that contract.

1           “(ii) PERFORMANCE.—Performance  
2           and related activities suspended under  
3           clause (i)(II) by reason of a protest may  
4           not be resumed while the protest is pend-  
5           ing.

6           “(iii) EXCEPTIONS.—The head of the  
7           procuring activity may authorize the per-  
8           formance of the contract (notwithstanding  
9           a protest of which the Federal agency has  
10          notice under this section)—

11                   “(I) upon a written finding  
12                   that—

13                           “(aa) performance of the  
14                           contract is in the best interests  
15                           of the United States; or

16                           “(bb) urgent and compelling  
17                           circumstances that significantly  
18                           affect interests of the United  
19                           States will not permit waiting for  
20                           the decision of the Administrator  
21                           concerning the protest; and

22                           “(II) after the Administrator is  
23                           notified of that finding.

24           “(D) TIME PERIOD.—The period described  
25           in this subparagraph, with respect to a con-



1           tract, is the period beginning on the date of the  
2           contract award and ending on the later of—

3                   “(i) the date that is 10 days after the  
4                   date of the contract award; or

5                   “(ii) the date that is 5 days after the  
6                   debriefing date offered to an unsuccessful  
7                   offeror for any debriefing that is requested  
8                   and, when requested, is required.

9           “(5) NONDELEGATION.—The authority of the  
10          head of the procuring activity to make findings and  
11          to authorize the award and performance of contracts  
12          under paragraphs (3) and (4) may not be delegated.

13          “(6) PROVISION OF DOCUMENTS.—

14                   “(A) IN GENERAL.—Within such deadlines  
15                   as the Administrator prescribes, and upon re-  
16                   quest, each Federal agency shall provide to an  
17                   interested party any document relevant to a  
18                   protested procurement action (including the re-  
19                   port required by paragraph (2)(B)) that would  
20                   not give that party a competitive advantage and  
21                   that the party is otherwise authorized by law to  
22                   receive.

23                   “(B) PROTECTIVE ORDERS.—

24                   “(i) IN GENERAL.—The Administrator  
25                   may issue protective orders which establish

1 terms, conditions, and restrictions for the  
2 provision of any document to a party  
3 under subparagraph (A), that prohibit or  
4 restrict the disclosure by the party of in-  
5 formation described in clause (ii) that is  
6 contained in such a document.

7 “(ii) TYPES OF INFORMATION.—Infor-  
8 mation referred to in clause (i) is procure-  
9 ment sensitive information, trade secrets,  
10 or other proprietary or confidential re-  
11 search, development, or commercial infor-  
12 mation.

13 “(iii) INFORMATION TO THE FEDERAL  
14 GOVERNMENT.—A protective order under  
15 this subparagraph shall not be considered  
16 to authorize the withholding of any docu-  
17 ment or information from Congress or an  
18 executive agency.

19 “(7) INTERESTED PARTIES.—If an interested  
20 party files a protest in connection with a public-pri-  
21 vate competition described in subsection (a)(2)(B), a  
22 person representing a majority of the employees of  
23 the Federal agency who are engaged in the perform-  
24 ance of the activity or function subject to the public-  
25 private competition may intervene in protest.

1 “(c) DECISIONS ON PROTESTS.—

2 “(1) IN GENERAL.—

3 “(A) INEXPENSIVE AND EXPEDITIOUS RES-  
4 OLUTION.—To the maximum extent practicable,  
5 the Administrator shall provide for the inexpen-  
6 sive and expeditious resolution of protests under  
7 this section. Except as provided under subpara-  
8 graph (B), the Administrator shall issue a final  
9 decision concerning a protest not later than 100  
10 days after the date on which the protest is sub-  
11 mitted to the Administration.

12 “(B) EXPRESS OPTION.—The Adminis-  
13 trator shall, by regulation established under  
14 subsection (d), establish an express option for  
15 deciding those protests which the Administrator  
16 determines suitable for resolution, not later  
17 than 65 days after the date on which the pro-  
18 test is submitted.

19 “(C) AMENDMENTS.—An amendment to a  
20 protest that adds a new ground of protest, if  
21 timely made, should be resolved, to the max-  
22 imum extent practicable, within the time limit  
23 established under subparagraph (A) for final  
24 decision of the initial protest. If an amended  
25 protest cannot be resolved within such time

1 limit, the Administrator may resolve the amend-  
2 ed protest through the express option under  
3 subparagraph (B).

4 “(D) FRIVOLOUS PROTESTS.—The Admin-  
5 istrator may dismiss a protest that the Admin-  
6 istrator determines is frivolous or which, on its  
7 face, does not state a valid basis for protest.

8 “(2) COMPLIANCE WITH LAW.—

9 “(A) IN GENERAL.—With respect to a so-  
10 licitation for a contract, or a proposed award or  
11 the award of a contract, protested under this  
12 section, the Administrator may determine  
13 whether the solicitation, proposed award, or  
14 award complies with statutes and regulations  
15 regarding small business size or status. If the  
16 Administrator determines that the solicitation,  
17 proposed award, or award does not comply with  
18 a statute or regulation, the Administrator shall  
19 recommend that the Federal agency—

20 “(i) refrain from exercising any of its  
21 options under the contract;

22 “(ii) recompetete the contract imme-  
23 diately;

24 “(iii) issue a new solicitation;

25 “(iv) terminate the contract;

1           “(v) award a contract consistent with  
2           the requirements of such statutes and reg-  
3           ulations; or

4           “(vi) implement such other rec-  
5           ommendations as the Administrator deter-  
6           mines to be necessary in order to promote  
7           compliance with procurement statutes and  
8           regulations.

9           “(B) BEST INTERESTS OF UNITED  
10          STATES.—If the head of the procuring activity  
11          responsible for a contract makes a finding de-  
12          scribed in subsection (b)(4)(C)(iii)(I)(aa), the  
13          Administrator shall make recommendations  
14          under this paragraph without regard to any  
15          cost or disruption from terminating, recom-  
16          peting, or reawarding the contract.

17          “(C) IMPLEMENTATION.—If the Federal  
18          agency fails to implement fully the rec-  
19          ommendations of the Administrator under this  
20          paragraph with respect to a solicitation for a  
21          contract or an award or proposed award of a  
22          contract by the date that is 60 days after the  
23          date on which the agency received the rec-  
24          ommendations, the head of the procuring activ-  
25          ity responsible for that contract shall report

1 such failure to the Administrator not later than  
2 5 days after the end of such 60-day period.

3 “(3) PAYMENT OF COSTS.—

4 “(A) IN GENERAL.—If the Administrator  
5 determines that a solicitation for a contract or  
6 a proposed award or the award of a contract  
7 does not comply with a statute or regulation,  
8 the Administrator may recommend that the  
9 Federal agency conducting the procurement pay  
10 to an appropriate interested party the costs  
11 of—

12 “(i) filing and pursuing the protest,  
13 including reasonable attorney’s fees and  
14 consultant and expert witness fees; and

15 “(ii) bid and proposal preparation.

16 “(B) COSTS NOT INCLUDED.—No party  
17 (other than a small business concern) may be  
18 paid, under a recommendation made under the  
19 authority of subparagraph (A)—

20 “(i) costs for consultant and expert  
21 witness fees that exceed the highest rate of  
22 compensation for expert witnesses paid by  
23 the Federal Government; or

24 “(ii) costs for attorney’s fees that ex-  
25 ceed \$300 per hour, unless the agency de-

1           termines, based on the recommendation of  
2           the Administrator on a case by case basis,  
3           that an increase in the cost of living or a  
4           special factor, such as the limited avail-  
5           ability of qualified attorneys for the pro-  
6           ceedings involved, justifies a higher fee.

7           “(C) RECOMMENDATION TO PAY COSTS.—

8           If the Administrator recommends under sub-  
9           paragraph (A) that a Federal agency pay costs  
10          to an interested party, the Federal agency  
11          shall—

12                   “(i) pay the costs promptly; or

13                   “(ii) if the Federal agency does not  
14                   make such payment, promptly report to  
15                   the Administrator the reasons for the fail-  
16                   ure to follow the Administrator’s rec-  
17                   ommendation.

18          “(D) AGREEMENT ON AMOUNT.—If the  
19          Administrator recommends under subparagraph  
20          (A) that a Federal agency pay costs to an inter-  
21          ested party, the Federal agency and the inter-  
22          ested party shall attempt to reach an agreement  
23          on the amount of the costs to be paid. If the  
24          Federal agency and the interested party are un-  
25          able to agree on the amount to be paid, the Ad-

1            administrator may, upon the request of the inter-  
2            ested party, recommend to the Federal agency  
3            the amount of the costs that the Federal agency  
4            should pay.

5            “(4) DECISIONS.—Each decision of the Admin-  
6            istrator under this section shall be signed by the Ad-  
7            ministrator or a designee for that purpose. A copy  
8            of the decision shall be made available to the inter-  
9            ested parties, the head of the procuring activity re-  
10          sponsible for the solicitation, proposed award, or  
11          award of the contract, and the senior procurement  
12          executive of the Federal agency involved.

13          “(5) REPORTS.—

14                “(A) FAILURE TO IMPLEMENT REC-  
15                OMMENDATIONS.—

16                        “(i) IN GENERAL.—The Administrator  
17                        shall report promptly to the Committee on  
18                        Small Business and Entrepreneurship of  
19                        the Senate and to the Committee on Small  
20                        Business of the House of Representatives  
21                        any case in which a Federal agency fails to  
22                        implement fully a recommendation of the  
23                        Administrator under paragraph (2) or (3).

24                        “(ii) CONTENTS.—Each report under  
25                        clause (i) shall include—



1           “(I) a comprehensive review of  
2           the pertinent procurement, including  
3           the circumstances of the failure of the  
4           Federal agency to implement a rec-  
5           ommendation of the Administrator;  
6           and

7           “(II) a recommendation regard-  
8           ing whether, in order to correct an in-  
9           equity or to preserve the integrity of  
10          the procurement process, Congress  
11          should consider—

12                   “(aa) private relief legisla-  
13                   tion;

14                   “(bb) legislative rescission or  
15                   cancellation of funds;

16                   “(cc) further investigation  
17                   by Congress; or

18                   “(dd) other action.

19           “(B) ANNUAL REPORTS.—Not later than  
20          January 31 of each year, the Administrator  
21          shall transmit to Congress a report containing  
22          a summary of each instance in which a Federal  
23          agency did not fully implement a recommenda-  
24          tion of the Administrator under subsection (b)  
25          or this subsection during the preceding year.

1           The report shall also describe each instance in  
2           which a final decision in a protest was not ren-  
3           dered within 100 days after the date on which  
4           the protest was submitted to the Administrator.

5           “(d) REGULATIONS; AUTHORITY OF ADMINISTRATOR  
6 TO VERIFY ASSERTIONS.—

7           “(1) IN GENERAL.—The Administrator shall es-  
8           tablish such procedures as may be necessary for the  
9           expeditious decision of protests under this section,  
10          including procedures for accelerated resolution of  
11          protests under the express option authorized by sub-  
12          section (c)(1)(B). Such procedures shall provide that  
13          the protest process may not be delayed by the failure  
14          of a party to make a filing within the time provided  
15          for the filing.

16          “(2) COMPUTATION OF TIME.—The procedures  
17          established under paragraph (1) shall provide that,  
18          in the computation of any period described in this  
19          section—

20                  “(A) the day of the act, event, or default  
21                  from which the designated period of time begins  
22                  to run not be included; and

23                  “(B) the last day after such act, event, or  
24                  default be included, unless—

1           “(i) such last day is a Saturday, a  
2           Sunday, or a legal holiday; or

3           “(ii) in the case of a filing of a paper  
4           at the Administration or another Federal  
5           agency, such last day is a day on which  
6           weather or other conditions cause the clos-  
7           ing of the Administration or other Federal  
8           agency, in which event the next day that is  
9           not a Saturday, Sunday, or legal holiday  
10          shall be included.

11          “(3) ELECTRONIC FILING.—The Administrator  
12          may prescribe procedures for the electronic filing  
13          and dissemination of documents and information re-  
14          quired under this section. In prescribing such proce-  
15          dures, the Administrator shall consider the ability of  
16          all parties to achieve electronic access to such docu-  
17          ments and records.

18          “(e) ENFORCEMENT.—The Administrator may use  
19          any authority available under this Act or any other provi-  
20          sion of law to verify assertions made by parties in protests  
21          under this section.

22          “(f) REGULATIONS.—The Administrator may issue  
23          regulations regarding the use of the protest authority to  
24          consider small business size or status challenges under

1 this section in matters involving any other program for  
2 small business concerns.”.

3 **SEC. 1405. TRAINING FOR CONTRACTING AND ENFORCE-**  
4 **MENT PERSONNEL.**

5 (a) IN GENERAL.—Not later than 270 days after the  
6 date of enactment of this Act, the head of each appro-  
7 priate Federal agency or entity shall, in consultation with  
8 the Administrator or the Inspector General of the Admin-  
9 istration, as appropriate, develop courses concerning prop-  
10 er classification of business concerns and small business  
11 size and status for purposes of Federal contracts, sub-  
12 contracts, grants, cooperative agreements, and cooperative  
13 research and development agreements.

14 (b) POLICY ON PROSECUTIONS OF SMALL BUSINESS  
15 SIZE AND STATUS FRAUD.—Section 3 of the Small Busi-  
16 ness Act (15 U.S.C. 632), as amended by this Act, is  
17 amended by adding at the end the following:

18 “(u) POLICY ON PROSECUTIONS OF SMALL BUSI-  
19 NESS SIZE AND STATUS FRAUD.—Not later than 180  
20 days after the date of enactment of this subsection, the  
21 head of each relevant Federal agency and the Inspector  
22 General of the Administration shall issue a government-  
23 wide policy on prosecution of small business size and sta-  
24 tus fraud.”.

1 **SEC. 1406. PROTESTS OF SOLE SOURCE AWARDS.**

2 Section 3 of the Small Business Act (15 U.S.C. 632),  
3 as amended by this Act, is amended by adding at the end  
4 the following:

5 “(v) PROTESTS OF SOLE SOURCE AWARDS.—Not-  
6 withstanding any other provision of law, whether a busi-  
7 ness concern that is an offeror on any sole source prime  
8 contract or subcontract awarded under this Act satisfies  
9 the size and status requirements under this Act may be  
10 protested by any interested party that is a small business  
11 concern.”.

12 **SEC. 1407. SMALL BUSINESS SIZE AND STATUS FOR PUR-**  
13 **POSE OF MULTIPLE AWARD CONTRACTS.**

14 Section 3 of the Small Business Act (15 U.S.C. 632),  
15 as amended by this Act, is amended by adding at the end  
16 the following:

17 “(w) SMALL BUSINESS SIZE AND STATUS FOR PUR-  
18 POSE OF MULTIPLE AWARD CONTRACTS.—

19 “(1) IN GENERAL.—A business concern that en-  
20 ters a multiple award contract of any kind with the  
21 Federal Government shall in any year in which such  
22 a contract is in effect, submit an annual statement  
23 at the end of its fiscal year recertifying its small  
24 business size and status to the Federal agency which  
25 awarded the contract.

1           “(2) RELATION TO OTHER LAWS.—Compliance  
2           with paragraph (1) shall not affect the obligation of  
3           a business concern to comply with other provisions  
4           of law concerning small business size or status.”.

5 **SEC. 1408. SIZE STANDARDS DEVELOPMENT.**

6           (a) IN GENERAL.—Section 3(a)(2) of the Small Busi-  
7           ness Act (15 U.S.C. 632(a)(2)) is amended by adding at  
8           the end the following:

9                   “(D) TIERED SIZE STANDARDS.—The Ad-  
10                   ministrator may establish 2 or more tiers within  
11                   an overall small business size standard cap for  
12                   the purpose of facilitating the growth and devel-  
13                   opment of small business concerns and facili-  
14                   tating peer-based competition among small  
15                   business concerns for Federal contracts and  
16                   subcontracts. In establishing tier-based size  
17                   standards under this subparagraph, the Admin-  
18                   istrator shall take into account national and  
19                   international industry conditions, including the  
20                   size of industry leaders, the size of emerging  
21                   small business concerns and very small business  
22                   concerns, and the trends in the sizes of Federal  
23                   contracts and subcontracts. The Administrator  
24                   shall establish dollar-based thresholds within  
25                   each industrial category for contracts and sub-

1 contracts suitable for reservation solely to small  
2 business concerns within a lower tier in that in-  
3 dustrial category.”.

4 (b) RESERVATION OF CONTRACTS.—Section 15 of  
5 the Small Business Act (15 U.S.C. 644), as amended by  
6 this Act, is amended by adding at the end the following:

7 “(v) TIERED SIZE STANDARDS.—The head of pro-  
8 curement for each Federal agency shall attempt to reserve  
9 contracts valued below the thresholds established by the  
10 Administrator under section 3(a)(2)(D) to small business  
11 concerns in a lower tier, unless market research indicates  
12 that such reservation will not result in securing a competi-  
13 tive price to the Federal Government from 2 or more re-  
14 sponsible contractors. Small business concerns in a lower  
15 tier may bid on contracts for their requisite tier, any high-  
16 er tier, or contracts open to other than small business con-  
17 cerns.”.

18 **SEC. 1409. FULL-TIME EMPLOYEE EQUIVALENTS.**

19 Section 3(a)(2) of the Small Business Act (15 U.S.C.  
20 632(a)(2)), as amended by this Act, is amended by adding  
21 at the end the following:

22 “(E) FULL-TIME EMPLOYEE EQUIVA-  
23 LENTS.—In computing the number of employ-  
24 ees for purposes of size determinations under

1           this Act, the Administrator shall utilize the full-  
2           time equivalents method.”.

3 **TITLE XV—SMALL BUSINESS IN-**  
4 **NOVATION RESEARCH AND**  
5 **SMALL BUSINESS TECH-**  
6 **NOLOGY TRANSFER PRO-**  
7 **GRAMS**

8 **SEC. 1501. DEFINITIONS.**

9           In this title, the terms “extramural budget”, “Small  
10 Business Innovation Research Program”, “SBIR”,  
11 “Small Business Technology Transfer Program”, and  
12 “STTR” have the same meanings as in section 9 of the  
13 Small Business Act (15 U.S.C. 638).

14 **SEC. 1502. CONGRESSIONAL FINDINGS AND POLICY.**

15           (a) FINDINGS.—Congress finds that—

16               (1) Federal agency practices excluding small  
17 business concerns from Federal research and devel-  
18 opment efforts have wasted taxpayer funds and sti-  
19 fled national competitiveness;

20               (2) according to studies conducted for the Of-  
21 fice of Advocacy of the Administration, small busi-  
22 ness concerns hold 41 percent of the Nation’s pat-  
23 ents, obtain 13 times more patents per employee  
24 than large business concerns, and obtain patents



1 which are twice as technologically significant as  
2 large business patents; and

3 (3) according to the annual reports of the Na-  
4 tional Science Foundation, small business concerns  
5 consistently receive less than 5 percent of Federal  
6 extramural research and development funding.

7 (b) POLICY.—It is the policy of Congress to promote  
8 effectiveness in Federal research and development efforts  
9 and remove barriers to participation of small business con-  
10 cerns as well as of partnerships between small business  
11 concerns and universities or other research institutions in  
12 Federal research and development programs by strength-  
13 ening the Small Business Innovation Research Program  
14 and the Small Business Technology Transfer Program.

15 **Subtitle A—Small Business**  
16 **Innovation Leadership**

17 **SEC. 1511. STATUS OF THE SBA OFFICE OF TECHNOLOGY;**  
18 **NATIONAL ADVISORY BOARD; TRANSFER**  
19 **PLAN.**

20 Section 9(b) of the Small Business Act (15 U.S.C.  
21 638(b)) is amended—

22 (1) in paragraph (7), by striking “and” at the  
23 end;

24 (2) in paragraph (8), by striking the period at  
25 the end and inserting “; and”; and

1           (3) by adding at the end the following:

2           “(9) to maintain an Office of Technology to  
3 carry its responsibilities under this section, headed  
4 by the Assistant Administrator for Technology, who  
5 shall be appointed by the President, in consultation  
6 with the Committee on Small Business and Entre-  
7 preneurship of the Senate and the Committee on  
8 Small Business of the House of Representatives;

9           “(10) to submit, as a separate part of the  
10 President’s budget, a request for appropriations for  
11 staffing for the Office of Technology and informa-  
12 tion regarding the performance of this Office, taking  
13 into consideration the size of the program and the  
14 statutory oversight responsibilities of the Adminis-  
15 tration;

16           “(11) to appoint, in consultation with the Com-  
17 mittee on Small Business and Entrepreneurship of  
18 the Senate and the Committee on Small Business of  
19 the House of Representatives, a National Small  
20 Business Innovation and Technology Transfer Advi-  
21 sory Board, consisting of not fewer than 9 members  
22 to advise the Assistant Administrator for Technology  
23 on all matters concerning small business innovation  
24 and technology transfer;

1           “(12) submit to the Committee on Small Busi-  
 2           ness and Entrepreneurship of the Senate and the  
 3           Committee on Small Business of the House of Rep-  
 4           resentatives not later than November 1 of each year  
 5           a National Small Business Innovation and Tech-  
 6           nology Transfer Plan for the appropriate fiscal year  
 7           containing a forecast of research and development  
 8           topics as well as commercialization opportunities in  
 9           all participating Federal agencies; and

10           “(13) to annually submit to the Committee on  
 11           Small Business and Entrepreneurship of the Senate  
 12           and the Committee on Small Business of the House  
 13           of Representatives a compilation of agency-specific  
 14           and program-wide data concerning the numbers of  
 15           Phase I and Phase II awards made generally and  
 16           under any pilot program during the previous year.”.

17           **Subtitle B—Fair Access to Federal**  
 18           **Innovations Investments**

19           **SEC. 1521. ACCURACY IN FUNDING BASE CALCULATIONS;**  
 20           **COMPTROLLER GENERAL’S AUDITS.**

21           Not later than 270 days after the date of enactment  
 22           of this Act, and every 3 years thereafter the Comptroller  
 23           General of the United States shall—

24           (1) conduct a fiscal and management audit of  
 25           the SBIR program and the STTR program to deter-

1 mine whether Federal departments and agencies are  
2 complying with the set-aside requirements of this  
3 title and the amendments made by this title; and

4 (2) submit a report to the Committee on Small  
5 Business and Entrepreneurship of the Senate and  
6 the Committee on Small Business of the House of  
7 Representatives regarding the audit conducted under  
8 paragraph (1).

9 **SEC. 1522. SBIR CAP INCREASE.**

10 Section 9(f)(1) of the Small Business Act (15 U.S.C.  
11 638(f)(1)) is amended—

12 (1) in subparagraph (B), by striking “and” at  
13 the end; and

14 (2) by striking subparagraph (C) and inserting  
15 the following:

16 “(C) not less than—

17 “(i) 3 percent in fiscal year 2007;

18 “(ii) 3.5 percent in fiscal year 2008;

19 “(iii) 4 percent in fiscal year 2009;

20 and

21 “(iv) 4.5 percent in fiscal year 2010;

22 and

23 “(D) not less than 5 percent in fiscal year  
24 2011 and each fiscal year thereafter.”

1 **SEC. 1523. STTR CAP INCREASE.**

2 Section 9(n)(1)(B) of the Small Business Act (15  
3 U.S.C. 638(n)(1)(B)) is amended—

4 (1) in clause (i), by striking “and” at the end;

5 (2) in clause (ii), by striking “thereafter.” and

6 inserting “through fiscal year 2006; and”; and

7 (3) by adding at the end the following:

8 “(iii) 0.6 percent for fiscal year 2007

9 and each fiscal year thereafter.”.

10 **SEC. 1524. ADJUSTMENTS IN SBIR AND STTR AWARD LEV-**  
11 **ELS.**

12 (a) SBIR ADJUSTMENTS.—Section 9(j)(2)(D) of the  
13 Small Business Act (15 U.S.C. 638(j)(2)(D)) is amend-  
14 ed—

15 (1) by striking “\$100,000” and inserting

16 “\$150,000”; and

17 (2) by striking “\$750,000” and inserting

18 “\$1,250,000”.

19 (b) STTR ADJUSTMENTS.—Section 9(p)(2)(B)(ix) of  
20 the Small Business Act (15 U.S.C. 638(p)(2)(B)(ix)) is  
21 amended—

22 (1) by striking “\$100,000” and inserting

23 “\$150,000”; and

24 (2) by striking “\$750,000” and inserting

25 “\$1,250,000”.

1 (c) ANNUAL ADJUSTMENTS.—Section 9 of the Small  
2 Business Act (15 U.S.C. 638) is amended—

3 (1) in subsection (j)(2)(D), by striking “and an  
4 adjustment of such amounts once every 5 years to  
5 reflect economic adjustments and programmatic con-  
6 siderations” and inserting “and a mandatory annual  
7 adjustment of such amounts to reflect economic ad-  
8 justments and programmatic considerations”;

9 (2) in subsection (p)(2)(B)(ix), by striking  
10 “greater or lesser amounts” and inserting “with a  
11 mandatory annual adjustment of such amounts to  
12 reflect economic adjustments and programmatic con-  
13 siderations, and greater or lesser amounts”.

14 (d) LIMITATION ON CERTAIN AWARDS.—Section 9 of  
15 the Small Business Act (15 U.S.C. 638) is amended by  
16 adding at the end the following:

17 “(z) LIMITATION ON CERTAIN AWARDS.—No Federal  
18 agency shall issue an award under the SBIR program or  
19 the STTR program if the size of the award exceeds the  
20 award guidelines established under this section by more  
21 than 50 percent. Participating agencies shall maintain in-  
22 formation on awards exceeding the guidelines, including  
23 award amounts and identities of recipients, and shall re-  
24 port such information annually to the Administration.

25 “(aa) SUBSEQUENT PHASES.—

1           “(1) IN GENERAL.—A small business concern  
2           which received an award from a Federal agency  
3           under this section shall be eligible to receive an  
4           award for a subsequent phase from another Federal  
5           agency, if the head of each relevant Federal agency  
6           makes a written determination that the topics of the  
7           relevant awards are the same.

8           “(2) SBIR AND STTR PROGRAMS.—A small  
9           business concern which received an award under this  
10          section under the SBIR program or the STTR pro-  
11          gram may receive an award under this section for a  
12          subsequent phase in either the SBIR program or the  
13          STTR program.”.

14 **SEC. 1525. MAJORITY-VENTURE INVESTMENTS IN SBIR**  
15 **FIRMS.**

16          (a) AUTHORITY AND DETERMINATION.—Upon a  
17          written determination provided not later than 30 days in  
18          advance to the Administrator and to the Committee on  
19          Small Business and Entrepreneurship of the Senate and  
20          the Committee on Small Business of the House of Rep-  
21          resentatives, the head of each participating Federal agen-  
22          cy may direct not more than 25 percent of the agency’s  
23          SBIR funds allocated in accordance with the Small Busi-  
24          ness Act, as amended by this Act, in fiscal year 2007 and  
25          each fiscal year thereafter to small business concerns that

1 are owned in majority part by venture capital companies  
2 and that satisfy the qualification requirements under sub-  
3 section (b). The written determination shall demonstrate  
4 that the use of such authority will induce additional ven-  
5 ture capital funding of small business innovations, sub-  
6 stantially contribute to the mission of the funding agency,  
7 or otherwise fulfill the capital needs of small business con-  
8 cerns for additional financing.

9 (b) QUALIFICATION REQUIREMENTS.—No United  
10 States small business concern which satisfies applicable  
11 requirements established by the Administrator concerning  
12 small business affiliation shall be excluded from participa-  
13 tion in the program authorized by subsection (a) on the  
14 ground that such small business concern is owned in ma-  
15 jority part by more than 1 United States venture capital  
16 company, provided that no single venture capital company  
17 owns more than 49 percent of such small business con-  
18 cern.

19 (c) REGISTRATION.—Any small business concern that  
20 is a venture capital portfolio company qualified for partici-  
21 pation in the program authorized by subsection (a) shall  
22 register with the Administrator as a Venture Capital  
23 SBIR Investment Company. Any such company shall indi-  
24 cate such status in any SBIR proposal.



1 (d) DEFINITION OF VENTURE CAPITAL COMPANY.—  
2 In this section, the term “venture capital company” means  
3 an entity described in clause (i), (v), or (vi) of section  
4 121.103(b) of title 13, Code of Federal Regulations (or  
5 any corresponding similar regulation or ruling).

6 **Subtitle C—Acquisition of Small**  
7 **Business Innovations**

8 **SEC. 1531. NATIONAL SBIR AND STTR TECHNOLOGY INSER-**  
9 **TION GOAL; REPORTING REQUIREMENTS.**

10 Section 9 of the Small Business Act (15 U.S.C. 638),  
11 as amended by this Act, is amended by adding at the end  
12 the following:

13 “(bb) NATIONAL SMALL BUSINESS TECHNOLOGY IN-  
14 SERTION GOAL; REPORTING REQUIREMENTS.—

15 “(1) IN GENERAL.—For fiscal year in 2007,  
16 and each fiscal year thereafter there is established a  
17 governmentwide goal for insertion of SBIR and  
18 STTR technologies through Phase III awards of not  
19 less than 3 percent of total value of Federal prime  
20 contracting dollars for research, development, test-  
21 ing, and evaluation, to be met through either prime  
22 contracts or subcontracts (in this subsection referred  
23 to as the ‘National Small Business Technology In-  
24 sertation goal’).

1           “(2) NATIONAL SMALL BUSINESS TECHNOLOGY  
2           INSERTION GOAL.—The Administrator shall ensure  
3           that the National Small Business Technology Inser-  
4           tion goal is negotiated and reported to the public  
5           and Congress in accordance with the authorities gov-  
6           erning the negotiating and reporting of small busi-  
7           ness procurement goals by the Administrator under  
8           this Act.

9           “(3) REPORTS.—Each report submitted under  
10          paragraph (2) shall include—

11                   “(A) the name of the contracting agency;

12                   “(B) the identity of the agency or company  
13                   making the Phase III award;

14                   “(C) the identity of the company or indi-  
15                   vidual receiving the Phase III award, as well as  
16                   the identity of the agency or prime contractor  
17                   making the Phase III award; and

18                   “(D) the dollar amount of the Phase III  
19                   award.”.

20   **SEC. 1532. INTELLECTUAL PROPERTY PROTECTIONS FOR**  
21                   **SMALL BUSINESS INNOVATIONS.**

22           (a) SBIR AND STTR DATA RIGHTS.—Section 9(e)  
23   of the Small Business Act (15 U.S.C. 638(e)) is amend-  
24   ed—

1           (1) in paragraph (7), by striking “and” at the  
2           end;

3           (2) in paragraph (8), by striking the period and  
4           inserting “; and”; and

5           (3) by adding at the end the following:

6           “(9) ‘data’, in connection with rights in or  
7           rights to data—

8                   “(A) includes rights in and rights to proto-  
9                   types, as consistent with paragraph (5)(C);

10                   “(B) shall be considered to be a trade se-  
11                   cret for purposes of any provision of Federal  
12                   law protecting trade secrets from unauthorized  
13                   use, disclosure, or reverse engineering;

14                   “(C) includes technical data that the SBIR  
15                   or STTR small business concern has developed  
16                   at private expense, if such data is used in the  
17                   development, testing, or evaluation of SBIR or  
18                   STTR technology; and

19                   “(D) shall be subject to data rights protec-  
20                   tions under this section and the SBIR and  
21                   STTR Policy Directives in connection with any  
22                   contract or subcontract developed with Federal  
23                   funds or intended for use by the Federal gov-  
24                   ernment, and any mentor-protégé agreements.”.

1 **SEC. 1533. SBIR AND STTR SPECIAL ACQUISITION PREF-**  
2 **ERENCE.**

3 (a) CODIFICATION OF REGULATORY PREFERENCE.—  
4 Section 9 of the Small Business Act (15 U.S.C. 638), as  
5 amended by this Act, is amended by adding at the end  
6 the following:

7 “(cc) PHASE III AWARDS.—Congress intends that, to  
8 the greatest extent practicable, Federal agencies and Fed-  
9 eral prime contractors issue Phase III awards, including  
10 sole source awards, to the SBIR and STTR award recipi-  
11 ents that developed the technology.”.

12 (b) POLICIES.—Section 9 of the Small Business Act  
13 (15 U.S.C. 638) is amended—

14 (1) in subsection (j)(2)(C)—

15 (A) by striking “, to the extent prac-  
16 ticable,”; and

17 (B) by inserting before the semicolon at  
18 the end “, unless the agency establishes on the  
19 record that such an award is not practicable”;  
20 and

21 (2) in subsection (p)(2)(F)—

22 (A) by striking “, to the extent prac-  
23 ticable,”; and

24 (B) by inserting before the period at the  
25 end “, unless the agency establishes on the  
26 record that such an award is not practicable”.

1           (c) REDUCTION OF WASTE AND DUPLICATION IN  
2 FEDERAL TECHNOLOGY CONTRACTING.—Section 9 of the  
3 Small Business Act (15 U.S.C. 638), as amended by this  
4 Act, is amended by adding at the end the following:

5           “(dd) DUPLICATION OF PRIOR AWARDS.—A Federal  
6 agency may not solicit bids or proposals for award of con-  
7 tracts on any topic duplicating a SBIR or STTR award  
8 previously made by such agency, unless, not later than 30  
9 days before the solicitation, the agency submits an ad-  
10 vance notice of intent to issue such a solicitation to the  
11 Administrator. Such solicitations may be challenged by the  
12 Administrator to the head of the agency, or otherwise be  
13 challenged in accordance with law. To avoid duplication,  
14 before issuing a solicitation, the responsible Federal agen-  
15 cy official shall review the Tech-Net database of the Ad-  
16 ministration (or any successor database) and document  
17 the results of such review in contracting files.”.

18 **SEC. 1534. SBIR AND STTR MENTOR-PROTÉGÉ PROGRAMS.**

19           (a) AUTHORIZATION.—The head of each Federal  
20 agency may establish a mentor-protégé program to provide  
21 development and commercialization assistance to small  
22 business concerns participating in the SBIR program and  
23 the STTR program.

1 (b) TYPES OF ASSISTANCE AUTHORIZED.—The fol-  
2 lowing types of assistance are authorized for mentor-  
3 protégé programs:

4 (1) Assistance with general business develop-  
5 ment, business management, commercialization mar-  
6 keting, or corporate infrastructure.

7 (2) Testing and evaluation assistance for inser-  
8 tion of SBIR and STTR technologies into technical  
9 or weapons systems.

10 (3) Commercialization through Federal sub-  
11 contracts awarded in accordance with the terms of  
12 the special acquisition preference.

13 (4) Payment of progress payments and advance  
14 payment for the performance of subcontracts com-  
15 mercializing SBIR and STTR technologies developed  
16 by the protégé firm.

17 (5) Loans to a protégé firm towards develop-  
18 ment and commercialization of SBIR or STTR tech-  
19 nologies.

20 (c) PROGRAM TERMS.—The head of a Federal agency  
21 is authorized to approve mentor-protégé agreements pro-  
22 viding to the mentor firm incentives, including—

23 (1) credit towards meeting the mentor's small  
24 business subcontracting goals; and

25 (2) contractual term extension incentives.

1 (d) APPROVAL.—

2 (1) IN GENERAL.—The Administrator shall ap-  
3 prove a SBIR and STTR mentor-protégé program in  
4 each Federal agency that establishes such a pro-  
5 gram.

6 (2) CLARIFICATION OF APPLICABILITY.—It is  
7 the intent of Congress that the prohibition on condi-  
8 tioning, negotiating, transferring, or diminishing  
9 SBIR and STTR data rights in the making or ad-  
10 ministration of phase III awards (including prime  
11 contracts and subcontracts) that are federally fund-  
12 ed or intended for use by the Federal Government  
13 that is contained in section 8 of the SBIR Policy Di-  
14 rective and in section 3 of the STTR Policy Direc-  
15 tive (as in effect on the date of enactment of this  
16 Act, and any successor thereto) apply to mentor-  
17 protégé agreements established for the purpose of  
18 assisting SBIR and STTR small business concerns.

19 (3) DATA RIGHTS PROTECTIONS.—Notwith-  
20 standing any other provision of law, no mentor-  
21 protégé agreement with an SBIR or STTR small  
22 business concern may be approved by any Federal  
23 agency, unless it contains phase III data rights pro-  
24 tection clauses prescribed by the SBIR and STTR  
25 Policy Directives described in paragraph (2).

1           (4) APPROVAL OF AGREEMENTS.—The SBIR  
2 program manager and the STTR program manager  
3 at a Federal agency shall each ensure that Federal  
4 reimbursement funding for mentor-protégé assist-  
5 ance to SBIR and STTR small business concerns is  
6 directed towards development, testing, evaluation,  
7 and commercialization of SBIR and STTR tech-  
8 nologies, respectively.

9           (5) REPORTING REQUIREMENT.—Any mentor-  
10 protégé agreement established for the purpose of as-  
11 sisting an SBIR or STTR small business concern  
12 shall require reporting of the dollar value of phase  
13 III awards made as a result of the mentor-protégé  
14 assistance.

15 **SEC. 1535. SUBCONTRACTING WITH FEDERAL LABORA-**  
16 **TORIES AND RESEARCH AND DEVELOPMENT**  
17 **CENTERS.**

18 Section 9 of the Small Business Act (15 U.S.C. 638),  
19 as amended by this Act, is amended by adding at the end  
20 the following:

21           “(ee) SUBCONTRACTING.—

22           “(1) AUTHORIZATION.—The head of each par-  
23 ticipating Federal agency is authorized to issue  
24 SBIR and STTR awards to any eligible small busi-  
25 ness concern which intends to subcontract portions



1 of the work to Federal laboratories and federally  
2 funded research and development centers, subject to  
3 the limitations under this section.

4 “(2) PROHIBITION.—No Federal agency shall—

5 “(A) condition SBIR or STTR awards  
6 upon subcontracting any portion of the work to  
7 any Federal agency or any federally funded lab-  
8 oratory or research and development center;

9 “(B) approve a subcontracting arrange-  
10 ment where the small business concern per-  
11 forms a lesser portion of the work than required  
12 by this section and by the SBIR and STTR  
13 Policy Directives; or

14 “(C) approve a subcontracting arrange-  
15 ment which violates any provisions, including  
16 data rights protections provisions, of this sec-  
17 tion or the SBIR and the STTR Policy Direc-  
18 tives.

19 “(3) IMPLEMENTATION.—Not later than 180  
20 days after the date of enactment of this subsection,  
21 the Administrator shall modify the SBIR Policy Di-  
22 rective and the STTR Policy Directive issued under  
23 this section to ensure that small business concerns  
24 have the flexibility to use the resources of the Fed-  
25 eral laboratories and federally funded research and

1 development centers, but shall not be mandated to  
2 subcontract with them as a condition of award.”.

3 **SEC. 1536. INNOVATION COMMERCIALIZATION PILOT PRO-**  
4 **GRAMS.**

5 Section 9 of the Small Business Act (15 U.S.C. 638),  
6 as amended by this Act, is amended by adding at the end  
7 the following:

8 “(ff) INNOVATION COMMERCIALIZATION PILOT PRO-  
9 GRAMS.—

10 “(1) IN GENERAL.—Effective on and after the  
11 beginning of fiscal year 2007, the head of any civil-  
12 ian Federal agency participating in the SBIR pro-  
13 gram which has awarded over \$5,000,000,000 in  
14 procurement contracts during the previous fiscal  
15 year is authorized to create and administer a com-  
16 mercialization pilot program (in this section referred  
17 to as a ‘pilot program’) to accelerate the transition  
18 of technologies, products, and services developed  
19 under the SBIR program to Phase III, including the  
20 acquisition process.

21 “(2) IDENTIFICATION OF RESEARCH PROGRAMS  
22 FOR ACCELERATED TRANSITION TO ACQUISITION  
23 PROCESS.—In carrying out a pilot program, the  
24 head of the Federal agency concerned shall identify  
25 research programs of the SBIR program that have

1 the potential for rapid transitioning to Phase III  
2 and into the acquisition process.

3 “(3) LIMITATION.—No research program may  
4 be identified under paragraph (2) unless the head of  
5 the Federal agency concerned certifies in writing  
6 that the successful transition of the program to  
7 Phase III and into the acquisition process is ex-  
8 pected to meet high priority mission requirements of  
9 such agency.

10 “(4) FUNDING.—

11 “(A) IN GENERAL.—For payment of ex-  
12 penses incurred to administer a pilot program,  
13 the head of the Federal agency concerned is au-  
14 thorized to use not more than an amount equal  
15 to 1 percent of the funds available to such Fed-  
16 eral agency under the SBIR program.

17 “(B) LIMITATIONS.—Any funds used  
18 under subparagraph (A)—

19 “(i) shall not be subject to the limita-  
20 tions on the use of funds in subsection  
21 (f)(2); or

22 “(ii) may not be used to make Phase  
23 III awards.

24 “(5) EVALUATIVE REPORT.—

1           “(A) IN GENERAL.—At the end of each fis-  
2 cal year, the head of the Federal agency con-  
3 cerned shall submit to the Committee on Small  
4 Business and Entrepreneurship of the Senate  
5 and the Committee on Small Business of the  
6 House of Representatives a report regarding ac-  
7 tivities under the Commercialization Pilot Pro-  
8 gram.

9           “(B) CONTENTS.—Each report under sub-  
10 paragraph (A) shall include—

11                   “(i) an accounting of the funds used  
12 in a pilot program;

13                   “(ii) a detailed description of the pilot  
14 program of such Federal agency, including  
15 incentives and activities undertaken by ac-  
16 quisition program managers, program ex-  
17 ecutive officers, managers or operators of  
18 laboratories or research and development  
19 centers, and prime contractors; and

20                   “(iii) a detailed compilation of results  
21 achieved by the pilot program of such Fed-  
22 eral agency, including the number of small  
23 business concerns assisted, Phase III dol-  
24 lars awarded, and the number of projects  
25 commercialized.

1           “(6) AUTHORIZED INCENTIVES AND ACTIVI-  
2           TIES.—In carrying out a pilot program, the head of  
3           the Federal agency concerned is authorized to—

4                   “(A) offer contractual term and payment  
5                   incentives to prime contractors for successful  
6                   commercialization of SBIR technologies; and

7                   “(B) facilitate business development and  
8                   management assistance to SBIR small business  
9                   concerns, conduct outreach to prime contrac-  
10                  tors, and provide such other assistance as the  
11                  head of such Federal agency may determine  
12                  necessary and proper.

13           “(7) INTERAGENCY COMMERCIALIZATION.—The  
14           head of each Federal agency authorized to carry out  
15           a pilot program under this section is authorized to  
16           use such program to facilitate commercialization of  
17           SBIR technologies developed through awards from  
18           other Federal agencies.

19           “(8) SUNSET.—The authority to establish a  
20           pilot program, and any pilot program established,  
21           under this subsection shall terminate at the end of  
22           fiscal year 2010.”.

23 **SEC. 1537. ENFORCEMENT.**

24           (a) NOTIFICATION.—The head of any Federal agency  
25           involved in a case or controversy before any Federal judi-

1 cial or administrative tribunal concerning the SBIR pro-  
2 gram or the STTR program shall provide timely notice  
3 of such case or controversy to the Administrator.

4 (b) REPORTING.—Section 9(b)(7) of the Small Busi-  
5 ness Act (15 U.S.C. 638(b)(7)) is amended by inserting  
6 before the semicolon at the end the following: “, and a  
7 detailed description of appeals of Phase III awards and  
8 notices of noncompliance with the SBIR and the STTR  
9 Policy Directives filed by the Administrator with Federal  
10 agencies”.

11 **Subtitle D—Technical and Finan-**  
12 **cial Assistance for Small Busi-**  
13 **ness Innovation**

14 **SEC. 1541. REAUTHORIZATION AND ENHANCEMENT OF**  
15 **STATE, LOCAL, AND RURAL INNOVATION AS-**  
16 **SISTANCE PROGRAMS.**

17 (a) FEDERAL AND STATE PROGRAM EXTENSION.—  
18 Section 9(s) of the Small Business Act (15 U.S.C. 638(s))  
19 is amended—

20 (1) in paragraph (1), by striking “1995” and  
21 inserting “2012”; and

22 (2) in paragraph (2), by striking “\$2,000,000”  
23 and inserting “\$5,000,000”.

24 (b) RURAL OUTREACH PROGRAM EXTENSION.—Sec-  
25 tion 501(b)(2) of the Small Business Reauthorization Act

1 of 1997 (15 U.S.C. 638 note; 111 Stat. 2622) is amended  
2 by striking “2005” and inserting “2012”.

3 **SEC. 1542. CONTINUED EVALUATION BY THE NATIONAL**  
4 **ACADEMY OF SCIENCES.**

5 Section 108 of the Small Business Reauthorization  
6 Act of 2000 (114 Stat. 2763A–671) is amended by adding  
7 at the end:

8 “(e) EXTENSIONS AND ENHANCEMENTS OF AUTHOR-  
9 ITY.—

10 “(1) IN GENERAL.—The studies authorized  
11 under this section are authorized through the end of  
12 fiscal year 2009, subject to any further requirements  
13 set forth in this section.

14 “(2) REPORT.—

15 “(A) IN GENERAL.—The head of an agen-  
16 cy described in subsection (a) should ensure  
17 that any agreement under that subsection in-  
18 cludes that the National Academy of Sciences  
19 should conduct a survey of State and inter-  
20 national innovation development policies, and  
21 other studies and research, subject to the avail-  
22 ability of funds to carry out this section—

23 “(i) addressing desirability and feasi-  
24 bility of establishing a public, federally  
25 backed secondary capital market mecha-

1 nism to fund securities representing invest-  
2 ments in highly promising small innovative  
3 companies; and

4 “(ii) addressing barriers to greater  
5 commercialization of small business inno-  
6 vations.

7 “(B) SUBMISSION.—The agreement de-  
8 scribed in subparagraph (A) should require  
9 that, not later than December 30, 2009, the  
10 National Academy of Sciences should submit to  
11 Congress a report describing the survey con-  
12 ducted under subparagraph (A).”.

13 **SEC. 1543. PHASE II INNOVATION DEVELOPMENT CHAL-**  
14 **LENGE PILOT PROGRAM.**

15 Section 9 of the Small Business Act (15 U.S.C. 638),  
16 as amended by this Act, is amended by adding at the end  
17 the following:

18 “(gg) PILOT PROGRAM.—

19 “(1) AUTHORIZATION.—The head of each par-  
20 ticipating Federal agency may set aside not more  
21 than 10 percent of the SBIR and STTR funds of  
22 such agency for further technology development and  
23 commercialization of SBIR and STTR Phase II  
24 technologies (in this section referred to as a ‘pilot  
25 program’). Such authority shall be in addition to any



1 other similar program that may be operating or au-  
2 thORIZED to be operated by a participating Federal  
3 agency.

4 “(2) REQUIREMENTS.—

5 “(A) IN GENERAL.—A Federal agency may  
6 not establish a pilot program unless such agen-  
7 cy makes a written application to the Adminis-  
8 trator, not less than 90 days prior to the begin-  
9 ning of the fiscal year in which such pilot pro-  
10 gram is to be established, based on a compelling  
11 reason that additional investment in SBIR or  
12 STTR technologies is required due to unusually  
13 high regulatory, systems integration, or other  
14 costs related to development or manufacturing  
15 of identifiable, highly promising small business  
16 technologies or a class of such technologies ex-  
17 pected to substantially advance the agency’s  
18 mission.

19 “(B) DETERMINATION.—The Adminis-  
20 trator shall—

21 “(i) make a determination regarding  
22 an application submitted under subpara-  
23 graph (A) not later than 30 days before  
24 the beginning of the fiscal year for which  
25 such application is submitted;

1           “(ii) publish such decision in the Fed-  
2           eral Register; and

3           “(iii) make a copy of such decision,  
4           and any related materials available to the  
5           Committee on Small Business and Entre-  
6           preneurship of the Senate and the Com-  
7           mittee on Small Business of the House of  
8           Representatives.

9           “(C) MAXIMUM AMOUNT.—No award  
10          under a pilot program may be made in excess  
11          of 2 times the dollar amounts generally estab-  
12          lished for Phase II awards under this section.

13          “(D) MATCHING.—No award may be made  
14          under a pilot program unless new private, Fed-  
15          eral non-SBIR, or Federal non-STTR funding  
16          which at least matches the award from the Fed-  
17          eral agency is dedicated towards SBIR or  
18          STTR Phase II technology.

19          “(E) ELIGIBILITY.—Awards under this  
20          pilot program may be made to any applicant  
21          which is eligible to receive a Phase III award  
22          related to such SBIR or STTR Phase II tech-  
23          nology.

24          “(F) REGISTRATION.—Applicants receiving  
25          awards under a pilot program shall register

1 with the Administrator in a publicly available  
2 registry.

3 “(G) TERMINATION.—The authority to es-  
4 tablish a pilot program under this section ex-  
5 pires at the end of fiscal year 2012.”.

6 **SEC. 1544. ENCOURAGING INNOVATION IN ENERGY EFFI-  
7 CIENCY.**

8 (a) FEDERAL AGENCY ENERGY-RELATED PRI-  
9 ORITY.—In carrying out its duties under section 9 of the  
10 Small Business Act relating to SBIR and STTR solicita-  
11 tions by Federal agencies, the Administrator shall—

12 (1) ensure that such agencies give high priority  
13 to small business concerns that participate in or con-  
14 duct energy efficiency or renewable energy system  
15 research and development projects; and

16 (2) include in the annual report to Congress  
17 under section 9(b)(7) of the Small Business Act (15  
18 U.S.C. 638(b)(7)), a determination of whether the  
19 priority described in paragraph (1) is being carried  
20 out.

21 (b) CONSULTATION REQUIRED.—The Administrator  
22 shall consult with the heads of other Federal agencies and  
23 departments in determining whether priority has been  
24 given to small business concerns that participate in or con-  
25 duct energy efficiency or renewable energy system re-

1 search and development projects, as required by this sec-  
2 tion.

3 (c) GUIDELINES.—The Administrator shall, as soon  
4 as is practicable after the date of enactment of this Act,  
5 issue guidelines and directives to assist Federal agencies  
6 in meeting the requirements of this section.

7 (d) DEFINITIONS.—In this section—

8 (1) the term “biomass”—

9 (A) means any organic material that is  
10 available on a renewable or recurring basis, in-  
11 cluding—

12 (i) agricultural crops;

13 (ii) trees grown for energy production;

14 (iii) wood waste and wood residues;

15 (iv) plants (including aquatic plants  
16 and grasses);

17 (v) residues;

18 (vi) fibers;

19 (vii) animal wastes and other waste  
20 materials; and

21 (viii) fats, oils, and greases (including  
22 recycled fats, oils, and greases); and

23 (B) does not include—

24 (i) paper that is commonly recycled;

25 or

- 1 (ii) unsegregated solid waste;
- 2 (2) the term “energy efficiency project” means
- 3 the installation or upgrading of equipment that re-
- 4 sults in a significant reduction in energy usage; and
- 5 (3) the term “renewable energy system” means
- 6 a system of energy derived from—
- 7 (A) a wind, solar, biomass, or geothermal
- 8 source; or
- 9 (B) hydrogen derived from biomass or
- 10 water using an energy source described in sub-
- 11 paragraph (A).

12 **SEC. 1545. SBIR–STEM WORKFORCE DEVELOPMENT GRANT**

13 **PILOT PROGRAM.**

14 (a) **PILOT PROGRAM ESTABLISHED.**—From amounts

15 made available to carry out this section, the Administrator

16 shall establish a SBIR–STEM Workforce Development

17 Grant Pilot Program to encourage the business commu-

18 nity to provide workforce development opportunities for

19 college students, in the fields of science, technology, engi-

20 neering, and math (or “STEM college students”), by pro-

21 viding an SBIR bonus grant.

22 (b) **ELIGIBLE ENTITIES DEFINED.**—In this section

23 the term “eligible entity” means a current grantee under

24 the SBIR Program, as defined in section 9(e) of the Small

1 Business Act (15 U.S.C. 638(e)), that provides an intern-  
2 ship program for STEM college students.

3 (c) AWARDS.—An eligible entity shall receive a bonus  
4 grant equal to 10 percent of either a Phase I or Phase  
5 II grant, as applicable, with a total award maximum of  
6 not more than \$10,000 per year.

7 (d) EVALUATION.—Following the fifth year of fund-  
8 ing under this section, the Administrator shall submit a  
9 report to Congress on the results of the SBIR–STEM  
10 Workforce Development Grant Pilot Program.

11 (e) AUTHORIZATION OF APPROPRIATIONS.—There  
12 are authorized to be appropriated to carry out this sec-  
13 tion—

14 (1) \$1,000,000 for fiscal year 2007;

15 (2) \$1,000,000 for fiscal year 2008;

16 (3) \$1,000,000 for fiscal year 2009;

17 (4) \$1,000,000 for fiscal year 2010; and

18 (5) \$1,000,000 for fiscal year 2011.

## 19 **Subtitle E—Implementation**

### 20 **SEC. 1551. CONFORMING AMENDMENTS TO THE SBIR AND** 21 **THE STTR POLICY DIRECTIVES.**

22 Not later than 180 days after the date of enactment  
23 of this Act, the Administrator shall promulgate amend-  
24 ments to the SBIR and the STTR Policy Directives to

1 conform such directives to this title and the amendments  
2 made by this title.

3 **TITLE XVI—NATIVE AMERICAN**  
4 **SMALL BUSINESS DEVELOP-**  
5 **MENT PROGRAM**

6 **SEC. 1601. SHORT TITLE.**

7 This title may be cited as the “Native American  
8 Small Business Development Act of 2006”.

9 **SEC. 1602. NATIVE AMERICAN SMALL BUSINESS DEVELOP-**  
10 **MENT PROGRAM.**

11 The Small Business Act (15 U.S.C. 631 et seq.) is  
12 amended by inserting after section 38, as added by this  
13 Act, the following:

14 **“SEC. 39. NATIVE AMERICAN SMALL BUSINESS DEVELOP-**  
15 **MENT PROGRAM.**

16 “(a) DEFINITIONS.—In this section—

17 “(1) the term ‘Alaska Native’ has the same  
18 meaning as the term ‘Native’ in section 3(b) of the  
19 Alaska Native Claims Settlement Act (43 U.S.C.  
20 1602(b));

21 “(2) the term ‘Alaska Native corporation’ has  
22 the same meaning as the term ‘Native Corporation’  
23 in section 3(m) of the Alaska Native Claims Settle-  
24 ment Act (43 U.S.C. 1602(m));

1           “(3) the term ‘Assistant Administrator’ means  
2 the Assistant Administrator of the Office of Native  
3 American Affairs established under subsection (b);

4           “(4) the terms ‘center’ and ‘Native American  
5 business center’ mean a center established under  
6 subsection (c);

7           “(5) the term ‘Native American business devel-  
8 opment center’ means an entity providing business  
9 development assistance to federally recognized tribes  
10 and Native Americans under a grant from the Mi-  
11 nority Business Development Agency of the Depart-  
12 ment of Commerce;

13           “(6) the term ‘Native American small business  
14 concern’ means a small business concern that is  
15 owned and controlled by—

16           “(A) a member of an Indian tribe or tribal  
17 government;

18           “(B) an Alaska Native or Alaska Native  
19 corporation; or

20           “(C) a Native Hawaiian or Native Hawai-  
21 ian Organization;

22           “(7) the term ‘Native Hawaiian’ has the same  
23 meaning as in section 625 of the Older Americans  
24 Act of 1965 (42 U.S.C. 3057k);



1           “(8) the term ‘Native Hawaiian Organization’  
2 has the same meaning as in section 8(a)(15);

3           “(9) the term ‘tribal college’ has the same  
4 meaning as the term ‘tribally controlled college or  
5 university’ has in section 2(a)(4) of the Tribally  
6 Controlled Community College Assistance Act of  
7 1978 (25 U.S.C. 1801(a)(4));

8           “(10) the term ‘tribal government’ has the  
9 same meaning as the term ‘Indian tribe’ has in sec-  
10 tion 7501(a)(9) of title 31, United States Code; and

11           “(11) the term ‘tribal lands’ means all lands  
12 within the exterior boundaries of any Indian reserva-  
13 tion.

14           “(b) OFFICE OF NATIVE AMERICAN AFFAIRS.—

15           “(1) ESTABLISHMENT.—There is established  
16 within the Administration the Office of Native  
17 American Affairs, which, under the direction of the  
18 Assistant Administrator, shall implement the Admin-  
19 istration’s programs for the development of business  
20 enterprises by Native Americans.

21           “(2) PURPOSE.—The purpose of the Office of  
22 Native American Affairs is to assist Native Amer-  
23 ican entrepreneurs to—

24                   “(A) start, operate, and grow small busi-  
25                   ness concerns;

1           “(B) develop management and technical  
2 skills;

3           “(C) seek Federal procurement opportuni-  
4 ties;

5           “(D) increase employment opportunities  
6 for Native Americans through the start and ex-  
7 pansion of small business concerns; and

8           “(E) increase the access of Native Ameri-  
9 cans to capital markets.

10          “(3) ASSISTANT ADMINISTRATOR.—

11           “(A) APPOINTMENT.—The Administrator  
12 shall appoint a qualified individual to serve as  
13 Assistant Administrator of the Office of Native  
14 American Affairs in accordance with this para-  
15 graph.

16           “(B) QUALIFICATIONS.—The Assistant  
17 Administrator appointed under subparagraph  
18 (A) shall have—

19           “(i) knowledge of the Native Ameri-  
20 can culture; and

21           “(ii) experience providing culturally  
22 tailored small business development assist-  
23 ance to Native Americans.

24           “(C) EMPLOYMENT STATUS.—The Assist-  
25 ant Administrator shall be a Senior Executive

1 Service position under section 3132(a)(2) of  
2 title 5, United States Code, and shall serve as  
3 a noncareer appointee, as defined in section  
4 3132(a)(7) of title 5, United States Code.

5 “(D) RESPONSIBILITIES AND DUTIES.—

6 The Assistant Administrator shall—

7 “(i) administer and manage the Na-  
8 tive American Small Business Development  
9 program established under this section;

10 “(ii) recommend the annual adminis-  
11 trative and program budgets for the Office  
12 of Native American Affairs;

13 “(iii) consult with Native American  
14 business centers in carrying out the pro-  
15 gram established under this section;

16 “(iv) recommend appropriate funding  
17 levels;

18 “(v) review the annual budgets sub-  
19 mitted by each applicant for the Native  
20 American Small Business Development  
21 program;

22 “(vi) select applicants to participate in  
23 the program under this section;

24 “(vii) implement this section; and

1           “(viii) maintain a clearinghouse to  
2           provide for the dissemination and exchange  
3           of information between Native American  
4           business centers.

5           “(E) CONSULTATION REQUIREMENTS.—In  
6           carrying out the responsibilities and duties de-  
7           scribed in this paragraph, the Assistant Admin-  
8           istrator shall confer with and seek the advice  
9           of—

10           “(i) Administration officials working  
11           in areas served by Native American busi-  
12           ness centers and Native American business  
13           development centers;

14           “(ii) representatives of tribal govern-  
15           ments;

16           “(iii) tribal colleges;

17           “(iv) Alaska Native corporations; and

18           “(v) Native Hawaiian Organizations.

19           “(c) NATIVE AMERICAN SMALL BUSINESS DEVELOP-  
20           MENT PROGRAM.—

21           “(1) AUTHORIZATION.—

22           “(A) IN GENERAL.—The Administration,  
23           through the Office of Native American Affairs,  
24           shall provide financial assistance to tribal gov-  
25           ernments, tribal colleges, Native Hawaiian Or-

1 organizations, and Alaska Native corporations to  
2 create Native American business centers in ac-  
3 cordance with this section.

4 “(B) USE OF FUNDS.—The financial and  
5 resource assistance provided under this sub-  
6 section shall be used to overcome obstacles im-  
7 peding the creation, development, and expan-  
8 sion of small business concerns, in accordance  
9 with this section, by—

10 “(i) reservation-based American Indi-  
11 ans;

12 “(ii) Alaska Natives; and

13 “(iii) Native Hawaiians.

14 “(2) 5-YEAR PROJECTS.—

15 “(A) IN GENERAL.—Each Native Amer-  
16 ican business center that receives assistance  
17 under paragraph (1)(A) shall conduct a 5-year  
18 project that offers culturally tailored business  
19 development assistance in the form of—

20 “(i) financial education, including  
21 training and counseling in—

22 “(I) applying for and securing  
23 business credit and investment cap-  
24 ital;

- 1                   “(II) preparing and presenting fi-  
2                   nancial statements; and
- 3                   “(III) managing cash flow and  
4                   other financial operations of a busi-  
5                   ness concern;
- 6                   “(ii) management education, including  
7                   training and counseling in planning, orga-  
8                   nizing, staffing, directing, and controlling  
9                   each major activity and function of a small  
10                  business concern; and
- 11                  “(iii) marketing education, including  
12                  training and counseling in—
- 13                   “(I) identifying and segmenting  
14                   domestic and international market op-  
15                   portunities;
- 16                   “(II) preparing and executing  
17                   marketing plans;
- 18                   “(III) developing pricing strate-  
19                   gies;
- 20                   “(IV) locating contract opportu-  
21                   nities;
- 22                   “(V) negotiating contracts; and
- 23                   “(VI) utilizing varying public re-  
24                   lations and advertising techniques.

1           “(B) BUSINESS DEVELOPMENT ASSIST-  
2 ANCE RECIPIENTS.—The business development  
3 assistance under subparagraph (A) shall be of-  
4 fered to prospective and current owners of small  
5 business concerns that are owned by—

6           “(i) American Indians or tribal gov-  
7 ernments, and located on or near tribal  
8 lands;

9           “(ii) Alaska Natives or Alaska Native  
10 corporations; or

11           “(iii) Native Hawaiians or Native Ha-  
12 waiian Organizations.

13           “(3) FORM OF FEDERAL FINANCIAL ASSIST-  
14 ANCE.—

15           “(A) DOCUMENTATION.—

16           “(i) IN GENERAL.—The financial as-  
17 sistance to Native American business cen-  
18 ters authorized under this subsection may  
19 be made by grant, contract, or cooperative  
20 agreement.

21           “(ii) EXCEPTION.—Financial assist-  
22 ance under this subsection to Alaska Na-  
23 tive corporations or Native Hawaiian Or-  
24 ganizations may only be made by grant.

25           “(B) PAYMENTS.—

1           “(i) TIMING.—Payments made under  
2           this subsection may be disbursed in an an-  
3           nual lump sum or in periodic installments,  
4           at the request of the recipient.

5           “(ii) ADVANCE.—The Administration  
6           may disburse not more than 25 percent of  
7           the annual amount of Federal financial as-  
8           sistance awarded to a Native American  
9           small business center after notice of the  
10          award has been issued.

11          “(iii) NO MATCHING REQUIREMENT.—  
12          The Administration shall not require a  
13          grant recipient to match grant funding re-  
14          ceived under this subsection with non-Fed-  
15          eral resources as a condition of receiving  
16          the grant.

17          “(4) CONTRACT AND COOPERATIVE AGREE-  
18          MENT AUTHORITY.—A Native American business  
19          center may enter into a contract or cooperative  
20          agreement with a Federal department or agency to  
21          provide specific assistance to Native American and  
22          other underserved small business concerns located on  
23          or near tribal lands, to the extent that such contract  
24          or cooperative agreement is consistent with the



1 terms of any assistance received by the Native  
2 American business center from the Administration.

3 “(5) APPLICATION PROCESS.—

4 “(A) SUBMISSION OF A 5-YEAR PLAN.—

5 Each applicant for assistance under paragraph  
6 (1) shall submit a 5-year plan to the Adminis-  
7 tration on proposed assistance and training ac-  
8 tivities.

9 “(B) CRITERIA.—

10 “(i) IN GENERAL.—The Administra-  
11 tion shall evaluate and rank applicants in  
12 accordance with predetermined selection  
13 criteria that shall be stated in terms of rel-  
14 ative importance.

15 “(ii) PUBLIC NOTICE.—The criteria  
16 required by this paragraph and their rel-  
17 ative importance shall be made publicly  
18 available, within a reasonable time, and  
19 stated in each solicitation for applications  
20 made by the Administration.

21 “(iii) CONSIDERATIONS.—The criteria  
22 required by this paragraph shall include—

23 “(I) the experience of the appli-  
24 cant in conducting programs or ongo-  
25 ing efforts designed to impart or up-

1 grade the business skills of current or  
2 potential owners of Native American  
3 small business concerns;

4 “(II) the ability of the applicant  
5 to commence a project within a min-  
6 imum amount of time;

7 “(III) the ability of the applicant  
8 to provide quality training and serv-  
9 ices to a significant number of Native  
10 Americans;

11 “(IV) previous assistance from  
12 the Administration to provide services  
13 in Native American communities; and

14 “(V) the proposed location for  
15 the Native American business center  
16 site, with priority given based on the  
17 proximity of the center to the popu-  
18 lation being served and to achieve a  
19 broad geographic dispersion of the  
20 centers.

21 “(6) PROGRAM EXAMINATION.—

22 “(A) IN GENERAL.—Each Native Amer-  
23 ican business center established pursuant to  
24 this subsection shall annually provide the Ad-  
25 ministration with an itemized cost breakdown of

1 actual expenditures incurred during the pre-  
2 ceding year.

3 “(B) ADMINISTRATION ACTION.—Based on  
4 information received under subparagraph (A),  
5 the Administration shall—

6 “(i) develop and implement an annual  
7 programmatic and financial examination of  
8 each Native American business center as-  
9 sisted pursuant to this subsection; and

10 “(ii) analyze the results of each exam-  
11 ination conducted under clause (i) to deter-  
12 mine the programmatic and financial via-  
13 bility of each Native American business  
14 center.

15 “(C) CONDITIONS FOR CONTINUED FUND-  
16 ING.—In determining whether to renew a grant,  
17 contract, or cooperative agreement with a Na-  
18 tive American business center, the Administra-  
19 tion—

20 “(i) shall consider the results of the  
21 most recent examination of the center  
22 under subparagraph (B), and, to a lesser  
23 extent, previous examinations; and

24 “(ii) may withhold such renewal, if  
25 the Administration determines that—

1           “(I) the center has failed to pro-  
2           vide adequate information required to  
3           be provided under subparagraph (A),  
4           or the information provided by the  
5           center is inadequate; or

6           “(II) the center has failed to pro-  
7           vide adequate information required to  
8           be provided by the center for purposes  
9           of the report of the Administration  
10          under subparagraph (E).

11           “(D) CONTINUING CONTRACT AND COOP-  
12          ERATIVE AGREEMENT AUTHORITY.—

13           “(i) IN GENERAL.—The authority of  
14          the Administrator to enter into contracts  
15          or cooperative agreements in accordance  
16          with this subsection shall be in effect for  
17          each fiscal year only to the extent and in  
18          the amounts as are provided in advance in  
19          appropriations Acts.

20           “(ii) RENEWAL.—After the Adminis-  
21          trator has entered into a contract or coop-  
22          erative agreement with any Native Amer-  
23          ican business center under this subsection,  
24          it shall not suspend, terminate, or fail to  
25          renew or extend any such contract or coop-

1 erative agreement unless the Administrator  
2 provides the center with written notifica-  
3 tion setting forth the reasons therefore and  
4 affords the center an opportunity for a  
5 hearing, appeal, or other administrative  
6 proceeding under chapter 5 of title 5,  
7 United States Code.

8 “(E) MANAGEMENT REPORT.—

9 “(i) IN GENERAL.—The Administra-  
10 tion shall prepare and submit to the Com-  
11 mittee on Small Business and Entrepre-  
12 neurship of the Senate and the Committee  
13 on Small Business of the House of Rep-  
14 resentatives an annual report on the effec-  
15 tiveness of all projects conducted by Native  
16 American business centers under this sub-  
17 section and any pilot programs adminis-  
18 tered by the Office of Native American Af-  
19 fairs.

20 “(ii) CONTENTS.—Each report sub-  
21 mitted under clause (i) shall include, with  
22 respect to each Native American business  
23 center receiving financial assistance under  
24 this subsection—

- 1           “(I) the number of individuals re-
- 2           ceiving assistance from the Native
- 3           American business center;
- 4           “(II) the number of startup busi-
- 5           ness concerns created;
- 6           “(III) the number of existing
- 7           businesses seeking to expand employ-
- 8           ment;
- 9           “(IV) jobs created or maintained,
- 10          on an annual basis, by Native Amer-
- 11          ican small business concerns assisted
- 12          by the center since receiving funding
- 13          under this Act;
- 14          “(V) to the maximum extent
- 15          practicable, the capital investment and
- 16          loan financing utilized by emerging
- 17          and expanding businesses that were
- 18          assisted by a Native American busi-
- 19          ness center; and
- 20          “(VI) the most recent examina-
- 21          tion, as required under subparagraph
- 22          (B), and the subsequent determina-
- 23          tion made by the Administration
- 24          under that subparagraph.

1           “(7) ANNUAL REPORT.—Each entity receiving  
2 financial assistance under this subsection shall annu-  
3 ally report to the Administration on the services pro-  
4 vided with such financial assistance, including—

5           “(A) the number of individuals assisted,  
6 categorized by ethnicity;

7           “(B) the number of hours spent providing  
8 counseling and training for those individuals;

9           “(C) the number of startup small business  
10 concerns created or maintained;

11           “(D) the gross receipts of assisted small  
12 business concerns;

13           “(E) the number of jobs created or main-  
14 tained at assisted small business concerns; and

15           “(F) the number of Native American jobs  
16 created or maintained at assisted small business  
17 concerns.

18           “(8) RECORD RETENTION.—

19           “(A) APPLICATIONS.—The Administration  
20 shall maintain a copy of each application sub-  
21 mitted under this subsection for not less than  
22 7 years.

23           “(B) ANNUAL REPORTS.—The Administra-  
24 tion shall maintain copies of the information  
25 collected under paragraph (6)(A) indefinitely.

1       “(d) AUTHORIZATION OF APPROPRIATIONS.—There  
2 are authorized to be appropriated \$5,000,000 for each of  
3 the fiscal years 2006 through 2010, to carry out the Na-  
4 tive American Small Business Development Program, au-  
5 thorized under subsection (c).”.

6 **SEC. 1603. PILOT PROGRAMS.**

7       (a) DEFINITIONS.—In this section:

8           (1) INCORPORATION BY REFERENCE.—The  
9 terms defined in section 39(a) of the Small Business  
10 Act (as added by this title) have the same meanings  
11 as in that section 39(a) when used in this section.

12           (2) JOINT PROJECT.—The term “joint project”  
13 means the combined resources and expertise of 2 or  
14 more distinct entities at a physical location dedi-  
15 cated to assisting the Native American community.

16       (b) NATIVE AMERICAN DEVELOPMENT GRANT PILOT  
17 PROGRAM.—

18           (1) AUTHORIZATION.—

19           (A) IN GENERAL.—There is established a  
20 4-year pilot program under which the Adminis-  
21 tration is authorized to award Native American  
22 development grants to provide culturally tai-  
23 lored business development training and related  
24 services to Native Americans and Native Amer-  
25 ican small business concerns.



1 (B) ELIGIBLE ORGANIZATIONS.—The  
2 grants authorized under subparagraph (A) may  
3 be awarded to—

4 (i) any small business development  
5 center; or

6 (ii) any private, nonprofit organization  
7 that—

8 (I) has members of an Indian  
9 tribe comprising a majority of its  
10 board of directors;

11 (II) is a Native Hawaiian Orga-  
12 nization; or

13 (III) is an Alaska Native cor-  
14 poration.

15 (C) AMOUNTS.—The Administration shall  
16 not award a grant under this subsection in an  
17 amount which exceeds \$100,000 for each year  
18 of the project.

19 (D) GRANT DURATION.—Each grant under  
20 this subsection shall be awarded for not less  
21 than a 2-year period and not more than a 4-  
22 year period.

23 (2) CONDITIONS FOR PARTICIPATION.—Each  
24 entity desiring a grant under this subsection shall

1 submit an application to the Administration that  
2 contains—

3 (A) a certification that the applicant—

4 (i) is a small business development  
5 center or a private, nonprofit organization  
6 under paragraph (1)(B);

7 (ii) employs an executive director or  
8 program manager to manage the facility;  
9 and

10 (iii) agrees—

11 (I) to a site visit as part of the  
12 final selection process;

13 (II) to an annual programmatic  
14 and financial examination; and

15 (III) to the maximum extent  
16 practicable, to remedy any problems  
17 identified pursuant to that site visit or  
18 examination;

19 (B) information demonstrating that the  
20 applicant has the ability and resources to meet  
21 the needs, including cultural needs, of the Na-  
22 tive Americans to be served by the grant;

23 (C) information relating to proposed assist-  
24 ance that the grant will provide, including—

1 (i) the number of individuals to be as-  
2 sisted; and

3 (ii) the number of hours of counseling,  
4 training, and workshops to be provided;

5 (D) information demonstrating the effec-  
6 tive experience of the applicant in—

7 (i) conducting financial, management,  
8 and marketing assistance programs de-  
9 signed to impart or upgrade the business  
10 skills of current or prospective Native  
11 American business owners;

12 (ii) providing training and services to  
13 a representative number of Native Ameri-  
14 cans;

15 (iii) using resource partners of the  
16 Administration and other entities, includ-  
17 ing universities, tribal governments, or  
18 tribal colleges; and

19 (iv) the prudent management of fi-  
20 nances and staffing;

21 (E) the location where the applicant will  
22 provide training and services to Native Ameri-  
23 cans; and

24 (F) a multiyear plan, corresponding to the  
25 length of the grant, that describes—

1 (i) the number of Native Americans  
2 and Native American small business con-  
3 cerns to be served by the grant;

4 (ii) in the continental United States,  
5 the number of Native Americans to be  
6 served by the grant; and

7 (iii) the training and services to be  
8 provided to a representative number of Na-  
9 tive Americans.

10 (3) REVIEW OF APPLICATIONS.—The Adminis-  
11 tration shall—

12 (A) evaluate and rank applicants under  
13 paragraph (2) in accordance with predeter-  
14 mined selection criteria that is stated in terms  
15 of relative importance;

16 (B) include such criteria in each solicita-  
17 tion under this subsection and make such infor-  
18 mation available to the public; and

19 (C) approve or disapprove each completed  
20 application submitted under this subsection not  
21 later than 60 days after the date of submission.

22 (4) ANNUAL REPORT.—Each recipient of a Na-  
23 tive American development grant under this sub-  
24 section shall annually report to the Administration  
25 on the impact of the grant funding, including—

1 (A) the number of individuals assisted, cat-  
2 egorized by ethnicity;

3 (B) the number of hours spent providing  
4 counseling and training for those individuals;

5 (C) the number of startup small business  
6 concerns created or maintained with assistance  
7 from a Native American business center;

8 (D) the gross receipts of assisted small  
9 business concerns;

10 (E) the number of jobs created or main-  
11 tained at assisted small business concerns; and

12 (F) the number of Native American jobs  
13 created or maintained at assisted small business  
14 concerns.

15 (5) RECORD RETENTION.—

16 (A) APPLICATIONS.—The Administration  
17 shall maintain a copy of each application sub-  
18 mitted under this subsection for not less than  
19 7 years.

20 (B) ANNUAL REPORTS.—The Administra-  
21 tion shall maintain copies of the information  
22 collected under paragraph (4) indefinitely.

23 (c) AMERICAN INDIAN TRIBAL ASSISTANCE CENTER  
24 GRANT PILOT PROGRAM.—

25 (1) AUTHORIZATION.—

1 (A) IN GENERAL.—There is established a  
2 4-year pilot program, under which the Adminis-  
3 tration shall award not less than 3 American  
4 Indian Tribal Assistance Center grants to es-  
5 tablish joint projects to provide culturally tai-  
6 lored business development assistance to pro-  
7 spective and current owners of small business  
8 concerns located on or near tribal lands.

9 (B) ELIGIBLE ORGANIZATIONS.—

10 (i) CLASS 1.—Not fewer than 1 grant  
11 shall be awarded to a joint project per-  
12 formed by a Native American business cen-  
13 ter, a Native American business develop-  
14 ment center, and a small business develop-  
15 ment center.

16 (ii) CLASS 2.—Not fewer than 2  
17 grants shall be awarded to joint projects  
18 performed by a Native American business  
19 center and a Native American business de-  
20 velopment center.

21 (C) AMOUNTS.—The Administration shall  
22 not award a grant under this subsection in an  
23 amount which exceeds \$200,000 for each year  
24 of the project.

1 (D) GRANT DURATION.—Each grant under  
2 this subsection shall be awarded for a 3-year  
3 period.

4 (2) CONDITIONS FOR PARTICIPATION.—Each  
5 entity desiring a grant under this subsection shall  
6 submit to the Administration a joint application that  
7 contains—

8 (A) a certification that each participant of  
9 the joint application—

10 (i) is either a Native American busi-  
11 ness center, a Native American business  
12 development center, or a small business de-  
13 velopment center;

14 (ii) employs an executive director or  
15 program manager to manage the center;  
16 and

17 (iii) as a condition of receiving an  
18 American Indian Tribal Assistance Center  
19 grant, agrees—

20 (I) to an annual programmatic  
21 and financial examination; and

22 (II) to the maximum extent prac-  
23 ticable, to remedy any problems iden-  
24 tified pursuant to that examination;

1 (B) information demonstrating an historic  
2 commitment to providing assistance to Native  
3 Americans—

4 (i) residing on or near tribal lands; or  
5 (ii) operating a small business concern  
6 on or near tribal lands;

7 (C) information demonstrating that each  
8 participant of the joint application has the abil-  
9 ity and resources to meet the needs, including  
10 the cultural needs, of the Native Americans to  
11 be served by the grant;

12 (D) information relating to proposed as-  
13 sistance that the grant will provide, including—

14 (i) the number of individuals to be as-  
15 sisted; and

16 (ii) the number of hours of counseling,  
17 training, and workshops to be provided;

18 (E) information demonstrating the effec-  
19 tive experience of each participant of the joint  
20 application in—

21 (i) conducting financial, management,  
22 and marketing assistance programs, de-  
23 signed to impart or upgrade the business  
24 skills of current or prospective Native  
25 American business owners; and



1 (ii) the prudent management of fi-  
2 nances and staffing; and

3 (F) a plan for the length of the grant, that  
4 describes—

5 (i) the number of Native Americans  
6 and Native American small business con-  
7 cerns to be served by the grant; and

8 (ii) the training and services to be  
9 provided.

10 (3) REVIEW OF APPLICATIONS.—The Adminis-  
11 tration shall—

12 (A) evaluate and rank applicants under  
13 paragraph (2) in accordance with predeter-  
14 mined selection criteria that is stated in terms  
15 of relative importance;

16 (B) include such criteria in each solicita-  
17 tion under this subsection and make such infor-  
18 mation available to the public; and

19 (C) approve or disapprove each application  
20 submitted under this subsection not later than  
21 60 days after the date of submission.

22 (4) ANNUAL REPORT.—Each recipient of an  
23 American Indian tribal assistance center grant  
24 under this subsection shall annually report to the  
25 Administration on the impact of the grant funding

1 received during the reporting year, and the cumu-  
2 lative impact of the grant funding received since the  
3 initiation of the grant, including—

4 (A) the number of individuals assisted, cat-  
5 egorized by ethnicity;

6 (B) the number of hours of counseling and  
7 training provided and workshops conducted;

8 (C) the number of startup business con-  
9 cerns created or maintained with assistance  
10 from a Native American business center;

11 (D) the gross receipts of assisted small  
12 business concerns;

13 (E) the number of jobs created or main-  
14 tained at assisted small business concerns; and

15 (F) the number of Native American jobs  
16 created or maintained at assisted small business  
17 concerns.

18 (5) RECORD RETENTION.—

19 (A) APPLICATIONS.—The Administration  
20 shall maintain a copy of each application sub-  
21 mitted under this subsection for not less than  
22 7 years.

23 (B) ANNUAL REPORTS.—The Administra-  
24 tion shall maintain copies of the information  
25 collected under paragraph (4) indefinitely.

1 (d) AUTHORIZATION OF APPROPRIATIONS.—There  
2 are authorized to be appropriated—

3 (1) \$1,000,000 for each of the fiscal years 2006  
4 through 2009, to carry out the Native American De-  
5 velopment Grant Pilot Program, authorized under  
6 subsection (b); and

7 (2) \$1,000,000 for each of the fiscal years 2006  
8 through 2009, to carry out the American Indian  
9 Tribal Assistance Center Grant Pilot Program, au-  
10 thorized under subsection (c).

11 **TITLE XVII—NATIONAL SMALL**  
12 **BUSINESS REGULATORY AS-**  
13 **SISTANCE**

14 **SEC. 1701. SHORT TITLE.**

15 This title may be cited as the “National Small Busi-  
16 ness Regulatory Assistance Act of 2006”.

17 **SEC. 1702. PURPOSE.**

18 The purpose of this title is to establish a 4-year pilot  
19 program to—

20 (1) provide confidential assistance to small  
21 business concerns;

22 (2) provide small business concerns with the in-  
23 formation necessary to improve their rate of compli-  
24 ance with Federal and State regulations derived  
25 from Federal law;

1           (3) create a partnership among Federal agen-  
2           cies to increase outreach efforts to small business  
3           concerns with respect to regulatory compliance;

4           (4) provide a mechanism for unbiased feedback  
5           to Federal agencies on the regulatory environment  
6           for small business concerns; and

7           (5) expand the services delivered by the small  
8           business development centers under section  
9           21(c)(3)(H) of the Small Business Act to improve  
10          access to programs to assist small business concerns  
11          with regulatory compliance.

12 **SEC. 1703. SMALL BUSINESS REGULATORY ASSISTANCE**  
13                                   **PILOT PROGRAM.**

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

15           (1) **ASSOCIATION.**—The term “association”  
16           means the association established pursuant to sec-  
17           tion 21(a)(3)(A) of the Small Business Act (15  
18           U.S.C. 648(a)(3)(A)) representing a majority of  
19           small business development centers.

20           (2) **PARTICIPATING SMALL BUSINESS DEVELOP-**  
21           **MENT CENTER.**—The term “participating small  
22           business development center” means a small busi-  
23           ness development center participating in the pilot  
24           program established under this title.

1           (3) REGULATORY COMPLIANCE ASSISTANCE.—

2           The term “regulatory compliance assistance” means  
3           assistance provided by a small business development  
4           center to a small business concern to assist and fa-  
5           cilitate the concern in complying with Federal and  
6           State regulatory requirements derived from Federal  
7           law.

8           (4) SMALL BUSINESS DEVELOPMENT CEN-

9           TER.—The term “small business development cen-  
10          ter” means a small business development center de-  
11          scribed in section 21 of the Small Business Act (15  
12          U.S.C. 648).

13          (5) STATE.—The term “State” means each of  
14          the several States, the District of Columbia, the  
15          Commonwealth of Puerto Rico, the Virgin Islands,  
16          American Samoa, and Guam.

17          (b) AUTHORITY.—In accordance with this section,  
18          the Administrator shall establish a pilot program to pro-  
19          vide regulatory compliance assistance to small business  
20          concerns through participating small business develop-  
21          ment centers.

22          (c) SMALL BUSINESS DEVELOPMENT CENTERS.—

23                 (1) IN GENERAL.—In carrying out the pilot  
24          program established under this section, the Adminis-  
25          trator shall enter into arrangements with partici-

1       pating small business development centers under  
2       which such Centers shall—

3               (A) provide access to information and re-  
4               sources, including current Federal and State  
5               nonpunitive compliance and technical assistance  
6               programs similar to those established under  
7               section 507 of the Clean Air Act Amendments  
8               of 1990 (42 U.S.C. 7661f);

9               (B) conduct training and educational ac-  
10              tivities;

11              (C) offer confidential, free of charge, one-  
12              on-one, in-depth counseling to the owners and  
13              operators of small business concerns regarding  
14              compliance with Federal and State regulations  
15              derived from Federal law, provided that such  
16              counseling is not considered to be the practice  
17              of law in a State in which a small business de-  
18              velopment center is located or in which such  
19              counseling is conducted;

20              (D) provide technical assistance;

21              (E) give referrals to experts and other pro-  
22              viders of compliance assistance who meet such  
23              standards for educational, technical, and profes-  
24              sional competency as are established by the Ad-  
25              ministrator; and

1 (F) form partnerships with Federal compli-  
2 ance programs.

3 (2) REPORTS.—Each participating small busi-  
4 ness development center shall transmit to the Ad-  
5 ministrator and the Chief Counsel for Advocacy of  
6 the Small Business Administration, as the Adminis-  
7 trator may direct, a quarterly report that includes—

8 (A) a summary of the regulatory compli-  
9 ance assistance provided by the Center under  
10 the pilot program;

11 (B) the number of small business concerns  
12 assisted under the pilot program; and

13 (C) for every fourth report, any regulatory  
14 compliance information based on Federal law  
15 that a Federal or State agency has provided to  
16 the center during the preceding year and re-  
17 quested that it be disseminated to small busi-  
18 ness concerns.

19 (d) ELIGIBILITY.—A small business development cen-  
20 ter shall be eligible to receive assistance under the pilot  
21 program established under this section only if such Center  
22 is certified under section 21(k)(2) of the Small Business  
23 Act (15 U.S.C. 648(k)(2)).

24 (e) SELECTION OF PARTICIPATING SMALL BUSINESS  
25 DEVELOPMENT CENTERS.—

## 1 (1) GROUPINGS.—

2 (A) CONSULTATION.—The Administrator  
3 shall select the small business development cen-  
4 ter Programs of 2 States from each of the  
5 groups of States described in subparagraph (B)  
6 to participate in the pilot program established  
7 under this section.

8 (B) GROUPS.—The groups described in  
9 this subparagraph as follows:

10 (i) GROUP 1.—Group 1 shall consist  
11 of Maine, Massachusetts, New Hampshire,  
12 Connecticut, Vermont, and Rhode Island.

13 (ii) GROUP 2.—Group 2 shall consist  
14 of New York, New Jersey, Puerto Rico,  
15 and the Virgin Islands.

16 (iii) GROUP 3.—Group 3 shall consist  
17 of Pennsylvania, Maryland, West Virginia,  
18 Virginia, the District of Columbia, and  
19 Delaware.

20 (iv) GROUP 4.—Group 4 shall consist  
21 of Georgia, Alabama, North Carolina,  
22 South Carolina, Mississippi, Florida, Ken-  
23 tucky, and Tennessee.



1 (v) GROUP 5.—Group 5 shall consist  
2 of Illinois, Ohio, Michigan, Indiana, Wis-  
3 consin, and Minnesota.

4 (vi) GROUP 6.—Group 6 shall consist  
5 of Texas, New Mexico, Arkansas, Okla-  
6 homa, and Louisiana.

7 (vii) GROUP 7.—Group 7 shall consist  
8 of Missouri, Iowa, Nebraska, and Kansas.

9 (viii) GROUP 8.—Group 8 shall consist  
10 of Colorado, Wyoming, North Dakota,  
11 South Dakota, Montana, and Utah.

12 (ix) GROUP 9.—Group 9 shall consist  
13 of California, Guam, American Samoa,  
14 Hawaii, Nevada, and Arizona.

15 (x) GROUP 10.—Group 10 shall con-  
16 sist of Washington, Alaska, Idaho, and Or-  
17 egon.

18 (2) DEADLINE FOR SELECTION.—The Adminis-  
19 trator shall make selections under this subsection  
20 not later than 6 months after the date of publication  
21 of final regulations under section 1704.

22 (f) MATCHING REQUIREMENT.—Subparagraphs (A)  
23 and (B) of section 21(a)(4) of the Small Business Act (15  
24 U.S.C. 648(a)(4)) shall apply to assistance made available  
25 under the pilot program established under this section.

1 (g) GRANT AMOUNTS.—Each State program selected  
2 to receive a grant under subsection (e) shall be eligible  
3 to receive a grant in an amount equal to—

- 4 (1) not less than \$150,000 per fiscal year; and  
5 (2) not more than \$300,000 per fiscal year.

6 (h) EVALUATION AND REPORT.—The Comptroller  
7 General of the United States shall—

8 (1) not later than 30 months after the date of  
9 disbursement of the first grant under the pilot pro-  
10 gram established under this section, initiate an eval-  
11 uation of the pilot program; and

12 (2) not later than 6 months after the date of  
13 the initiation of the evaluation under paragraph (1),  
14 transmit to the Administrator, the Chief Counsel for  
15 Advocacy, the Committee on Small Business and  
16 Entrepreneurship of the Senate, and the Committee  
17 on Small Business of the House of Representatives,  
18 a report containing—

19 (A) the results of the evaluation; and

20 (B) any recommendations as to whether  
21 the pilot program, with or without modification,  
22 should be extended to include the participation  
23 of all small business development centers.

24 (i) POSTING OF INFORMATION.—Not later than 90  
25 days after the date of enactment of this Act, the Adminis-

1 trator shall post on the website of the Administration and  
2 publish in the Federal Register a guidance document de-  
3 scribing the requirements of an application for assistance  
4 under this section.

5 (j) AUTHORIZATION OF APPROPRIATIONS.—

6 (1) IN GENERAL.—There are authorized to be  
7 appropriated to carry out this section—

8 (A) \$5,000,000 for the first fiscal year be-  
9 ginning after the date of enactment of this Act;  
10 and

11 (B) \$5,000,000 for each of the 3 fiscal  
12 years following the fiscal year described in sub-  
13 paragraph (A).

14 (2) LIMITATION ON USE OF OTHER FUNDS.—

15 The Administrator may carry out the pilot program  
16 established under this section only with amounts ap-  
17 propriated in advance specifically to carry out this  
18 section.

19 (k) TERMINATION.—The Small Business Regulatory  
20 Assistance Pilot Program established under this section  
21 shall terminate 4 years after the date of disbursement of  
22 the first grant under the pilot program.

23 **SEC. 1704. RULEMAKING.**

24 After providing notice and an opportunity for com-  
25 ment, and after consulting with the association (but not

1 later than 180 days after the date of enactment of this  
2 Act), the Administrator shall promulgate final regulations  
3 to carry out this title, including regulations that estab-  
4 lish—

5           (1) priorities for the types of assistance to be  
6           provided under the pilot program established under  
7           this title;

8           (2) standards relating to educational, technical,  
9           and support services to be provided by participating  
10          small business development centers;

11          (3) standards relating to any national service  
12          delivery and support function to be provided by the  
13          association under the pilot program;

14          (4) standards relating to any work plan that  
15          the Administrator may require a participating small  
16          business development center to develop; and

17          (5) standards relating to the educational, tech-  
18          nical, and professional competency of any expert or  
19          other assistance provider to whom a small business  
20          concern may be referred for compliance assistance  
21          under the pilot program.

1       **TITLE XVIII—INTERMEDIARY**  
2       **LENDING PILOT PROGRAM**

3       **SEC. 1801. SHORT TITLE.**

4           This title may be cited as the “Small Business Inter-  
5       mediary Lending Pilot Program Act of 2006”.

6       **SEC. 1802. FINDINGS.**

7           Congress finds the following:

8                   (1) Small and emerging businesses, particularly  
9                   startups and businesses that lack sufficient or con-  
10                  ventional collateral, continue to face barriers access-  
11                  ing midsized loans in amounts between \$35,000 and  
12                  \$200,000, with affordable terms and conditions.

13                  (2) Consolidation in the banking industry has  
14                  resulted in a decrease in the number of small, locally  
15                  controlled banks with not more than \$100,000,000  
16                  in assets and has changed the method by which  
17                  banks make small business credit decisions with—

18                           (A) credit scoring techniques replacing re-  
19                           lationship-based lending, which often works to  
20                           the disadvantage of small or start-up businesses  
21                           that do not conform with a bank’s standardized  
22                           credit formulas; and

23                           (B) less flexible terms and conditions,  
24                           which are often necessary for small and emerg-  
25                           ing businesses.

1           (3) In the environment described in paragraphs  
2           (1) and (2), nonprofit intermediary lenders, includ-  
3           ing community development corporations, provide fi-  
4           nancial resources that supplement the small business  
5           lending and investments of a bank by—

6                   (A) providing riskier, up front, or subordi-  
7                   nated capital;

8                   (B) offering flexible terms and under-  
9                   writing procedures; and

10                   (C) providing technical assistance to busi-  
11                   nesses in order to reduce the transaction costs  
12                   and risk exposure of banks.

13           (4) Several Federal programs, including the  
14           Microloan Program under section 7(m) of the Small  
15           Business Act (15 U.S.C. 636(m)) and the Inter-  
16           mediary Relending Program of the Department of  
17           Agriculture, have demonstrated the effectiveness of  
18           working through nonprofit intermediaries to address  
19           the needs of small business concerns that are unable  
20           to access capital through conventional sources.

21           (5) More than 1,000 nonprofit intermediary  
22           lenders in the United States are—

23                   (A) successfully providing financial and  
24                   technical assistance to small and emerging busi-  
25                   nesses;

1 (B) working with banks and other lenders  
2 to leverage additional capital for their business  
3 borrowers; and

4 (C) creating employment opportunities for  
5 low-income individuals through their lending  
6 and business development activities.

7 **SEC. 1803. SMALL BUSINESS INTERMEDIARY LENDING**  
8 **PILOT PROGRAM.**

9 (a) IN GENERAL.—Section 7 of the Small Business  
10 Act (15 U.S.C. 636) is amended by inserting after sub-  
11 section (k) the following:

12 “(l) SMALL BUSINESS INTERMEDIARY LENDING  
13 PROGRAM.—

14 “(1) DEFINITIONS.—In this subsection—

15 “(A) the term ‘intermediary’ means a pri-  
16 vate, nonprofit entity that seeks to borrow, or  
17 has borrowed, funds from the Administration to  
18 provide midsize loans to small business con-  
19 cerns under this subsection, including—

20 “(i) a private, nonprofit community  
21 development corporation;

22 “(ii) a consortium of private, non-  
23 profit organizations or nonprofit commu-  
24 nity development corporations;

1           “(iii) a quasi-governmental economic  
2           development entity (such as a planning  
3           and development district), other than a  
4           State, county, or municipal government;  
5           and

6           “(iv) an agency of or nonprofit entity  
7           established by a Native American Tribal  
8           Government; and

9           “(B) the term ‘midsize loan’ means a fixed  
10          rate loan of not less than \$35,000 and not  
11          more than \$200,000, made by an intermediary  
12          to a startup, newly established, or growing  
13          small business concern.

14          “(2) ESTABLISHMENT.—There is established a  
15          3-year small business intermediary lending pilot pro-  
16          gram (referred to in this subsection as the ‘Pro-  
17          gram’), under which the Administration may provide  
18          direct loans to eligible intermediaries, for the pur-  
19          pose of making fixed interest rate midsize loans to  
20          startup, newly established, and growing small busi-  
21          ness concerns.

22          “(3) PURPOSES.—The purposes of the Program  
23          are—



1           “(A) to assist small business concerns in  
2 those areas suffering from a lack of credit due  
3 to poor economic conditions;

4           “(B) to create employment opportunities  
5 for low-income individuals;

6           “(C) to establish a midsize loan program  
7 to be administered by the Administration to  
8 provide loans to eligible intermediaries to enable  
9 such intermediaries to provide small scale loans,  
10 particularly loans in amounts averaging not  
11 more than \$150,000, to startup, newly estab-  
12 lished, or growing small business concerns for  
13 working capital or the acquisition of materials,  
14 supplies, or equipment;

15           “(D) to test the effectiveness of nonprofit  
16 intermediaries—

17                   “(i) as a delivery system for a midsize  
18 loan program; and

19                   “(ii) in addressing the credit needs of  
20 small business concerns and leveraging  
21 other sources of credit; and

22           “(E) to determine the advisability and fea-  
23 sibility of implementing a midsize loan program  
24 nationwide.

1           “(4) ELIGIBILITY FOR PARTICIPATION.—An  
2 intermediary shall be eligible to receive loans under  
3 the Program if the intermediary has not less than  
4 1 year of experience making loans to startup, newly  
5 established, or growing small business concerns.

6           “(5) LOANS TO INTERMEDIARIES.—

7           “(A) APPLICATION.—Each intermediary  
8 desiring a loan under this subsection shall sub-  
9 mit an application to the Administration that  
10 describes—

11           “(i) the type of small business con-  
12 cerns to be assisted;

13           “(ii) the size and range of loans to be  
14 made;

15           “(iii) the geographic area to be served  
16 and its economic, poverty, and unemploy-  
17 ment characteristics;

18           “(iv) the status of small business con-  
19 cerns in the area to be served and an anal-  
20 ysis of the availability of credit; and

21           “(v) the qualifications of the applicant  
22 to carry out this subsection.

23           “(B) LOAN LIMITS.—Notwithstanding sub-  
24 section (a)(3), no loan may be made to an  
25 intermediary under this subsection if the total

1 amount outstanding and committed to the  
2 intermediary from the business loan and invest-  
3 ment fund established by this Act would, as a  
4 result of such loan, exceed \$1,000,000 during  
5 the participation of the intermediary in the Pro-  
6 gram.

7 “(C) LOAN DURATION.—Loans made by  
8 the Administration under this subsection shall  
9 be for a maximum term of 20 years.

10 “(D) APPLICABLE INTEREST RATES.—  
11 Loans made by the Administration to an inter-  
12 mediary under the Program shall bear an an-  
13 nual interest rate equal to 1.00 percent.

14 “(E) FEES; COLLATERAL.—The Adminis-  
15 tration may not charge any fees or require col-  
16 lateral with respect to any loan made to an  
17 intermediary under this subsection.

18 “(F) LEVERAGE.—Any loan to a small  
19 business concern under this subsection shall not  
20 exceed 75 percent of the total cost of the  
21 project funded by such loan, with the remaining  
22 funds being leveraged from other sources, in-  
23 cluding—

24 “(i) banks or credit unions;

1                   “(ii) community development financial  
2                   institutions; and

3                   “(iii) other sources with funds avail-  
4                   able to the intermediary lender.

5                   “(G) DELAYED PAYMENTS.—The Adminis-  
6                   tration shall not require the repayment of prin-  
7                   cipal or interest on a loan made to an inter-  
8                   mediary under the Program during the first 2  
9                   years of the loan.

10                  “(6) PROGRAM FUNDING FOR MIDSIZE  
11                  LOANS.—

12                   “(A) NUMBER OF PARTICIPANTS.—Under  
13                   the Program, the Administration may provide  
14                   loans, on a competitive basis, to not more than  
15                   20 intermediaries.

16                   “(B) EQUITABLE DISTRIBUTION OF INTER-  
17                   MEDIARIES.—The Administration shall select  
18                   and provide funding under the Program to such  
19                   intermediaries as will ensure geographic diver-  
20                   sity and representation of urban and rural com-  
21                   munities.

22                   “(7) REPORT TO CONGRESS.—

23                   “(A) INITIAL REPORT.—Not later than 30  
24                   months after the date of enactment of the  
25                   Small Business Intermediary Lending Pilot

1           Program Act of 2006, the Administration shall  
2           submit a report containing an evaluation of the  
3           effectiveness of the Program to—

4                   “(i) the Committee on Small Business  
5                   and Entrepreneurship of the Senate; and

6                   “(ii) the Committee on Small Busi-  
7                   ness of the House of Representatives.

8                   “(B) ANNUAL REPORT.—Not later than 12  
9                   months after the date of enactment of the  
10                  Small Business Intermediary Lending Pilot  
11                  Program Act of 2006, and annually thereafter,  
12                  the Administration shall submit a report con-  
13                  taining an evaluation of the effectiveness of the  
14                  Program to the Committees described in sub-  
15                  paragraph (A).

16                  “(C) CONTENTS.—The reports submitted  
17                  under subparagraphs (A) and (B) shall in-  
18                  clude—

19                         “(i) the numbers and locations of the  
20                         intermediaries receiving funds to provide  
21                         midsize loans;

22                         “(ii) the amounts of each loan to an  
23                         intermediary;

1           “(iii) the numbers and amounts of  
2           midsize loans made by intermediaries to  
3           small business concerns;

4           “(iv) the repayment history of each  
5           intermediary;

6           “(v) a description of the loan portfolio  
7           of each intermediary, including the extent  
8           to which it provides midsize loans to small  
9           business concerns in rural and economi-  
10          cally depressed areas;

11          “(vi) an estimate of the number of  
12          low-income individuals who have been em-  
13          ployed as a direct result of the Program;  
14          and

15          “(vii) any recommendations for legis-  
16          lative changes that would improve the op-  
17          eration of the Program.”.

18          (b) RULEMAKING AUTHORITY.—Not later than 180  
19          days after the date of enactment of this Act, the Adminis-  
20          trator shall issue regulations to carry out section 7(l) of  
21          the Small Business Act, as added by subsection (a).

22          (c) AUTHORIZATION OF APPROPRIATIONS.—

23                 (1) IN GENERAL.—There are authorized to be  
24                 appropriated to the Administration such sums as  
25                 may be necessary for each of the fiscal years 2007

1 through 2009 to provide \$20,000,000 in loans under  
2 section 7(l) of the Small Business Act, as added by  
3 subsection (a).

4 (2) AVAILABILITY.—Any amounts appropriated  
5 pursuant to paragraph (1) shall remain available  
6 until expended.

## 7 **TITLE XIX—OTHER PROVISIONS**

### 8 **SEC. 1901. COMPLIANCE ASSISTANCE.**

9 (a) IN GENERAL.—Section 212(a) of the Small Busi-  
10 ness Regulatory Enforcement Fairness Act of 1996 (5  
11 U.S.C. 601 note) is amended to read as follows:

12 “(a) COMPLIANCE GUIDE.—

13 “(1) IN GENERAL.—For each rule or group of  
14 related rules for which an agency is required to pre-  
15 pare a final regulatory flexibility analysis under sec-  
16 tion 605(b) of title 5, United States Code, the agen-  
17 cy shall publish 1 or more guides to assist small en-  
18 tities in complying with the rule, and shall entitle  
19 such publications ‘small entity compliance guides’.

20 “(2) PUBLICATION OF GUIDES.—The publica-  
21 tion of each guide under this subsection shall in-  
22 clude—

23 “(A) the posting of the guide in an easily  
24 identified location on the website of the agency;  
25 and

1           “(B) distribution of the guide to known in-  
2           dustry contacts, such as small entities, associa-  
3           tions, or industry leaders affected by the rule.

4           “(3) PUBLICATION DATE.—An agency shall  
5           publish each guide (including the posting and dis-  
6           tribution of the guide as described under paragraph  
7           (2))—

8           “(A) on the same date as the date of publi-  
9           cation of the final rule (or as soon as possible  
10          after that date); and

11          “(B) not later than the date on which the  
12          requirements of that rule become effective.

13          “(4) COMPLIANCE ACTIONS.—

14          “(A) IN GENERAL.—Each guide shall ex-  
15          plain the actions which a small entity is re-  
16          quired to take to comply with a rule.

17          “(B) EXPLANATION.—The explanation  
18          under subparagraph (A)—

19                 “(i) shall include a description of ac-  
20                 tions needed to meet the requirements of a  
21                 rule, to enable a small entity to know when  
22                 such requirements are met; and

23                 “(ii) if determined appropriate by the  
24                 agency, may include a description of pos-  
25                 sible procedures, such as conducting tests,



1           that may assist a small entity in meeting  
2           such requirements.

3           “(C) PROCEDURES.—Procedures described  
4           under subparagraph (B)(ii)—

5                   “(i) shall be suggestions to assist  
6                   small entities; and

7                   “(ii) shall not be additional require-  
8                   ments relating to the rule.

9           “(5) AGENCY PREPARATION OF GUIDES.—The  
10          agency shall, in its sole discretion, taking into ac-  
11          count the subject matter of the rule and the lan-  
12          guage of relevant statutes, ensure that the guide is  
13          written using sufficiently plain language likely to be  
14          understood by affected small entities. Agencies may  
15          prepare separate guides covering groups or classes of  
16          similarly affected small entities and may cooperate  
17          with associations of small entities to develop and dis-  
18          tribute such guides. An agency may prepare guides  
19          and apply this section with respect to a rule or a  
20          group of related rules.

21          “(6) REPORTING.—Not later than 1 year after  
22          the date of enactment of the Small Business Reau-  
23          thorization and Improvements Act of 2006, and an-  
24          nually thereafter, the head of each agency shall sub-  
25          mit a report to the Committee on Small Business

1 and Entrepreneurship of the Senate and the Com-  
2 mittee on Small Business of the House of Rep-  
3 resentatives describing the status of the agency’s  
4 compliance with paragraphs (1) through (5).”.

5 (b) TECHNICAL AND CONFORMING AMENDMENT.—  
6 Section 211(3) of the Small Business Regulatory Enforce-  
7 ment Fairness Act of 1996 (5 U.S.C. 601 note) is amend-  
8 ed by inserting “and entitled” after “designated”.

9 **SEC. 1902. APPOINTMENT OF OFFICIALS.**

10 (a) IN GENERAL.—Section 4(b)(1) of the Small Busi-  
11 ness Act (15 U.S.C. 633(b)(1)) is amended—

12 (1) by inserting “(A)” after “(b)(1)”; and

13 (2) by adding at the end the following:

14 “(B) The following officials of the Administration  
15 shall be appointed by and with the advice and consent of  
16 the Senate:

17 “(i) The General Counsel.

18 “(ii) The Associate Deputy Administrator for  
19 Capital Access.

20 “(iii) The Associate Deputy Administrator for  
21 Management and Administration.

22 “(iv) The Associate Deputy Administrator for  
23 Entrepreneurial Development.

24 “(v) The Associate Deputy Administrator for  
25 Government Contracting and Business Development.

1           “(vi) The Associate Administrator for Disaster  
2           Assistance.”.

3           (b) **EFFECTIVE DATE.**—The amendments made by  
4           subsection (a) shall take effect with respect to any ap-  
5           pointment made after the date of enactment of this Act.

6           **SEC. 1903. SECOND-STAGE PILOT PROGRAM.**

7           (a) **PURPOSE.**—The purpose of this section is to es-  
8           tablish a 3-year pilot program to—

9                   (1) identify second-stage small business con-  
10                  cerns that have the capacity for significant business  
11                  growth and job creation;

12                   (2) facilitate business growth and job creation  
13                  by second-stage small business concerns through the  
14                  development of peer learning opportunities;

15                   (3) utilize the network of small business devel-  
16                  opment centers to expand access to peer learning op-  
17                  portunities for second-stage small business concerns;  
18                  and

19                   (4) assist businesses owned by minority individ-  
20                  uals, service-disabled veterans, and women.

21           (b) **DEFINITIONS.**—In this section:

22                   (1) **COMMUNITY COLLEGE.**—The term “commu-  
23                  nity college” has the meaning given that term in sec-  
24                  tion 3301(3) of the Higher Education Act of 1965  
25                  (20 U.S.C. 7011(3)).

1           (2) ELIGIBLE ENTITIES.—The term “eligible  
2 entity” means an entity that—

3           (A) is eligible to receive funding under sec-  
4 tion 21 of the Small Business Act (15 U.S.C.  
5 648); and

6           (B) submits to the Administrator an appli-  
7 cation that includes—

8           (i) a plan to—

9           (I) offer peer learning opportuni-  
10 ties to second-stage small business  
11 concerns; and

12           (II) transition to providing such  
13 opportunities using nongovernmental  
14 funding; and

15           (ii) any other information and assur-  
16 ances that the Administrator may require.

17           (3) HISTORICALLY BLACK COLLEGE.—The term  
18 “historically Black college” means a part B institu-  
19 tion, as defined in section 322(2) of the Higher  
20 Education Act of 1965 (20 U.S.C. 1061(2)).

21           (4) HISPANIC-SERVING INSTITUTION.—The  
22 term “Hispanic-serving institution” has the meaning  
23 given that term in section 502(a)(5) of the Higher  
24 Education Act of 1965 (20 U.S.C. 1101a(a)(5)).

1           (5) MINORITY INSTITUTION.—The term “mi-  
2           nority institution” has the meaning given that term  
3           in section 365(3) of the Higher Education Act of  
4           1965 (20 U.S.C. 1067k(3)).

5           (6) PEER LEARNING OPPORTUNITIES.—The  
6           term “peer learning opportunities” means formally  
7           organized peer groups of owners, presidents and  
8           chief executive officers in noncompeting second-stage  
9           business concerns, meeting regularly with a profes-  
10          sionally trained facilitator.

11          (7) PILOT PROGRAM.—The term “pilot pro-  
12          gram” means the program established under sub-  
13          section (c)(1).

14          (8) SECOND-STAGE SMALL BUSINESS CON-  
15          CERN.—

16                (A) IN GENERAL.—The term “second-  
17                stage small business concern” means a small  
18                business concern that—

19                       (i) has experienced high growth dem-  
20                       onstrated by—

21                               (I) an average annual revenue or  
22                               employee growth rate of at least 15  
23                               percent during the preceding 3 years;  
24                               or

1 (II) a combination of any 3 of  
2 the attributes described in subpara-  
3 graph (B); and

4 (ii) does not exceed the size standard  
5 for the North American Industrial Classi-  
6 fication System code of such concern, as  
7 established pursuant to section 3(a) of the  
8 Small Business Act (15 U.S.C. 632(a)).

9 (B) ATTRIBUTES.—The attributes de-  
10 scribed in this subparagraph are—

11 (i) owning proprietary intellectual  
12 property;

13 (ii) addressing an underserved or  
14 growing market;

15 (iii) having a sustainable competitive  
16 advantage;

17 (iv) exporting goods or services out-  
18 side of its community;

19 (v) having a product or service that is  
20 scalable to a large market; and

21 (vi) ownership by minority individuals,  
22 service-disabled veterans, or women.

23 (9) STATE.—The term “State” means each of  
24 the several States, the District of Columbia, the

1 Commonwealth of Puerto Rico, the Virgin Islands,  
2 Guam, and American Samoa.

3 (c) PILOT PROGRAM.—

4 (1) ESTABLISHMENT.—The Administrator shall  
5 establish and carry out a pilot program to make  
6 grants to eligible entities for the development of peer  
7 learning opportunities for second-stage small busi-  
8 ness concerns in accordance with this section.

9 (2) SELECTION OF GRANT RECIPIENTS.—

10 (A) IN GENERAL.—The Administrator  
11 shall select 2 eligible entities from each of the  
12 10 regions described in subparagraph (C) to re-  
13 ceive grants.

14 (B) CRITERIA FOR SELECTION.—The Ad-  
15 ministrator shall evaluate the plans described in  
16 subsection (b)(2) submitted by eligible entities  
17 and select eligible entities to receive grants on  
18 the basis of the merit of such plans.

19 (C) REGIONS DESCRIBED.—The regions  
20 described in this subparagraph are as follows:

21 (i) REGION 1.—Maine, Massachusetts,  
22 New Hampshire, Connecticut, Vermont,  
23 and Rhode Island.

24 (ii) REGION 2.—New York, New Jer-  
25 sey, Puerto Rico, and the Virgin Islands.

1 (iii) REGION 3.—Pennsylvania, Mary-  
2 land, West Virginia, Virginia, the District  
3 of Columbia, and Delaware.

4 (iv) REGION 4.—Georgia, Alabama,  
5 North Carolina, South Carolina, Mis-  
6 sissippi, Florida, Kentucky, and Tennessee.

7 (v) REGION 5.—Illinois, Ohio, Michi-  
8 gan, Indiana, Wisconsin, and Minnesota.

9 (vi) REGION 6.—Texas, New Mexico,  
10 Arkansas, Oklahoma, and Louisiana.

11 (vii) REGION 7.—Missouri, Iowa, Ne-  
12 braska, and Kansas.

13 (viii) REGION 8.—Colorado, Wyoming,  
14 North Dakota, South Dakota, Montana,  
15 and Utah.

16 (ix) REGION 9.—California, Guam,  
17 Hawaii, Nevada, Arizona, and American  
18 Samoa.

19 (x) REGION 10.—Washington, Alaska,  
20 Idaho, and Oregon.

21 (D) CONSULTATION.—If small business de-  
22 velopment centers have formed an association  
23 to pursue matters of common concern as au-  
24 thorized under section 21(a)(3)(A) of the Small  
25 Business Act (15 U.S.C. 648(a)(3)(A)), the Ad-



1            administrator shall consult with such association  
2            and give substantial weight to the recommenda-  
3            tions of such association in selecting the grant  
4            recipients under this subsection.

5            (E) DEADLINE FOR INITIAL SELEC-  
6            TIONS.—The Administrator shall make selec-  
7            tions under subparagraph (A) not later than 60  
8            days after the promulgation of regulations  
9            under subsection (d).

10          (3) USE OF FUNDS.—An eligible entity that re-  
11          ceives a grant under the pilot program shall use the  
12          grant to—

13                (A) identify second-stage small business  
14                concerns in the service delivery areas of the eli-  
15                gible entity; and

16                (B) establish and conduct peer learning  
17                opportunities for such second-stage small busi-  
18                ness concerns.

19          (4) AMOUNT OF GRANT.—

20                (A) IN GENERAL.—Except as provided in  
21                subparagraph (B), a grant under the pilot pro-  
22                gram shall be in an amount that does not ex-  
23                ceed the product obtained by multiplying—

1 (i) the amount made available for  
2 grants under the pilot program for the fis-  
3 cal year for which the grant is made; and

4 (ii) the ratio that the population of  
5 the State in which the eligible entity is lo-  
6 cated bears to the aggregate population the  
7 States in which eligible entities receiving  
8 grants for that fiscal year are located.

9 (B) MINIMUM AMOUNT OF GRANT.—A  
10 grant under the pilot program shall be in an  
11 amount not less than \$50,000.

12 (5) MATCHING REQUIREMENT.—As a condition  
13 of a grant under the pilot program, the Adminis-  
14 trator shall require that a matching amount be pro-  
15 vided from sources other than the Federal Govern-  
16 ment that—

17 (A) is equal to the amount of the grant, or  
18 in the case of an eligible entity that is a com-  
19 munity college, historically Black college, His-  
20 panic-serving institution, or other minority in-  
21 stitution, is equal to 50 percent of the amount  
22 of the grant;

23 (B) is not less than 50 percent cash;

24 (C) is not more than 50 percent comprised  
25 of indirect costs and in-kind contributions; and

1 (D) does not include any indirect cost or  
2 in-kind contribution derived from any Federal  
3 program.

4 (6) QUARTERLY REPORT TO ADMINISTRATOR.—

5 (A) IN GENERAL.—Each eligible entity  
6 that receives a grant under the pilot program  
7 shall submit to the Administrator a quarterly  
8 report that includes—

9 (i) a summary of the peer learning op-  
10 portunities established by the eligible enti-  
11 ty using grant funds;

12 (ii) the number of second-stage small  
13 business concerns assisted using grant  
14 funds; and

15 (iii) in the case of an eligible entity  
16 that receives a grant for a second fiscal  
17 year or any subsequent fiscal year—

18 (I) any measurable economic im-  
19 pact data resulting from the peer  
20 learning opportunities established  
21 using grant funds; and

22 (II) the number of peer learning  
23 opportunities established by the eligi-  
24 ble entity that have transitioned from  
25 operating using Government funds to

1 operating without using Government  
2 funds.

3 (B) FORM OF REPORT.—Each report re-  
4 quired under subparagraph (A) shall be trans-  
5 mitted in electronic form.

6 (7) DATA REPOSITORY AND CLEARINGHOUSE.—  
7 In carrying out the pilot program, the Administrator  
8 shall act as the repository of and clearinghouse for  
9 data and information submitted by the eligible enti-  
10 ties.

11 (8) ANNUAL REPORT ON PILOT PROGRAM.—Not  
12 later than November 1 of each year, the Adminis-  
13 trator shall submit to the President and to Con-  
14 gress, a report evaluating the success of the pilot  
15 program during the preceding fiscal year, which  
16 shall include the following:

17 (A) A description of the types of peer  
18 learning opportunities provided with grant  
19 funds.

20 (B) The number of second-stage small  
21 business concerns assisted with grant funds.

22 (C) For fiscal year 2007 and each subse-  
23 quent fiscal year of the pilot program—

1 (i) data regarding the economic im-  
2 pact of the peer learning opportunities pro-  
3 vided with grant funds; and

4 (ii) the number of peer learning op-  
5 portunities established by grant recipients  
6 that have transitioned from operating  
7 using Government funds to operating with-  
8 out using Government funds.

9 (9) PRIVACY REQUIREMENT.—

10 (A) IN GENERAL.—A small business devel-  
11 opment center, consortium of small business de-  
12 velopment centers, or contractor or agent of a  
13 small business development center shall not dis-  
14 close the name, address, or telephone number of  
15 any individual or small business concern receiv-  
16 ing assistance under this section without the  
17 consent of such individual or small business  
18 concern, unless—

19 (i) the Administrator is ordered to  
20 make such a disclosure by a court in any  
21 civil or criminal enforcement action initi-  
22 ated by a Federal or State agency; or

23 (ii) the Administrator considers such  
24 a disclosure to be necessary for the pur-  
25 pose of conducting a financial audit of a

1           small business development center, but a  
2           disclosure under this clause shall be limited  
3           to the information necessary for such  
4           audit.

5           (B) ADMINISTRATOR USE OF INFORMA-  
6           TION.—The privacy requirement under this  
7           paragraph shall not—

8                   (i) restrict Administrator access to  
9                   program activity data; or

10                   (ii) prevent the Administrator from  
11                   using client information to conduct client  
12                   surveys.

13           (10) EVALUATION AND REPORT.—Not later  
14           than 2 years after the establishment of the pilot pro-  
15           gram, the Comptroller General of the United States  
16           shall—

17                   (A) conduct an evaluation of the pilot pro-  
18                   gram; and

19                   (B) transmit to Congress and the Adminis-  
20                   trator a report containing the results of such  
21                   evaluation along with any recommendations as  
22                   to whether the pilot program, with or without  
23                   modification, should be extended to include the  
24                   participation of all small business development  
25                   centers.

1           (11) TERMINATION.—The pilot program shall  
2 terminate on September 30, 2009.

3           (d) REGULATIONS.—After providing notice and an  
4 opportunity for comment and after consulting with the as-  
5 sociation described in subsection (c)(2)(E) (if any such as-  
6 sociation has been formed), the Administrator shall pro-  
7 mulgate final regulations to carry out this section, includ-  
8 ing regulations that establish—

9           (1) standards relating to the establishment and  
10 conduct of peer learning opportunities to be provided  
11 by grant recipients, including the number of individ-  
12 uals that may participate in a peer group that is  
13 part of a peer learning opportunity;

14           (2) standards relating to the educational, tech-  
15 nical, and professional competency of any facilitator  
16 who delivers peer learning opportunities under the  
17 pilot program; and

18           (3) requirements for transitioning peer learning  
19 opportunities funded under the pilot program to  
20 nongovernmental funding.

21           (e) AUTHORIZATION OF APPROPRIATIONS.—

22           (1) IN GENERAL.—There are authorized to be  
23 appropriated to carry out this section, \$1,500,000  
24 for each of fiscal years 2007 through 2009.

1           (2) LIMITATION ON USE OF OTHER FUNDS.—  
2           The Administrator shall carry out this section using  
3           only amounts appropriated in advance specifically  
4           for the purpose of carrying out this section.

5 **SEC. 1904. PRIME REAUTHORIZATION AND TRANSFER TO**  
6 **THE SMALL BUSINESS ACT.**

7           (a) PROGRAM REAUTHORIZATION.—The Small Busi-  
8 ness Act (15 U.S.C. 631 et seq.) is amended by inserting  
9 after section 39, as added by this Act, the following:

10 **“SEC. 40. PROGRAM FOR INVESTMENT IN MICROENTRE-**  
11 **PRENEURS.**

12           “(a) DEFINITIONS.—In this section:

13                   “(1) CAPACITY BUILDING SERVICES.—The term  
14           ‘capacity building services’ means services provided  
15           to an organization that is, or that is in the process  
16           of becoming, a microenterprise development organi-  
17           zation or program, for the purpose of enhancing its  
18           ability to provide training and services to disadvan-  
19           tagged entrepreneurs.

20                   “(2) COLLABORATIVE.—The term ‘collabo-  
21           rative’ means 2 or more nonprofit entities that agree  
22           to act jointly as a qualified organization under this  
23           section.



1           “(3) DISADVANTAGED ENTREPRENEUR.—The  
2 term ‘disadvantaged entrepreneur’ means a micro-  
3 entrepreneur that—

4                   “(A) is a low-income person;

5                   “(B) is a very low-income person; or

6                   “(C) lacks adequate access to capital or  
7 other resources essential for business success,  
8 or is economically disadvantaged, as determined  
9 by the Administrator.

10           “(4) DISADVANTAGED NATIVE AMERICAN EN-  
11 TREPRENEUR.—The term ‘disadvantaged Native  
12 American entrepreneur’ means a disadvantaged en-  
13 trepreneur who is also a member of an Indian Tribe.

14           “(5) INDIAN TRIBE.—The term ‘Indian tribe’  
15 has the same meaning as in section 4(a) of the In-  
16 dian Self-Determination and Education Assistance  
17 Act.

18           “(6) INTERMEDIARY.—The term ‘intermediary’  
19 means a private, nonprofit entity that seeks to serve  
20 microenterprise development organizations and pro-  
21 grams, as authorized under subsection (d).

22           “(7) LOW-INCOME PERSON.—The term ‘low-in-  
23 come person’ means having an income, adjusted for  
24 family size, of not more than—

1           “(A) for metropolitan areas, 80 percent of  
2           the area median income; and

3           “(B) for nonmetropolitan areas, the great-  
4           er of—

5                   “(i) 80 percent of the area median in-  
6                   come; or

7                   “(ii) 80 percent of the statewide non-  
8                   metropolitan area median income.

9           “(8) MICROENTREPRENEUR.—The term ‘micro-  
10           entrepreneur’ means the owner or developer of a  
11           microenterprise.

12           “(9) MICROENTERPRISE.—The term ‘micro-  
13           enterprise’ means a sole proprietorship, partnership,  
14           or corporation that—

15                   “(A) has fewer than 5 employees; and

16                   “(B) generally lacks access to conventional  
17                   loans, equity, or other banking services.

18           “(10) MICROENTERPRISE DEVELOPMENT ORGA-  
19           NIZATION OR PROGRAM.—The term ‘microenterprise  
20           development organization or program’ means a non-  
21           profit entity, or a program administered by such an  
22           entity, including community development corpora-  
23           tions or other nonprofit development organizations  
24           and social service organizations, that provides serv-  
25           ices to disadvantaged entrepreneurs.

1           “(11) TRAINING AND TECHNICAL ASSIST-  
2           ANCE.—The term ‘training and technical assistance’  
3           means services and support provided to disadvan-  
4           taged entrepreneurs, such as assistance for the pur-  
5           pose of enhancing business planning, marketing,  
6           management, financial management skills, and as-  
7           sistance for the purpose of accessing financial serv-  
8           ices.

9           “(12) VERY LOW-INCOME PERSON.—The term  
10          ‘very low-income person’ means having an income,  
11          adjusted for family size, of not more than 150 per-  
12          cent of the poverty line (as defined in section 673(2)  
13          of the Community Services Block Grant Act (42  
14          U.S.C. 9902(2)), including any revision required by  
15          that section).

16          “(b) ESTABLISHMENT OF PROGRAM.—The Adminis-  
17          trator shall establish a microenterprise technical assist-  
18          ance and capacity building grant program to provide as-  
19          sistance from the Administration in the form of grants  
20          to qualified organizations in accordance with this section.

21          “(c) USES OF ASSISTANCE.—A qualified organization  
22          shall use grants made under this section—

23                  “(1) to provide training and technical assist-  
24                  ance to disadvantaged entrepreneurs;

1           “(2) to provide training and capacity building  
2 services to microenterprise development organiza-  
3 tions and programs and groups of such organiza-  
4 tions to assist such organizations and programs in  
5 developing microenterprise training and services;

6           “(3) to aid in researching and developing the  
7 best practices in the field of microenterprise and  
8 technical assistance programs for disadvantaged en-  
9 trepreneurs;

10           “(4) to provide training and technical assist-  
11 ance to disadvantaged Native American entre-  
12 preneurs and prospective entrepreneurs; and

13           “(5) for such other activities as the Adminis-  
14 trator determines are consistent with the purposes of  
15 this section.

16           “(d) QUALIFIED ORGANIZATIONS.—For purposes of  
17 eligibility for assistance under this section, a qualified or-  
18 ganization shall be—

19           “(1) a nonprofit microenterprise development  
20 organization or program (or a group or collaborative  
21 thereof) that has a demonstrated record of delivering  
22 microenterprise services to disadvantaged entre-  
23 preneurs;

24           “(2) an intermediary;

1           “(3) a microenterprise development organiza-  
2           tion or program that is accountable to a local com-  
3           munity, working in conjunction with a State or local  
4           government or Indian tribe; or

5           “(4) an Indian tribe acting on its own, if the  
6           Indian tribe can certify that no private organization  
7           or program referred to in this subsection exists with-  
8           in its jurisdiction.

9           “(e) ALLOCATION OF ASSISTANCE; SUBGRANTS.—

10           “(1) ALLOCATION OF ASSISTANCE.—

11           “(A) IN GENERAL.—The Administrator  
12           shall allocate assistance from the Administra-  
13           tion under this section to ensure that—

14           “(i) activities described in subsection  
15           (c)(1) are funded using not less than 75  
16           percent of amounts made available for  
17           such assistance; and

18           “(ii) activities described in subsection  
19           (c)(2) are funded using not less than 15  
20           percent of amounts made available for  
21           such assistance.

22           “(B) LIMIT ON INDIVIDUAL ASSISTANCE.—

23           No single person may receive more than 10 per-  
24           cent of the total funds appropriated under this  
25           section in a single fiscal year.

1           “(2) TARGETED ASSISTANCE.—The Adminis-  
2           trator shall ensure that not less than 50 percent of  
3           the grants made under this section are used to ben-  
4           efit very low-income persons, including those resid-  
5           ing on Indian reservations.

6           “(3) SUBGRANTS AUTHORIZED.—

7           “(A) IN GENERAL.—A qualified organiza-  
8           tion receiving assistance under this section may  
9           provide grants using that assistance to qualified  
10          small and emerging microenterprise organiza-  
11          tions and programs, subject to such rules and  
12          regulations as the Administrator determines to  
13          be appropriate.

14          “(B) LIMIT ON ADMINISTRATIVE EX-  
15          PENSES.—Not more than 7.5 percent of assist-  
16          ance received by a qualified organization under  
17          this section may be used for administrative ex-  
18          penses in connection with the making of sub-  
19          grants under subparagraph (A).

20          “(4) DIVERSITY.—In making grants under this  
21          section, the Administrator shall ensure that grant  
22          recipients include both large and small microenter-  
23          prise organizations, serving urban, rural, and Indian  
24          tribal communities serving diverse populations.

1           “(5) PROHIBITION ON PREFERENTIAL CONSID-  
2           ERATION OF CERTAIN ADMINISTRATION PROGRAM  
3           PARTICIPANTS.—In making grants under this sec-  
4           tion, the Administrator shall ensure that any appli-  
5           cation made by a qualified organization that is a  
6           participant in the program established under section  
7           7(m) does not receive preferential consideration over  
8           applications from other qualified organizations that  
9           are not participants in such program.

10          “(f) MATCHING REQUIREMENTS.—

11                 “(1) IN GENERAL.—Financial assistance under  
12                 this section shall be matched with funds from  
13                 sources other than the Federal Government on the  
14                 basis of not less than 50 percent of each dollar pro-  
15                 vided by the Administration.

16                 “(2) SOURCES OF MATCHING FUNDS.—Fees,  
17                 grants, gifts, funds from loan sources, and in-kind  
18                 resources of a grant recipient from public or private  
19                 sources may be used to comply with the matching  
20                 requirement in paragraph (1).

21                 “(3) EXCEPTION.—

22                         “(A) IN GENERAL.—In the case of an ap-  
23                         plicant for assistance under this section with se-  
24                         vere constraints on available sources of match-  
25                         ing funds, the Administrator may reduce or

1 eliminate the matching requirements of para-  
2 graph (1).

3 “(B) LIMITATION.—Not more than 10 per-  
4 cent of the total funds made available from the  
5 Administration in any fiscal year to carry out  
6 this section may be excepted from the matching  
7 requirements of paragraph (1), as authorized by  
8 subparagraph (A) of this paragraph.

9 “(g) APPLICATIONS FOR ASSISTANCE.—An applica-  
10 tion for assistance under this section shall be submitted  
11 in such form and in accordance with such procedures as  
12 the Administrator shall establish.

13 “(h) RECORDKEEPING AND REPORTING.—

14 “(1) IN GENERAL.—Each organization that re-  
15 ceives assistance from the Administration under this  
16 section shall—

17 “(A) submit to the Administration not less  
18 than once in every 18-month period, financial  
19 statements audited by an independent certified  
20 public accountant;

21 “(B) submit an annual report to the Ad-  
22 ministration on its activities; and

23 “(C) keep such records as may be nec-  
24 essary to disclose the manner in which any as-  
25 sistance under this section is used.



1           “(2) ACCESS.—The Administration shall have  
2 access upon request, for the purposes of determining  
3 compliance with this section, to any records of any  
4 organization that receives assistance from the Ad-  
5 ministration under this section.

6           “(3) DATA COLLECTION.—Each organization  
7 that receives assistance from the Administration  
8 under this section shall collect information relating  
9 to, as applicable—

10                   “(A) the number of individuals counseled  
11 or trained;

12                   “(B) the number of hours of counseling  
13 provided;

14                   “(C) the number of startup small business  
15 concerns formed;

16                   “(D) the number of small business con-  
17 cerns expanded;

18                   “(E) the number of low-income individuals  
19 counseled or trained; and

20                   “(F) the number of very low-income indi-  
21 viduals counseled or trained.

22           “(i) AUTHORIZATION OF APPROPRIATIONS.—

23                   “(1) IN GENERAL.—There are authorized to be  
24 appropriated to the Administrator \$15,000,000 for  
25 each of the fiscal years 2007 through 2009, to carry

1 out the provisions of this section, which shall remain  
2 available until expended.

3 “(2) TRAINING FOR NATIVE AMERICAN ENTRE-  
4 PRENEURS.—In addition to the amount authorized  
5 under paragraph (1), there are authorized to be ap-  
6 propriated to the Administrator \$2,000,000 for each  
7 of the fiscal years 2007 through 2009, to carry out  
8 the provisions of subsection (c)(4), which shall re-  
9 main available until expended.”.

10 (b) CONFORMING REPEAL.—Subtitle C of title I of  
11 the Riegle Community Development and Regulatory Im-  
12 provement Act of 1994 (15 U.S.C. 6901 note) is repealed.

13 (c) REFERENCES.—All references in Federal law,  
14 other than subsection (d) of this section, to the “Program  
15 for Investment in Microentrepreneurs Act of 1999” or the  
16 “PRIME Act” shall be deemed to be references to section  
17 40 of the Small Business Act, as added by this section.

18 (d) RULE OF CONSTRUCTION.—Nothing in this sec-  
19 tion or the amendments made by this section shall affect  
20 any grant or assistance provided under the Program for  
21 Investment in Microentrepreneurs Act of 1999, before the  
22 date of enactment of this Act, and any such grant or as-  
23 sistance shall be subject to the Program for Investment  
24 in Microentrepreneurs Act of 1999, as in effect on the day  
25 before the date of enactment of this Act.

1 **SEC. 1905. CHILD CARE LENDING PILOT PROGRAM.**

2 (a) CHILD CARE LENDING PILOT PROGRAM.—Sec-  
3 tion 502 of the Small Business Investment Act of 1958  
4 (15 U.S.C. 696), as amended by this Act, is amended—

5 (1) in the matter preceding paragraph (1)—

6 (A) by striking “The Administration” and  
7 inserting the following:

8 “(a) AUTHORIZATION.—The Administration”;

9 (B) by striking “and such loans” and in-  
10 serting “. Such loans”;

11 (C) by striking “: *Provided, however,* That  
12 the foregoing powers shall be subject to the fol-  
13 lowing restrictions and limitations:” and insert-  
14 ing a period; and

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

16 “(b) RESTRICTIONS AND LIMITATIONS.—The author-  
17 ity under subsection (a) shall be subject to the following  
18 restrictions and limitations:”; and

19 (2) in subsection (b)(1), as so redesignated—

20 (A) by inserting after “USE OF PRO-  
21 CEEDS.—” the following:

22 “(A) IN GENERAL.—”; and

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

24 “(B) LOANS TO SMALL, NONPROFIT CHILD  
25 CARE BUSINESSES.—

1           “(i) IN GENERAL.—Notwithstanding  
2 subsection (a), the proceeds of any loan de-  
3 scribed in subsection (a) may be used by  
4 the certified development company to as-  
5 sist a small, nonprofit child care business,  
6 if—

7                   “(I) the loan is used for a sound  
8 business purpose that has been ap-  
9 proved by the Administration;

10                   “(II) each such business meets  
11 all of the same eligibility requirements  
12 applicable to for-profit businesses  
13 under this title, except for status as a  
14 for-profit business;

15                   “(III) 1 or more individuals has  
16 personally guaranteed the loan;

17                   “(IV) each such business has  
18 clear and singular title to the collat-  
19 eral for the loan; and

20                   “(V) each such business has suf-  
21 ficient cash flow from its operations to  
22 meet its obligations on the loan and  
23 its normal and reasonable operating  
24 expenses.

1           “(ii) LIMITATION ON VOLUME.—Not  
2 more than 7 percent of the total number of  
3 loans guaranteed in any fiscal year under  
4 this title may be awarded under this sub-  
5 paragraph.

6           “(iii) DEFINED TERM.—For purposes  
7 of this subparagraph, the term ‘small, non-  
8 profit child care business’ means an estab-  
9 lishment that—

10           “(I) is organized in accordance  
11 with section 501(c)(3) of the Internal  
12 Revenue Code of 1986;

13           “(II) is primarily engaged in pro-  
14 viding child care for infants, toddlers,  
15 pre-school, or pre-kindergarten chil-  
16 dren (or any combination thereof),  
17 and may provide care for older chil-  
18 dren when they are not in school, and  
19 may offer pre-kindergarten edu-  
20 cational programs;

21           “(III) including its affiliates, has  
22 tangible net worth that does not ex-  
23 ceed \$7,000,000, and has average net  
24 income (excluding any carryover  
25 losses) for the 2 completed fiscal years

1 preceding the date of the application  
2 for assistance under this subpara-  
3 graph that does not exceed  
4 \$2,500,000; and

5 “(IV) is licensed as a child care  
6 provider by the State, insular area, or  
7 the District of Columbia, in which it  
8 is located.

9 “(iv) SUNSET PROVISION.—This sub-  
10 paragraph shall cease to have effect on  
11 September 30, 2009, and shall apply to all  
12 loans authorized under this subparagraph  
13 that are applied for, approved, or dis-  
14 bursed during the period beginning on the  
15 date of enactment of this subparagraph  
16 and ending on September 30, 2009.”.

17 (b) REPORTS.—

18 (1) SMALL BUSINESS ADMINISTRATION.—

19 (A) IN GENERAL.—Not later than 6  
20 months after the date of enactment of this Act,  
21 and every 6 months thereafter until September  
22 30, 2009, the Administrator shall submit a re-  
23 port on the implementation of the program  
24 under section 502(b)(1)(B) of the Small Busi-

1           ness Investment Act of 1958, as added by this  
2           Act, to—

3                   (i) the Committee on Small Business  
4                   and Entrepreneurship of the Senate; and

5                   (ii) the Committee on Small Business  
6                   of the House of Representatives.

7           (B) CONTENTS.—Each report under sub-  
8           paragraph (A) shall contain—

9                   (i) the date on which the program is  
10                  implemented;

11                  (ii) the date on which the rules are  
12                  issued under subsection (c); and

13                  (iii) the number and dollar amount of  
14                  loans under the program applied for, ap-  
15                  proved, and disbursed during the previous  
16                  6 months—

17                           (I) with respect to nonprofit child  
18                           care businesses; and

19                           (II) with respect to for-profit  
20                           child care businesses.

21           (2) GOVERNMENT ACCOUNTABILITY OFFICE.—

22                   (A) IN GENERAL.—Not later than March  
23                   31, 2009, the Comptroller General of the  
24                   United States shall submit a report on the child  
25                   care small business loans authorized by section

1           502(b)(1)(B) of the Small Business Investment  
2           Act of 1958, as added by this Act, to—

3                   (i) the Committee on Small Business  
4                   and Entrepreneurship of the Senate; and

5                   (ii) the Committee on Small Business  
6                   of the House of Representatives.

7           (B) CONTENTS.—The report under sub-  
8           paragraph (A) shall contain information gath-  
9           ered during the first 2 years of the loan pro-  
10          gram, including—

11                   (i) an evaluation of the timeliness of  
12                   the implementation of the loan program;

13                   (ii) a description of the effectiveness  
14                   and ease with which certified development  
15                   companies, lenders, and small business  
16                   concerns have participated in the loan pro-  
17                   gram;

18                   (iii) a description and assessment of  
19                   how the loan program was marketed;

20                   (iv) by location (State, insular area,  
21                   and the District of Columbia) and in total,  
22                   the number of child care small businesses,  
23                   categorized by status as a for-profit or  
24                   nonprofit business, that—



1 (I) applied for a loan under the  
2 program (and whether it was a new or  
3 expanding child care provider);

4 (II) were approved for a loan  
5 under the program; and

6 (III) received a loan disburse-  
7 ment under the program (and whether  
8 they are a new or expanding child  
9 care provider); and

10 (v) with respect to businesses de-  
11 scribed under clause (iv)(III)—

12 (I) the number of such busi-  
13 nesses in each State, insular area, and  
14 the District of Columbia, as of the  
15 year of enactment of this Act;

16 (II) the total amount loaned to  
17 such businesses under the program;

18 (III) the total number of loans to  
19 such businesses under the program;

20 (IV) the average loan amount  
21 and term;

22 (V) the currency rate, delin-  
23 quencies, defaults, and losses of the  
24 loans;

1 (VI) the number and percent of  
2 children served who receive subsidized  
3 assistance; and

4 (VII) the number and percent of  
5 children served who are low income.

6 (C) ACCESS TO INFORMATION.—

7 (i) IN GENERAL.—The Administration  
8 shall collect and maintain such information  
9 as may be necessary to carry out this para-  
10 graph from certified development centers  
11 and child care providers, and such centers  
12 and providers shall comply with a request  
13 for information from the Administration  
14 for that purpose.

15 (ii) PROVISION OF INFORMATION TO  
16 GOVERNMENT ACCOUNTABILITY OFFICE.—  
17 The Administration shall provide informa-  
18 tion collected under this subparagraph to  
19 the Comptroller General of the United  
20 States for purposes of the report required  
21 by this paragraph.

22 (c) RULEMAKING AUTHORITY.—Not later than 120  
23 days after the date of enactment of this Act, the Adminis-  
24 trator shall issue final rules to carry out the loan program

1 authorized by section 502(b)(1)(B) of the Small Business  
2 Investment Act of 1958, as added by this Act.

3 **SEC. 1906. STUDY ON THE IMPACT OF THE LOW DOCU-**  
4 **MENTATION LOAN PROGRAM.**

5 (a) DEFINITION.—In this section, the term “rural  
6 area” has the same meaning as in section 7(m) of the  
7 Small Business Act (15 U.S.C. 636(m)).

8 (b) STUDY.—Not later than 3 months after the date  
9 of enactment of this Act, the Administrator shall under-  
10 take a study on the effect of eliminating the low docu-  
11 mentation loan program under section 7(a)(25)(C) of the  
12 Small Business Act (15 U.S.C. 636(a)(25)(C)), includ-  
13 ing—

14 (1) the effectiveness of the low documentation  
15 loan program in rural areas;

16 (2) the effect that the elimination of the low  
17 documentation loan program would have on lending  
18 in rural areas; and

19 (3) the overall accessibility and effectiveness of  
20 lending in rural areas.

21 (c) REPORT TO CONGRESS.—Not later than 1 year  
22 after the date of enactment of this Act, the Administrator  
23 shall submit to the Committee on Small Business and En-  
24 trepreneurship of the Senate and the Committee on Small

1 Business of the House of Representatives a report con-  
2 taining—

3 (1) the results of the study conducted under  
4 subsection (b); and

5 (2) recommendations, if any, to improve the ac-  
6 cessibility and effectiveness of lending in rural areas.

7 **SEC. 1907. ENFORCEMENT OMBUDSMAN.**

8 Section 30(b)(2) of the Small Business Act (15  
9 U.S.C. 657(b)(2)) is amended—

10 (1) by redesignating subparagraphs (C) through  
11 (E) as subparagraphs (D) through (F), respectively;

12 (2) by inserting after subparagraph (B) the fol-  
13 lowing:

14 “(C) assist small business concerns with  
15 bringing cases or complaints (whether formal or  
16 informal) before Federal regulatory boards and  
17 agencies, including the Surface Transportation  
18 Board, Environmental Protection Agency, Oc-  
19 cupational Health and Safety Administration,  
20 Federal Communications Commission, and  
21 Food and Drug Administration;”; and

22 (3) in subparagraph (F), as redesignated by  
23 this section, by striking “subparagraph (C)” and in-  
24 serting “subparagraph (D)”.

1 **SEC. 1908. MINORITY ENTREPRENEURSHIP AND INNOVA-**  
2 **TION PILOT PROGRAM.**

3 (a) DEFINITIONS.—In this section—

4 (1) the term “Hispanic serving institution” has  
5 the meaning given the term in section 502 of the  
6 Higher Education Act of 1965 (20 U.S.C. 1101a);

7 (2) the term “historically Black college and uni-  
8 versity” has the meaning given the term “part B in-  
9 stitution” in section 322 of the Higher Education  
10 Act of 1965 (20 U.S.C. 1061);

11 (3) the term “small business development cen-  
12 ter” has the same meaning as in section 21 of the  
13 Small Business Act (15 U.S.C. 648); and

14 (4) the term “Tribal College” has the meaning  
15 given the term “tribally controlled college or univer-  
16 sity” in section 2 of the Tribally Controlled College  
17 or University Assistance Act of 1978 (25 U.S.C.  
18 1801).

19 (b) MINORITY ENTREPRENEURSHIP AND INNOVA-  
20 TION GRANTS.—

21 (1) IN GENERAL.—The Administrator shall  
22 make grants to historically Black colleges and uni-  
23 versities, Tribal Colleges, and Hispanic serving insti-  
24 tutions, or to any entity formed by a combination of  
25 such institutions—

1           (A) to assist in establishing an entrepre-  
2           neurship curriculum for undergraduate or grad-  
3           uate studies; and

4           (B) for placement of small business devel-  
5           opment centers on the physical campus of the  
6           institution.

7           (2) CURRICULUM REQUIREMENT.—An institu-  
8           tion of higher education receiving a grant under this  
9           subsection shall develop a curriculum that includes  
10          training in various skill sets needed by successful en-  
11          trepreneurs, including—

12           (A) business management and marketing,  
13           financial management and accounting, market  
14           analysis and competitive analysis, innovation  
15           and strategic planning; and

16           (B) additional entrepreneurial skill sets  
17           specific to the needs of the student population  
18           and the surrounding community, as determined  
19           by the institution.

20          (3) SMALL BUSINESS DEVELOPMENT CENTER  
21          REQUIREMENT.—Each institution receiving a grant  
22          under this subsection shall open a small business de-  
23          velopment center that—

1 (A) performs studies, research, and coun-  
2 seling concerning the management, financing,  
3 and operation of small business concerns;

4 (B) performs management training and  
5 technical assistance regarding the participation  
6 of small business concerns in international mar-  
7 kets, export promotion and technology transfer,  
8 and the delivery or distribution of such services  
9 and information;

10 (C) offers referral services for entre-  
11 preneurs and small business concerns to busi-  
12 ness development, financing, and legal experts;  
13 and

14 (D) promotes market-specific innovation,  
15 niche marketing, capacity building, inter-  
16 national trade, and strategic planning as keys  
17 to long-term growth for its small business con-  
18 cern and entrepreneur clients.

19 (4) GRANT LIMITATIONS.—A grant under this  
20 subsection—

21 (A) may not exceed \$500,000 for any fis-  
22 cal year for any 1 institution of higher edu-  
23 cation;

24 (B) may not be used for any purpose other  
25 than those associated with the direct costs in-

1 curred to develop and implement a curriculum  
2 that fosters entrepreneurship and the costs in-  
3 curred to organize and run a small business de-  
4 velopment center on the grounds of the institu-  
5 tion; and

6 (C) may not be used for building expenses,  
7 administrative travel budgets, or other expenses  
8 not directly related to the implementation of the  
9 curriculum or activities authorized by this sec-  
10 tion.

11 (5) EXCEPTION FROM SMALL BUSINESS ACT  
12 REQUIREMENT.—Subparagraphs (A) and (B) of sec-  
13 tion 21(a)(4) of the Small Business Act (15 U.S.C.  
14 648(a)(4)) do not apply to assistance made available  
15 under this subsection.

16 (6) REPORT.—Not later than November 1 of  
17 each year, the Associate Administrator of Entrepre-  
18 neurial Development of the Administration shall sub-  
19 mit to the Committee on Small Business and Entre-  
20 preneurship of the Senate and the Committee on  
21 Small Business of the House of Representatives, a  
22 report evaluating the award and use of grants under  
23 this subsection during the preceding fiscal year,  
24 which shall include—



1 (A) a description of each entrepreneurship  
2 program developed with grant funds, the date  
3 of the award of such grant, and the number of  
4 participants in each such program;

5 (B) the number of small business concerns  
6 assisted by each small business development  
7 center established with a grant under this sub-  
8 section; and

9 (C) data regarding the economic impact of  
10 the small business development center coun-  
11 seling provided under a grant under this sub-  
12 section.

13 (c) AUTHORIZATION OF APPROPRIATIONS.—There is  
14 authorized to be appropriated to carry out this section  
15 \$10,000,000, to remain available until expended, for each  
16 of fiscal years 2007 and 2008.

17 (d) LIMITATION ON USE OF OTHER FUNDS.—The  
18 Administrator shall carry out this section only with  
19 amounts appropriated in advance specifically to carry out  
20 this section.

21 **SEC. 1909. OFFICE OF NATIVE AMERICAN AFFAIRS PILOT**  
22 **PROGRAM.**

23 (a) DEFINITION.—In this section, the term “Indian  
24 tribe” means any band, nation, or organized group or  
25 community of Indians located in the contiguous United

1 States, and the Metlakatla Indian Community, whose  
2 members are recognized as eligible for the services pro-  
3 vided to Indians by the Secretary of the Interior because  
4 of their status as Indians.

5 (b) AUTHORIZATION.—The Office of Native Amer-  
6 ican Affairs of the Administration may conduct a pilot  
7 program—

8 (1) to develop and publish a self-assessment  
9 tool for Indian tribes that will allow such tribes to  
10 evaluate and implement best practices for economic  
11 development; and

12 (2) to provide assistance to Indian tribes,  
13 through the Inter-Agency Working Group, in identi-  
14 fying and implementing economic development op-  
15 portunities available from the Federal Government  
16 and private enterprise, including—

17 (A) the Administration;

18 (B) the Department of Energy;

19 (C) the Environmental Protection Agency;

20 (D) the Department of Commerce;

21 (E) the Federal Communications Commis-

22 sion;

23 (F) the Department of Justice;

24 (G) the Department of Labor;

1 (H) the Office of National Drug Control  
2 Policy; and

3 (I) the Department of Agriculture.

4 (c) TERMINATION OF PROGRAM.—The authority to  
5 conduct a pilot program under this section shall terminate  
6 on September 30, 2008.

7 (d) REPORT.—Not later than September 30, 2008,  
8 the Office of Native American Affairs shall submit a re-  
9 port to the Committee on Small Business and Entrepre-  
10 neurship of the Senate and the Committee on Small Busi-  
11 ness of the House of Representatives regarding the effec-  
12 tiveness of the self-assessment tool developed under sub-  
13 section (b)(1).

14 **SEC. 1910. INSTITUTIONS OF HIGHER EDUCATION.**

15 (a) IN GENERAL.—Section 21(a)(1) of the Small  
16 Business Act (15 U.S.C. 648(a)(1)) is amended by strik-  
17 ing “: *Provided, That*” and all that follows through “on  
18 such date.” and inserting the following: “On and after De-  
19 cember 31, 2006, the Administration may only make a  
20 grant under this paragraph to an applicant that is an in-  
21 stitution of higher education, as defined in section 101(a)  
22 of the Higher Education Act of 1965 (20 U.S.C. 1001(a))  
23 that is accredited (and not merely in preaccreditation sta-  
24 tus) by a nationally recognized accrediting agency or asso-  
25 ciation, recognized by the Secretary of Education for such

1 purpose in accordance with section 496 of that Act (20  
2 U.S.C. 1099b), or to a women’s business center operating  
3 pursuant to section 29 as a small business development  
4 center, unless the applicant was receiving a grant (includ-  
5 ing a contract or cooperative agreement) on December 31,  
6 2006.”.

7 (b) EFFECTIVE DATE.—The amendment made by  
8 subsection (a) shall become effective on December 31,  
9 2006.



Calendar No. 577

109<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

**S. 3778**

**A BILL**

To reauthorize and improve the Small Business Act and the Small Business Investment Act of 1958, and for other purposes.

AUGUST 2, 2006

Read twice and placed on the calendar