

Union Calendar No. 142

105<sup>TH</sup> CONGRESS  
1<sup>ST</sup> Session

**H. R. 2261**

[Report No. 105-246]

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## **A BILL**

To reauthorize and amend the programs of the Small Business Act and the Small Business Investment Act, and for other purposes.

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SEPTEMBER 8, 1997

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

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## IN THE HOUSE OF REPRESENTATIVES

JULY 25, 1997

Mr. TALENT (for himself and Mr. LAFALCE) introduced the following bill; which was referred to the Committee on Small Business

SEPTEMBER 8, 1997

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

[For text of introduced bill, see copy of bill as introduced on July 25, 1997]

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## A BILL

To reauthorize and amend the programs of the Small Business Act and the Small Business Investment Act, 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,*

1 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

2 (a) *SHORT TITLE.*—*This Act may be cited as the*  
 3 *“Small Business Programs Reauthorization and Amend-*  
 4 *ments Acts of 1997”.*

5 (b) *TABLE OF CONTENTS.*—

*Sec. 1. Short title; table of contents.*

*TITLE I—AUTHORIZATIONS*

*Sec. 101. Authorizations.*

*TITLE II—FINANCIAL PROGRAMS*

*Subtitle A—General Business Loans*

*Sec. 201. Securitization regulations.*

*Sec. 202. Background check of loan applicants.*

*Sec. 203. Report on increased lender approval, servicing, foreclosure, liquidation,*  
*and litigation of 7(a) loans.*

*Sec. 204. Completion of planning for loan monitoring system.*

*Subtitle B—Certified Development Company Program*

*Sec. 221. Reauthorization of fees.*

*Sec. 222. PCLP participation*

*Sec. 223. PCLP eligibility.*

*Sec. 224. Loss reserves.*

*Sec. 225. Goals.*

*Sec. 226. Technical amendments.*

*Sec. 227. Promulgation of regulations.*

*Sec. 228. Technical amendment.*

*Sec. 229. Repeal.*

*Sec. 230. Loan servicing and liquidation.*

*Sec. 231. Use of proceeds.*

*Sec. 232. Lease of property.*

*Sec. 233. Seller financing.*

*Sec. 234. Preexisting conditions.*

*Subtitle C—Small Business Investment Company Program*

*Sec. 241. 5-year commitments.*

*Sec. 242. Program reform.*

*Sec. 243. Fees.*

*Sec. 244. Examination fees.*

*Subtitle D—Microloan Program*

*Sec. 251. Microloan program extension.*

*Sec. 252. Supplemental microloan grants*

*TITLE III—WOMEN’S BUSINESS ENTERPRISES*

*Sec. 301. Reports.*

Sec. 302. *Council duties.*  
 Sec. 303. *Council membership.*  
 Sec. 304. *Authorization of appropriations.*  
 Sec. 305. *Women’s business centers.*  
 Sec. 306. *Office of Women’s Business Ownership.*

*TITLE IV—COMPETITIVENESS PROGRAM*

Sec. 401. *Program term.*  
 Sec. 402. *Monitoring agency performance.*  
 Sec. 403. *Reports to Congress.*  
 Sec. 404. *Small business participation in dredging.*  
 Sec. 405. *Technical amendment.*

*TITLE V—MISCELLANEOUS PROVISIONS*

Sec. 501. *Small business development centers.*  
 Sec. 502. *Small business export promotion.*  
 Sec. 503. *Pilot preferred surety bond guarantee program extension.*  
 Sec. 504. *Very small business concerns.*  
 Sec. 505. *Extension of cosponsorship authority*  
 Sec. 506. *Trade assistance program for small business concerns harmed by  
 NAFTA.*

1           **TITLE I—AUTHORIZATIONS**

2   **SEC. 101. AUTHORIZATIONS.**

3           *Section 20 of the Small Business Act (15 U.S.C. 631*  
 4 *note) is amended by striking subsections (l) through (q) and*  
 5 *inserting the following:*

6           “(l) *The following program levels are authorized for*  
 7 *fiscal year 1998:*

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

10                           “(A) *\$40,000,000 in technical assistance*  
 11 *grants, as provided in section 7(m); and*

12                           “(B) *\$60,000,000 in loans, as provided in*  
 13 *section 7(m).*

14                   “(2) *For the programs authorized by this Act,*  
 15 *the Administration is authorized to make*

1       *\$15,040,000,000 in deferred participation loans and*  
2       *other financings. Of such sum, the Administration is*  
3       *authorized to make—*

4               “(A) *\$11,000,000,000 in general business*  
5               *loans as provided in section 7(a);*

6               “(B) *\$3,000,000,000 in financings as pro-*  
7               *vided in section 7(a)(13) of this Act and section*  
8               *504 of the Small Business Investment Act of*  
9               *1958;*

10              “(C) *\$1,000,000,000 in loans as provided in*  
11              *section 7(a)(21); and*

12              “(D) *\$40,000,000 in loans as provided in*  
13              *section 7(m).*

14              “(3) *For the programs authorized by title III of*  
15              *the Small Business Investment Act of 1958, the Ad-*  
16              *ministration is authorized to make—*

17                      “(A) *\$600,000,000 in purchases of partici-*  
18                      *pating securities; and*

19                      “(B) *\$500,000,000 in guarantees of deben-*  
20                      *tures.*

21              “(4) *For the programs authorized by part B of*  
22              *title IV of the Small Business Investment Act of 1958,*  
23              *the Administration is authorized to enter into guar-*  
24              *antees not to exceed \$2,000,000,000, of which not*

1        *more than \$650,000,000 may be in bonds approved*  
2        *pursuant to section 411(a)(3) of that Act.*

3                *“(5) The Administration is authorized to make*  
4        *grants or enter into cooperative agreements—*

5                        *“(A) for the Service Corps of Retired Execu-*  
6        *tives program authorized by section 8(b)(1),*  
7        *\$4,000,000; and*

8                        *“(B) for activities of small business develop-*  
9        *ment centers pursuant to section 21(c)(3)(G),*  
10        *\$15,000,000, to remain available until expended.*

11                *“(m)(1) There are authorized to be appropriated to the*  
12 *Administration for fiscal year 1998 such sums as may be*  
13 *necessary to carry out this Act, including administrative*  
14 *expenses and necessary loan capital for disaster loans pur-*  
15 *suant to section 7(b), and to carry out the Small Business*  
16 *Investment Act of 1958, including salaries and expenses of*  
17 *the Administration.*

18                *“(2) Notwithstanding paragraph (1), for fiscal year*  
19 *1998—*

20                        *“(A) no funds are authorized to be provided to*  
21 *carry out the loan program authorized by section*  
22 *7(a)(21) except by transfer from another Federal de-*  
23 *partment or agency to the Administration, unless the*  
24 *program level authorized for general business loans*  
25 *under subsection (l)(2)(A) is fully funded; and*

1           “(B) the Administration may not approve loans  
2           on behalf of the Administration or on behalf of any  
3           other department or agency, by contract or otherwise,  
4           under terms and conditions other than those specifi-  
5           cally authorized under this Act or the Small Business  
6           Investment Act of 1958, except that it may approve  
7           loans under section 7(a)(21) of this Act in gross  
8           amounts of not more than \$1,250,000.

9           “(n) The following program levels are authorized for  
10          fiscal year 1999:

11           “(1) For the programs authorized by this Act,  
12          the Administration is authorized to make—

13                   “(A) \$60,000,000 in technical assistance  
14                   grants as provided in section 7(m); and

15                   “(B) \$60,000,000 in loans, as provided in  
16                   section 7(m).

17           “(2) For the programs authorized by this Act,  
18          the Administration is authorized to make  
19          \$16,540,000,000 in deferred participation loans and  
20          other financings. Of such sum, the Administration is  
21          authorized to make—

22                   “(A) \$12,000,000,000 in general business  
23                   loans as provided in section 7(a);

24                   “(B) \$3,500,000,000 in financings as pro-  
25                   vided in section 7(a)(13) of this Act and section

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

3           “(C) \$1,000,000,000 in loans as provided in  
4           section 7(a)(21); and

5           “(D) \$40,000,000 in loans as provided in  
6           section 7(m).

7           “(3) For the programs authorized by title III of  
8           the Small Business Investment Act of 1958, the Ad-  
9           ministration is authorized to make—

10           “(A) \$700,000,000 in purchases of partici-  
11           pating securities; and

12           “(B) \$650,000,000 in guarantees of deben-  
13           tures.

14           “(4) For the programs authorized by part B of  
15           title IV of the Small Business Investment Act of 1958,  
16           the Administration is authorized to enter into guar-  
17           antees not to exceed \$2,000,000,000, of which not  
18           more than \$650,000,000 may be in bonds approved  
19           pursuant to section 411(a)(3) of that Act.

20           “(5) The Administration is authorized to make  
21           grants or enter cooperative agreements—

22           “(A) for the Service Corps of Retired Execu-  
23           tives program authorized by section 8(b)(1),  
24           \$4,500,000; and

1           “(B) for activities of small business develop-  
2           ment centers pursuant to section 21(c)(3)(G), not  
3           to exceed \$15,000,000, to remain available until  
4           expended.

5           “(o)(1) There are authorized to be appropriated to the  
6 Administration for fiscal year 1999 such sums as may be  
7 necessary to carry out this Act, including administrative  
8 expenses and necessary loan capital for disaster loans pur-  
9 suant to section 7(b), and to carry out the Small Business  
10 Investment Act of 1958, including salaries and expenses of  
11 the Administration.

12           “(2) Notwithstanding paragraph (1), for fiscal year  
13 1999—

14           “(A) no funds are authorized to be provided to  
15 carry out the loan program authorized by section  
16 7(a)(21) except by transfer from another Federal de-  
17 partment or agency to the Administration, unless the  
18 program level authorized for general business loans  
19 under subsection (n)(2)(A) is fully funded; and

20           “(B) the Administration may not approve loans  
21 on behalf of the Administration or on behalf of any  
22 other department or agency, by contract or otherwise,  
23 under terms and conditions other than those specifi-  
24 cally authorized under this Act or the Small Business  
25 Investment Act of 1958, except that it may approve

1        *loans under section 7(a)(21) of this Act in gross*  
2        *amounts of not more than \$1,250,000.*

3        *“(p) The following program levels are authorized for*  
4        *fiscal year 2000:*

5                *“(1) For the programs authorized by this Act,*  
6        *the Administration is authorized to make—*

7                *“(A) \$75,000,000 in technical assistance*  
8                *grants as provided in section 7(m); and*

9                *“(B) \$60,000,000 in direct loans, as pro-*  
10               *vided in section 7(m).*

11               *“(2) For the programs authorized by this Act,*  
12        *the Administration is authorized to make*  
13        *\$19,040,000,000 in deferred participation loans and*  
14        *other financings. Of such sum, the Administration is*  
15        *authorized to make—*

16               *“(A) \$13,500,000,000 in general business*  
17               *loans as provided in section 7(a);*

18               *“(B) \$4,500,000,000 in financings as pro-*  
19               *vided in section 7(a)(13) of this Act and section*  
20               *504 of the Small Business Investment Act of*  
21               *1958;*

22               *“(C) \$1,000,000,000 in loans as provided in*  
23               *section 7(a)(21); and*

24               *“(D) \$40,000,000 in loans as provided in*  
25               *section 7(m).*

1           “(3) *For the programs authorized by title III of*  
2 *the Small Business Investment Act of 1958, the Ad-*  
3 *ministration is authorized to make—*

4                   “(A) *\$850,000,000 in purchases of partici-*  
5 *pating securities; and*

6                   “(B) *\$700,000,000 in guarantees of debent-*  
7 *tures.*

8           “(4) *For the programs authorized by part B of*  
9 *title IV of the Small Business Investment Act of 1958,*  
10 *the Administration is authorized to enter into guar-*  
11 *antees not to exceed \$2,000,000,000, of which not*  
12 *more than \$650,000,000 may be in bonds approved*  
13 *pursuant to the provisions of section 411(a)(3) of that*  
14 *Act.*

15           “(5) *The Administration is authorized to make*  
16 *grants or enter cooperative agreements—*

17                   “(A) *for the Service Corps of Retired Execu-*  
18 *tives program authorized by section 8(b)(1),*  
19 *\$5,000,000; and*

20                   “(B) *for activities of small business develop-*  
21 *ment centers pursuant to section 21(c)(3)(G), not*  
22 *to exceed \$15,000,000, to remain available until*  
23 *expended.*

24           “(q)(1) *There are authorized to be appropriated to the*  
25 *Administration for fiscal year 2000 such sums as may be*

1 *necessary to carry out this Act, including administrative*  
2 *expenses and necessary loan capital for disaster loans pur-*  
3 *suant to section 7(b), and to carry out the provisions of*  
4 *the Small Business Investment Act of 1958, including sala-*  
5 *ries and expenses of the Administration.*

6       “(2) Notwithstanding paragraph (1), for fiscal year  
7 2000—

8               “(A) no funds are authorized to be provided to  
9       carry out the loan program authorized by section  
10       7(a)(21) except by transfer from another Federal de-  
11       partment or agency to the Administration, unless the  
12       program level authorized for general business loans  
13       under subsection (p)(2)(A) is fully funded; and

14               “(B) the Administration may not approve loans  
15       on behalf of the Administration or on behalf of any  
16       other department or agency, by contract or otherwise,  
17       under terms and conditions other than those specifi-  
18       cally authorized under this Act or the Small Business  
19       Investment Act of 1958, except that it may approve  
20       loans under section 7(a)(21) of this Act in gross  
21       amounts of not more than \$1,250,000.”.

1 **TITLE II—FINANCIAL PROGRAMS**

2 **Subtitle A—General Business Loans**

3 **SEC. 201. SECURITIZATION REGULATIONS.**

4 *The Administrator shall promulgate final regulations*  
5 *permitting bank and non-bank lenders to sell or securitize*  
6 *the non-guaranteed portion of loans made under section*  
7 *7(a) of the Small Business Act (15 U.S.C. 636(a)). Such*  
8 *regulations shall be issued within 90 days of the date of*  
9 *enactment of this Act, and shall allow securitizations to*  
10 *proceed as regularly as is possible within the bounds of pru-*  
11 *dent and sound financial management practice.*

12 **SEC. 202. BACKGROUND CHECK OF LOAN APPLICANTS.**

13 *Section 7(a)(1) of the Small Business Act (15 U.S.C.*  
14 *636(a)(1)) is amended by striking “(1)” and inserting the*  
15 *following:*

16 *“(1)(A) CREDIT ELSEWHERE.—”, and by adding*  
17 *the following new paragraph at the end:*

18 *“(B) BACKGROUND CHECKS.—Prior to the ap-*  
19 *proval of any loan made pursuant to this subsection,*  
20 *or section 503 of the Small Business Investment Act,*  
21 *the Administrator shall verify the applicant’s crimi-*  
22 *nal background, or lack thereof, through the best*  
23 *available means, including, if possible, use of the Na-*  
24 *tional Crime Information Center computer system at*  
25 *the Federal Bureau of Investigation.”.*

1 **SEC. 203. REPORT ON INCREASED LENDER APPROVAL,**  
2 **SERVICING, FORECLOSURE, LIQUIDATION,**  
3 **AND LITIGATION OF 7(a) LOANS.**

4 *(a) Within six months of the date of enactment of this*  
5 *act the Administrator shall report on action taken and*  
6 *planned for future reliance on private sector lender re-*  
7 *sources to originate, approve, close, service, liquidate, fore-*  
8 *close, and litigate loans made under Section 7(a) of the*  
9 *Small Business Act. The report should address administra-*  
10 *tive and other steps necessary to achieve these results, in-*  
11 *cluding—*

12 *(1) streamlining the process for approving lend-*  
13 *ers and standardizing requirements;*

14 *(2) establishing uniform reporting requirements*  
15 *using on-line automated capabilities to the maximum*  
16 *extent feasible;*

17 *(3) reducing paperwork through automation,*  
18 *simplified forms or incorporation of lender's forms;*

19 *(4) providing uniform standards for approval,*  
20 *closing, servicing, foreclosure, and liquidation;*

21 *(5) promulgating new regulations or amending*  
22 *existing ones;*

23 *(6) establishing a timetable for implementing the*  
24 *plan for reliance on private sector lenders;*

25 *(7) implementing organizational changes at*  
26 *SBA; and*



1           (4) *determine data quality standards and control*  
2           *systems for ensuring information accuracy;*

3           (5) *identify an acquisition strategy and work in-*  
4           *crements to completion;*

5           (6) *analyze the benefits and costs of alternatives*  
6           *and use to demonstrate the advantage of the final*  
7           *project;*

8           (7) *ensure that the proposed information system*  
9           *is consistent with the agency's information architec-*  
10          *ture; and*

11          (8) *estimate the cost to system completion, iden-*  
12          *tifying the essential cost element.*

13          (b) *Six months from the date of enactment of this Act,*  
14          *the Administrator shall report to the House and Senate*  
15          *Committees on Small Business pursuant to the require-*  
16          *ments of subsection (a), and shall also submit a copy of*  
17          *the report to the General Accounting Office, which shall*  
18          *evaluate the report for compliance with subsection (a) and*  
19          *shall submit such evaluation to both Committees no later*  
20          *than 28 days after receipt of the report from the Small*  
21          *Business Administration. None of the funds provided for*  
22          *the purchase of the loan monitoring system may be ex-*  
23          *pende until the requirements of this section have been sat-*  
24          *isfied.*

1     ***Subtitle B—Certified Development***  
2                     ***Company Program***

3     **SEC. 221. REAUTHORIZATION OF FEES.**

4             *Section 503 of the Small Business Investment Act of*  
5     *1958 (15 U.S.C. 697) is amended—*

6                     *(1) by striking subsection (b)(7)(A) and inserting*  
7     *the following:*

8                             *“(A) assesses and collects a fee, which shall*  
9                     *be payable by the borrower, in an amount equal*  
10                     *to 0.9375 percent per year of the outstanding*  
11                     *balance of the loan; and”;*

12                     *(2) by striking from subsection (d)(2) “equal to*  
13                     *50 basis points” and inserting “equal to not more*  
14                     *than 50 basis points,”;*

15                     *(3) by adding the following at the end of sub-*  
16                     *section (d)(2): “The amount of the fee authorized here-*  
17                     *in shall be established annually by the Administra-*  
18                     *tion in the minimal amount necessary to reduce the*  
19                     *cost (as that term is defined in section 502 of the Fed-*  
20                     *eral Credit Reform Act of 1990) to the Administra-*  
21                     *tion of purchasing and guaranteeing debentures under*  
22                     *this Act to zero.”; and*

23                     *(4) by striking from subsection (f) “1997” and*  
24                     *inserting “2000”.*

1 **SEC. 222. PCLP PARTICIPATION.**

2 *Section 508(a) of the Small Business Investment Act*  
3 *of 1958 (15 U.S.C. 697e(a)) is amended by striking “not*  
4 *more than 15”.*

5 **SEC. 223. PCLP ELIGIBILITY.**

6 *Section 508(b)(2) of the Small Business Investment*  
7 *Act of 1958 (15 U.S.C. 697e(b)(2)) is amended by striking*  
8 *paragraphs (A) and (B) and inserting:*

9 *“(A) is an active certified development com-*  
10 *pany in good standing and has been an active*  
11 *participant in the accredited lenders program*  
12 *during the entire 12-month period preceding the*  
13 *date on which the company submits an applica-*  
14 *tion under paragraph (1), except that the Ad-*  
15 *ministration may waive this requirement if the*  
16 *company is qualified to participate in the ac-*  
17 *credited lenders program;*

18 *“(B) has a history (i) of submitting to the*  
19 *Administration adequately analyzed debenture*  
20 *guarantee application packages and (ii) of prop-*  
21 *erly closing section 504 loans and servicing its*  
22 *loan portfolio; and”.*

23 **SEC. 224. LOSS RESERVES.**

24 *Section 508(c) of the Small Business Investment Act*  
25 *of 1958 (15 U.S.C. 697e(c)) is amended to read as follows:*

26 *“(c) LOSS RESERVE.—*

1           “(1) *ESTABLISHMENT.*—A company designated  
2           as a premier certified lender shall establish a loss re-  
3           serve for financing approved pursuant to this section.

4           “(2) *AMOUNT.*—The amount of the loss reserve  
5           shall be equal to 10 percent of the amount of the com-  
6           pany’s exposure as determined under subsection  
7           (b)(2)(C).

8           “(3) *ASSETS.*—The loss reserve shall be com-  
9           prised of any combination of the following types of  
10          assets:

11           “(A) *segregated funds on deposit in an ac-*  
12           *count or accounts with a federally insured depos-*  
13           *itory institution or institutions selected by the*  
14           *company, subject to a collateral assignment in*  
15           *favor of, and in a format acceptable to, the Ad-*  
16           *ministration; or*

17           “(B) *irrevocable letter or letters of credit,*  
18           *with a collateral assignment in favor of, and a*  
19           *commercially reasonable format acceptable to,*  
20           *the Administration.*

21           “(4) *CONTRIBUTIONS.*—The company shall make  
22           contributions to the loss reserve, either cash or letters  
23           of credit as provided above, in the following amounts  
24           and at the following intervals:

25           “(A) *50 percent when a debenture is closed;*

1           “(B) 25 percent additional not later than 1  
2           year after a debenture is closed; and

3           “(C) 25 percent additional not later than 2  
4           years after a debenture is closed.

5           “(5) REPLENISHMENT.—If a loss has been sus-  
6           tained by the Administration, any portion of the loss  
7           reserve, and other funds provided by the premier com-  
8           pany as necessary, may be used to reimburse the Ad-  
9           ministration for the company’s 10 percent share of  
10          the loss as provided in subsection (b)(2)(C). If the  
11          company utilizes the reserve, within 30 days it shall  
12          replace an equivalent amount of funds.

13          “(6) DISBURSEMENTS.—The Administration  
14          shall allow the certified development company to  
15          withdraw from the loss reserve amounts attributable  
16          to any debenture which has been repaid.”.

17 **SEC. 225. GOALS.**

18          Section 508 of the Small Business Investment Act of  
19          1958 (15 U.S.C. 697e) is amended by inserting the follow-  
20          ing after subsection (d) and by redesignating subsections  
21          (e) to (i) as (f) to (j):

22          “(e) PROGRAM GOALS.—Certified development compa-  
23          nies participating in this program shall establish a goal  
24          of processing 50 percent of their loan applications for sec-

1 *tion 504 assistance pursuant to the premier certified lender*  
2 *program authorized in this section.”.*

3 **SEC. 226. TECHNICAL AMENDMENTS.**

4 *Section 508(g) of the Small Business Investment Act*  
5 *of 1958 (15 U.S.C. 697(g)) is amended—*

6 *(1) in subsection (g), as redesignated herein, is*  
7 *amended by striking “State or local” and inserting*  
8 *“certified”;*

9 *(2) in subsection (h), as redesignated herein—*

10 *(A) by striking “EFFECT OF SUSPEN-*  
11 *SION OR DESIGNATION” and inserting “EF-*  
12 *FECT OF SUSPENSION OR REVOCATION”;*

13 *and*

14 *(B) by striking “under subsection (f)” and*  
15 *inserting “under subsection (g)”.*

16 **SEC. 227. PROMULGATION OF REGULATIONS.**

17 *Section 508(i) of the Small Business Investment Act*  
18 *of 1958 (15 U.S.C. 697e(i)), as redesignated herein, is*  
19 *amended to read as follows:*

20 *“(i) REGULATIONS.—Not later than 90 days after the*  
21 *date of enactment of this section, the Administration shall*  
22 *promulgate regulations to carry out this section. Not later*  
23 *than 120 days after the date of enactment, the Administra-*  
24 *tion shall issue program guidelines and implement the*  
25 *changes made herein.”.*

1 **SEC. 228. TECHNICAL AMENDMENT.**

2 *Section 508(j) of the Small Business Investment Act*  
3 *of 1958 (15 U.S.C. 697e(j)), as redesignated herein, is*  
4 *amended by striking “other lenders” and inserting “other*  
5 *lenders, specifically comparing default rates and recovery*  
6 *rates on liquidations”.*

7 **SEC. 229. REPEAL.**

8 *Section 217(b) of Public Law 103–403 (108 Stat.*  
9 *4185) is repealed.*

10 **SEC. 230. LOAN SERVICING AND LIQUIDATION.**

11 *Section 508(d)(1) of the Small Business Investment*  
12 *Act of 1958 (15 U.S.C. 697e(d)) is amended by striking “to*  
13 *approve loans” and inserting “to approve, authorize, close,*  
14 *service, foreclose, litigate, and liquidate loans”.*

15 **SEC. 231. USE OF PROCEEDS.**

16 *Section 502(1) of the Small Business Investment Act*  
17 *of 1958 (15 U.S.C. 696(1)) is amended to read as follows:*

18 *“(1) The proceeds of any such loan shall be used*  
19 *solely by such borrower or borrowers to assist an*  
20 *identifiable small-business or businesses and for a*  
21 *sound business purpose approved by the Administra-*  
22 *tion.”.*

23 **SEC. 232. LEASE OF PROPERTY.**

24 *Section 502 of the Small Business Investment Act of*  
25 *1958 (15 U.S.C. 696) is amended by adding the following*  
26 *new subsection:*

1           “(5) Not to exceed 25 percent of any project may  
2           be permanently leased by the assisted small business:  
3           Provided, That the assisted small business shall be re-  
4           quired to occupy and use not less than 55 percent of  
5           the space in the project after the execution of any  
6           leases authorized in this section.”.

7   **SEC. 233. SELLER FINANCING AND COLLATERALIZATION.**

8           Section 502(3) of the Small Business Investment Act  
9           of 1958 (15 U.S.C. 696(3)) is amended by inserting the fol-  
10          lowing new subparagraphs:

11                   “(D) *SELLER FINANCING.*—Seller provided  
12                   financing may be used to meet the requirements  
13                   of—

14                           “(i) paragraph (B), if the seller subor-  
15                           dinates his interest in the property to the  
16                           debenture guaranteed by the Administra-  
17                           tion; and

18                           “(ii) not to exceed 50 percent of the  
19                           amounts required by paragraph (C).

20                   “(E) *COLLATERALIZATION.*—The collateral  
21                   provided by the small business concern generally  
22                   shall include a subordinate lien position on the  
23                   property being financed under this title, and is  
24                   only one of the factors to be evaluated in the  
25                   credit determination. Additional collateral shall

1           *be required only if the Administration deter-*  
2           *mines, on a case by case basis, that additional*  
3           *security is necessary to protect the interest of the*  
4           *Government.”.*

5   **SEC. 234. PREEXISTING CONDITIONS.**

6           *Section 502 of the Small Business Investment Act of*  
7   1958 (15 U.S.C. 696) is amended by adding the following  
8   *new paragraph:*

9           “(6) *Any loan authorized under this section shall*  
10       *not be denied or delayed for approval by the Adminis-*  
11       *tration due to concerns over preexisting environ-*  
12       *mental conditions: Provided, That the development*  
13       *company provides the Administration a letter issued*  
14       *by the appropriate State or Federal environmental*  
15       *protection agency specifically stating that the envi-*  
16       *ronmental agency will not institute any legal proceed-*  
17       *ings against the borrower or, in the event of a default,*  
18       *the development company or the Administration*  
19       *based on the preexisting environmental conditions:*  
20       *Provided further, That the borrower shall agree to*  
21       *provide environmental agencies access to the property*  
22       *for any reasonable and necessary remediation efforts*  
23       *or inspections.”.*

1           **Subtitle C—Small Business**  
2           **Investment Company Program**

3   **SEC. 241. 5-YEAR COMMITMENTS.**

4           *Section 20(a)(2) of the Small Business Act (15 U.S.C.*  
5 *631 note) is amended in the last sentence by striking “the*  
6 *following fiscal year” and inserting “any one or more of*  
7 *the 4 subsequent fiscal years”.*

8   **SEC. 242. PROGRAM REFORM.**

9           *(a) TAX DISTRIBUTIONS.—Section 303(g)(8) of the*  
10 *Small Business Investment Act of 1958 (15 U.S.C.*  
11 *683(g)(8)) is amended in the first sentence—*

12                   *(1) by inserting “, for each calendar quarter or*  
13 *once annually, as the company may elect,” after “the*  
14 *company may”; and*

15                   *(2) by inserting “for the preceding quarter or*  
16 *year” before the period.*

17           *(b) LEVERAGE FEE.—Section 303(i) of the Small*  
18 *Business Investment Act of 1958 (15 U.S.C. 683(i)) is*  
19 *amended by striking “, payable upon” and all that follows*  
20 *before the period and inserting the following: “in the follow-*  
21 *ing manner: 1 percent upon the date on which the Adminis-*  
22 *tration enters into any commitment for such leverage with*  
23 *the licensee, and the balance of 2 percent (or 3 percent in*  
24 *which case in which no commitment has been entered into*

1 *by the Administration) on the date on which the leverage*  
2 *is drawn by the licensee”.*

3 *(c) PERIODIC ISSUANCE OF GUARANTEES AND TRUST*  
4 *CERTIFICATES.—Section 320 of the Small Business Invest-*  
5 *ment Act of 1958 (15 U.S.C. 687m) is amended by striking*  
6 *“three months” and inserting “6 months”.*

7 *(d) INDEXING FOR LEVERAGE.—Section 303 of the*  
8 *Small Business Investment Act of 1958 (15 U.S.C. 683) is*  
9 *amended—*

10 *(1) in subsection (b)—*

11 *(A) in paragraph (2), by adding at the end*  
12 *the following:*

13 *“(D)(i) The dollar amounts in subpara-*  
14 *graphs (A), (B), and (C) shall be adjusted annu-*  
15 *ally to reflect increases in the Consumer Price*  
16 *Index established by the Bureau of Labor Statis-*  
17 *tics of the Department of Labor.*

18 *“(ii) The initial adjustments made under*  
19 *this subparagraph after the date of enactment of*  
20 *the Small Business Reauthorization Act of 1997*  
21 *shall reflect only increases from March 31,*  
22 *1993.”; and*

23 *(B) by striking paragraph (4) and inserting*  
24 *the following:*

1           “(4) *MAXIMUM AGGREGATE AMOUNT OF LEVER-*  
2           *AGE.—*

3           “(A) *IN GENERAL.—Except as provided in*  
4           *subparagraph (B), the aggregate amount of out-*  
5           *standing leverage issued to any company or com-*  
6           *panies that are commonly controlled (as deter-*  
7           *mined by the Administrator) may not exceed*  
8           *\$90,000,000, as adjusted annually for increases*  
9           *in the Consumer Price Index.*

10          “(B) *EXCEPTIONS.—The Administrator*  
11          *may, on a case-by-case basis—*

12                 “(i) *approve an amount of leverage*  
13                 *that exceeds the amount described in sub-*  
14                 *paragraph (A) for companies under com-*  
15                 *mon control; and*

16                 “(ii) *impose such additional terms and*  
17                 *conditions as the Administrator determines*  
18                 *to be appropriate to minimize the risk of*  
19                 *loss to the Administration in the event of*  
20                 *default.*

21          “(C) *APPLICABILITY OF OTHER PROVI-*  
22          *SIONS.—Any leverage that is issued to a com-*  
23          *pany or companies commonly controlled in an*  
24          *amount that exceeds \$90,000,000, whether as a*  
25          *result of an increase in the Consumer Price*

1           *Index or a decision of the Administrator, is sub-*  
2           *ject to subsection (d).”; and*

3           *(2) by striking subsection (d) and inserting the*  
4           *following:*

5           “(d) *REQUIRED CERTIFICATIONS.—*

6                 “(1) *IN GENERAL.—The Administrator shall re-*  
7                 *quire each licensee, as a condition of approval of an*  
8                 *application for leverage, to certify in writing—*

9                         “(A) *for licensees with leverage less than or*  
10                         *equal to \$90,000,000, that not less than 20 per-*  
11                         *cent of the licensee’s aggregate dollar amount of*  
12                         *financings will be provided to smaller enter-*  
13                         *prises; and*

14                         “(B) *for licensees with leverage in excess of*  
15                         *\$90,000,000, that, in addition to satisfying the*  
16                         *requirements of subparagraph (A), 100 percent*  
17                         *of the licensee’s aggregate dollar amount of*  
18                         *financings made in whole or in part with lever-*  
19                         *age in excess of \$90,000,000 will be provided to*  
20                         *smaller enterprises as defined in section 103(12).*

21                 “(2) *MULTIPLE LICENSEES.—Multiple licensees*  
22                 *under common control (as determined by the Admin-*  
23                 *istrator) shall be considered to be a single licensee for*  
24                 *purposes of determining both the applicability of and*

1       *compliance with the investment percentage require-*  
2       *ments of this subsection.”.*

3   **SEC. 243. FEES.**

4       *Section 301 of the Small Business Investment Act of*  
5   1958 (15 U.S.C. 681) *is amended by adding the following:*

6       “(d) *FEES.—*

7               “(1) *IN GENERAL.—The Administration may*  
8       *prescribe fees to be paid by each applicant for a li-*  
9       *cence to operate as a small business investment com-*  
10      *pany under this Act.*

11              “(2) *USE OF AMOUNTS.—Amounts collected pur-*  
12      *suant to this subsection shall be—*

13                      “(A) *deposited in the account for salaries*  
14                      *and expenses of the Administration; and*

15                      “(B) *available without further appropria-*  
16                      *tion solely to cover contracting and other admin-*  
17                      *istrative costs related to licensing.”.*

18   **SEC. 244. EXAMINATION FEES.**

19       *Section 310(b) of the Small Business Investment Act*  
20   *of 1958 (15 U.S.C. 687b(b)) is amended by inserting after*  
21   *the first sentence the following: “Fees collected under this*  
22   *subsection shall be deposited in the account for salaries and*  
23   *expenses of the Administration, and shall be available with-*  
24   *out further appropriation solely to cover the costs of exami-*  
25   *nations and other program oversight activities.”.*

1       ***Subtitle D—Microloan Program***

2       ***SEC. 251. MICROLOAN PROGRAM EXTENSION.***

3           (a) *LOAN LIMITS.*—Section 7(m)(3)(C) of the Small  
4 *Business Act (15 U.S.C. 636(m)(3)(C))* is amended by strik-  
5 *ing “\$2,500,000” and inserting “\$3,500,000”.*

6           (b) *LOAN LOSS RESERVE FUND.*—Section 7(m)(3)(D)  
7 *of the Small Business Act (15 U.S.C. 636(m)(3)(D))* is  
8 *amended by striking clauses (i) and (ii), and inserting the*  
9 *following:*

10                               *“(i) during the initial 5 years of the*  
11                               *intermediary’s participation in the pro-*  
12                               *gram under this subsection, at a level equal*  
13                               *to not more than 15 percent of the outstand-*  
14                               *ing balance of the notes receivable owed to*  
15                               *the intermediary; and*

16                               *“(ii) in each year of participation*  
17                               *thereafter, at a level equal to not more than*  
18                               *the greater of—*

19                                       *“(I) 2 times an amount reflecting*  
20                                       *the total losses of the intermediary as*  
21                                       *a result of participation in the pro-*  
22                                       *gram under this subsection, as deter-*  
23                                       *mined by the Administrator on a case-*  
24                                       *by-case basis; or*

1                                   “(II) 10 percent of the outstand-  
2                                   ing balance of the notes receivable owed  
3                                   to the intermediary.”.

4           (c) *AUTHORIZATION OF APPROPRIATIONS.*—Section  
5 7(m) of the Small Business Act (15 U.S.C. 636(m)) is  
6 amended—

7                   (1) in the subsection heading, by striking “DEM-  
8                   ONSTRATION”;

9                   (2) by striking “Demonstration” each place that  
10                   term appears;

11                   (3) by striking “demonstration” each place that  
12                   term appears; and

13                   (4) in paragraph (12), by striking “during fiscal  
14                   years 1995 through 1997” and inserting “during fis-  
15                   cal years 1998 through 2000”.

16 **SEC. 252. SUPPLEMENTAL MICROLOAN GRANTS.**

17           Section 7(m)(4) of the Small Business Act (15 USC  
18 636 (m)(4)) is amended by adding the following:

19                                   “(F)(i) The Administration may accept and  
20                                   disburse funds received from another Federal de-  
21                                   partment or agency to provide additional assist-  
22                                   ance to individuals who are receiving assistance  
23                                   under the State program funded under part A of  
24                                   title IV of the Social Security Act (42 USC 601  
25                                   et seq.), or under any comparable State-funded

1           *means-tested program of assistance for low-in-*  
2           *come individuals.*

3           “(ii) *Grant proceeds are in addition to*  
4           *other grants provided by this subsection and*  
5           *shall not require the contribution of matching*  
6           *amounts to be eligible. The grants may be used*  
7           *to pay or reimburse a portion of child care and*  
8           *transportation costs of individuals described in*  
9           *clause (i) and for marketing, management and*  
10          *technical assistance.*

11          “(iii) *Prior to accepting and distributing*  
12          *any such grants, the Administration shall enter*  
13          *a Memorandum of Understanding with the de-*  
14          *partment or agency specifying the terms and*  
15          *conditions of the grants and providing appro-*  
16          *priate monitoring of expenditures by the*  
17          *intermediary and ultimate grant recipient to in-*  
18          *sure compliance with the purpose of the grant.*

19          “(iv) *On January 31, 1999, and annually*  
20          *thereafter, the Administration shall submit to the*  
21          *Committees on Small Business of the House of*  
22          *Representatives and the Senate a report on any*  
23          *monies distributed pursuant to the provisions of*  
24          *this paragraph.*

1           “(v) No funds are authorized to be provided  
2           to carry out the grant program authorized by  
3           this paragraph (F) except by transfer from an-  
4           other Federal department or agency to the Ad-  
5           ministration.”.

6           **TITLE III—WOMEN’S BUSINESS**  
7           **ENTERPRISES**

8           **SEC. 301. REPORTS.**

9           Section 404 of the Women’s Business Ownership Act  
10          of 1988 (15 U.S.C. 631 note) is amended—

11           (1) by inserting “, through the Small Business  
12          Administration,” after “transmit”;

13           (2) by striking paragraph (1) and redesignating  
14          paragraphs (2) through (4) as paragraphs (1)  
15          through (3), respectively; and

16           (3) in paragraph (1), as redesignated, by insert-  
17          ing before the semicolon the following: “, including a  
18          status report on the progress of the Interagency Com-  
19          mittee in meeting its responsibilities and duties under  
20          section 402(a)”.

21          **SEC. 302. COUNCIL DUTIES.**

22          Section 406 of the Women’s Business Ownership Act  
23          of 1988 (15 U.S.C. 631 note) is amended—

24           (1) in subsection (c), by inserting after “Admin-  
25          istrator” the following: “(through the Assistant Ad-

1 *ministrator for the Office of Women’s Business Own-*  
2 *ership)”; and*

3 *(2) in subsection (d)—*

4 *(A) in paragraph (4), by striking “and” at*  
5 *the end;*

6 *(B) in paragraph (5), by striking the period*  
7 *at the end and inserting “; and”; and*

8 *(C) by adding at the end the following:*

9 *“(6) submit to the President and to the Commit-*  
10 *tee on Small Business of the Senate and the Commit-*  
11 *tee on Small Business of the House of Representatives,*  
12 *an annual report containing—*

13 *“(A) a detailed description of the activities*  
14 *of the council, including a status report on the*  
15 *Council’s progress toward meeting its duties out-*  
16 *lined in subsections (a) and (d) of section 406;*

17 *“(B) the findings, conclusions, and rec-*  
18 *ommendations of the Council; and*

19 *“(C) the Council’s recommendations for*  
20 *such legislation and administrative actions as*  
21 *the Council considers appropriate to promote the*  
22 *development of small business concerns owned*  
23 *and controlled by women.*

1       “(e) *SUBMISSION OF REPORTS.*—*The annual report*  
2 *required by subsection (d) shall be submitted not later than*  
3 *90 days after the end of each fiscal year.*”.

4 **SEC. 303. COUNCIL MEMBERSHIP.**

5       *Section 407 of the Women’s Business Ownership Act*  
6 *of 1988 (15 U.S.C. 631 note) is amended—*

7           (1) *in subsection (a), by striking “and Amend-*  
8 *ments Act of 1994” and inserting “Act of 1997”;*

9           (2) *in subsection (b)—*

10               (A) *by striking “and Amendments Act of*  
11 *1994” and inserting “Act of 1997”;*

12               (B) *by inserting after “the Administrator*  
13 *shall” the following: “, after receiving the rec-*  
14 *ommendations of the Chair and the Ranking*  
15 *Member of the Minority of the Committees on*  
16 *Small Business of the House of Representatives*  
17 *and the Senate,”;*

18               (C) *by striking “9” and inserting “14”;*

19               (D) *in paragraph (1), by striking “2” and*  
20 *inserting “4”;*

21               (E) *in paragraph (2)—*

22                   (i) *by striking “2” and inserting “4”;*

23                   and

24                   (ii) *by striking “and” at the end;*

25               (F) *in paragraph (3)—*

1                   (i) by striking “5” and inserting “6”;

2                   and

3                   (ii) by striking “national”.

4 **SEC. 304. AUTHORIZATION OF APPROPRIATIONS.**

5           Section 409 of the Women’s Business Ownership Act  
6 of 1988 (15 U.S.C. 631 note) is amended—

7                   (1) by striking “1995 through 1997” and insert-  
8                   ing “1998 through 2000”; and

9                   (2) by striking “\$350,000” and inserting  
10                  “\$600,000, of which \$200,000 shall be for grants for  
11                  research of women’s procurement or finance issues.”.

12 **SEC. 305. WOMEN’S BUSINESS CENTERS.**

13           (a) *IN GENERAL.*—Section 29 of the Small Business  
14 Act (15 U.S.C. 656) is amended to read as follows:

15 **“SEC. 29. WOMEN’S BUSINESS CENTERS.**

16           “(a) *DEFINITION.*—For the purposes of this section the  
17 term ‘small business concern owned and controlled by  
18 women’, either startup or existing, includes any small busi-  
19 ness concern—

20                   “(1) that is not less than 51 percent owned by  
21                   one or more women; and

22                   “(2) the management and daily business oper-  
23                   ations of which are controlled by one or more women.

24           “(b) *AUTHORITY.*—The Administration may provide  
25 financial assistance to private organizations to conduct 5-

1 year projects for the benefit of small business concerns  
2 owned and controlled by women. The projects shall pro-  
3 vide—

4           “(1) financial assistance, including training and  
5           counseling in how to apply for and secure business  
6           credit and investment capital, preparing and present-  
7           ing financial statements, and managing cash flow  
8           and other financial operations of a business concern;

9           “(2) management assistance, including training  
10           and counseling in how to plan, organize, staff, direct,  
11           and control each major activity and function of a  
12           small business concern; and

13           “(3) marketing assistance, including training  
14           and counseling in identifying and segmenting domes-  
15           tic and international market opportunities, preparing  
16           and executing marketing plans, developing pricing  
17           strategies, locating contract opportunities, negotiating  
18           contracts, and utilizing varying public relations and  
19           advertising techniques.

20           “(c) *CONDITIONS OF PARTICIPATION.*—

21           “(1) *NON-FEDERAL CONTRIBUTIONS.*—As a con-  
22           dition of receiving financial assistance authorized by  
23           this section, the recipient organization shall agree to  
24           obtain, after its application has been approved and

1       *notice of award has been issued, cash contributions*  
2       *from non-Federal sources as follows:*

3               “(A) *In the first and second years, 1 non-*  
4               *Federal dollar for each 2 Federal dollars.*

5               “(B) *In the third year, 1 non-Federal dollar*  
6               *for each Federal dollar.*

7               “(C) *In the fourth and fifth years, 2 non-*  
8               *Federal dollars for each Federal dollar.*

9               “(2) *FORM OF NON-FEDERAL CONTRIBUTIONS.—*  
10       *Not more than one-half of the non-Federal sector*  
11       *matching assistance may be in the form of in-kind*  
12       *contributions which are budget line items only, in-*  
13       *cluding but not limited to office equipment and office*  
14       *space.*

15               “(3) *FORM OF FEDERAL CONTRIBUTIONS.—The*  
16       *financial assistance authorized pursuant to this sec-*  
17       *tion may be made by grant, contract, or cooperative*  
18       *agreement and may contain such provision, as nec-*  
19       *essary, to provide for payments in lump sum or in-*  
20       *stallments, and in advance or by way of reimburse-*  
21       *ment. The Administration may disburse up to 25 per-*  
22       *cent of each year’s Federal share awarded to a recipi-*  
23       *ent organization after notice of the award has been is-*  
24       *sued and before the non-Federal sector matching funds*  
25       *are obtained.*

1           “(4) *FAILURE TO OBTAIN PRIVATE FUNDING.*—If  
2           any recipient of assistance fails to obtain the required  
3           non-Federal contribution during any project, it shall  
4           not be eligible thereafter for advance disbursements  
5           pursuant to paragraph (3) during the remainder of  
6           that project, or for any other project for which it is  
7           or may be funded by the Administration, and prior  
8           to approving assistance to such organization for any  
9           other projects, the Administration shall specifically  
10          determine whether the Administration believes that  
11          the recipient will be able to obtain the requisite non-  
12          Federal funding and enter a written finding setting  
13          forth the reasons for making such determination.

14          “(d) *CONTRACT AUTHORITY.*—A women’s business  
15          center may enter into a contract with a Federal department  
16          or agency to provide specific assistance to women and other  
17          underserved small business concerns. Performance of such  
18          contract should not hinder the women’s business centers in  
19          carrying out the terms of the grant received by the women’s  
20          business centers from the Administration.

21          “(e) *SUBMISSION OF 5-YEAR PLAN.*—Each applicant  
22          organization initially shall submit a 5-year plan to the Ad-  
23          ministration on proposed fundraising and training activi-  
24          ties, and a recipient organization may receive financial as-

1 *sistance under this program for a maximum of 5 years per*  
2 *women’s business center.*

3       “(f) *CRITERIA.—The Administration shall evaluate*  
4 *and rank applicants in accordance with predetermined se-*  
5 *lection criteria that shall be stated in terms of relative im-*  
6 *portance. Such criteria and their relative importance shall*  
7 *be made publicly available and stated in each solicitation*  
8 *for applications made by the Administration. The criteria*  
9 *shall include—*

10               “(1) *the experience of the applicant in conduct-*  
11 *ing programs or ongoing efforts designed to impart or*  
12 *upgrade the business skills of women business owners*  
13 *or potential owners;*

14               “(2) *the present ability of the applicant to com-*  
15 *mence a project within a minimum amount of time;*

16               “(3) *the ability of the applicant to provide train-*  
17 *ing and services to a representative number of women*  
18 *who are both socially and economically disadvan-*  
19 *taged; and*

20               “(4) *the location for the women’s business center*  
21 *site proposed by the applicant.*

22       “(g) *OFFICE OF WOMEN’S BUSINESS OWNERSHIP.—*  
23 *There is established within the Administration an Office*  
24 *of Women’s Business Ownership, which shall be responsible*  
25 *for the administration of the Administration’s programs for*

1 *the development of women's business enterprises (as that*  
2 *term is defined in section 408 of the Women's Business*  
3 *Ownership Act of 1988). The Office of Women's Business*  
4 *Ownership shall be administered by an Assistant Adminis-*  
5 *trator, who shall be appointed by the Administrator.*

6       “(h) *REPORT.—The Administrator shall prepare and*  
7 *submit an annual report to the Committees on Small Busi-*  
8 *ness of the House of Representatives and the Senate on the*  
9 *effectiveness of all projects conducted under the authority*  
10 *of this section. Such report shall provide information con-*  
11 *cerning—*

12               “(1) *the number of individuals receiving assist-*  
13 *ance;*

14               “(2) *the number of startup business concerns*  
15 *formed;*

16               “(3) *the gross receipts of assisted concerns;*

17               “(4) *increases or decreases in profits of assisted*  
18 *concerns; and*

19               “(5) *the employment increases or decreases of as-*  
20 *sisted concerns.*

21       “(i) *AUTHORIZATION OF APPROPRIATIONS.—There are*  
22 *authorized to be appropriated \$8,000,000 per year to carry*  
23 *out the projects authorized by this section of which for fiscal*  
24 *year 1998 not more than 10 percent may be used for admin-*  
25 *istrative expenses related to the program. Amounts appro-*

1 *priated pursuant to this subsection for fiscal year 1999 and*  
2 *later are to be used exclusively for grant awards and not*  
3 *for costs incurred by the Administration for the manage-*  
4 *ment and administration of the program. Notwithstanding*  
5 *any other provision of law, the Administration may use*  
6 *such expedited acquisition methods as it deems appropriate,*  
7 *through the Assistant Administrator of the Office of Wom-*  
8 *en’s Business Ownership, to achieve the purposes of this sec-*  
9 *tion, except that the Administration shall ensure that all*  
10 *small business sources are provided a reasonable oppor-*  
11 *tunity to submit proposals.”.*

12 *(b) APPLICABILITY.—Any organization conducting a*  
13 *3-year project under section 29 of the Small Business Act*  
14 *(15 U.S.C. 656) on the day before the date of enactment*  
15 *of this Act, may extend the term of that project to a total*  
16 *term of 5 years and receive financial assistance in accord-*  
17 *ance with section 29(c) of the Small Business Act (as*  
18 *amended by this title) subject to procedures established by*  
19 *the Administrator in coordination with the Office of Wom-*  
20 *en’s Business Ownership established under section 29 of the*  
21 *Small Business Act (15 U.S.C. 656) (as amended by this*  
22 *title).*

23 **SEC. 306. OFFICE OF WOMEN’S BUSINESS OWNERSHIP.**

24 *Section 29 of the Small Business Act (15 U.S.C. 656)*  
25 *is amended by adding at the end the following:*

1       “(j) *ASSISTANT ADMINISTRATOR FOR THE OFFICE OF*  
2 *WOMEN’S BUSINESS OWNERSHIP.*—

3               “(1) *ESTABLISHMENT.*—*There is established the*  
4 *position of Assistant Administrator for the Office of*  
5 *Women’s Business Ownership (hereafter in this sec-*  
6 *tion referred to as the ‘Assistant Administrator’) who*  
7 *shall serve without regard to the provisions of title 5,*  
8 *United States Code, governing appointments in the*  
9 *competitive service.*

10              “(2) *RESPONSIBILITIES AND DUTIES.*—

11                      “(A) *RESPONSIBILITIES.*—*The responsibil-*  
12 *ities of the Assistant Administrator shall be to*  
13 *administer the programs and services of the Of-*  
14 *fice of Women’s Business Ownership established*  
15 *to assist women entrepreneurs in the areas of—*

16                              “(i) *starting and operating a small*  
17 *business;*

18                              “(ii) *development of management and*  
19 *technical skills;*

20                              “(iii) *seeking Federal procurement op-*  
21 *portunities; and*

22                              “(iv) *increasing the opportunity for*  
23 *access to capital.*

24                      “(B) *DUTIES.*—*Duties of the position of the*  
25 *Assistant Administrator shall include—*

1           “(i) administering and managing the  
2           *Women’s Business Centers program;*

3           “(ii) recommending the annual admin-  
4           istrative and program budgets for the Office  
5           of Women’s Business Ownership (including  
6           the budget for the Women’s Business Cen-  
7           ters);

8           “(iii) establishing appropriate funding  
9           levels therefore;

10          “(iv) reviewing the annual budgets  
11          submitted by each applicant for the Wom-  
12          en’s Business Center program;

13          “(v) selecting applicants to participate  
14          in this program;

15          “(vi) implementing this section;

16          “(vii) maintaining a clearinghouse to  
17          provide for the dissemination and exchange  
18          of information between Women’s Business  
19          Centers;

20          “(viii) serving as the vice chairperson  
21          of the Interagency Committee on Women’s  
22          Business Enterprise;

23          “(ix) serving as liaison for the Na-  
24          tional Women’s Business Council; and

1                   “(x) *advising the Administrator on ap-*  
2                   *pointments to the Women’s Business Coun-*  
3                   *cil.*

4                   “(3) *CONSULTATION REQUIREMENTS.—In carry-*  
5                   *ing out the responsibilities and duties described in*  
6                   *this subsection, the Assistant Administrator shall con-*  
7                   *fer with and seek the advice of the Administration of-*  
8                   *ficials in areas served by the Women’s Business Cen-*  
9                   *ters.*

10                  “(k) *PROGRAM EXAMINATION.—*

11                   “(1) *IN GENERAL.—Not later than 180 days*  
12                   *after the date of enactment of this subsection, the Ad-*  
13                   *ministration shall develop and implement an annual*  
14                   *programmatic and financial examination of each*  
15                   *Women’s Business Center established pursuant to this*  
16                   *section.*

17                   “(2) *EXTENSION OF CONTRACTS.—In extending*  
18                   *or renewing a contract with a Women’s Business Cen-*  
19                   *ter, the Administration shall consider the results of*  
20                   *the examination conducted pursuant to paragraph*  
21                   *(1).*

22                   “(l) *CONTRACT AUTHORITY.—The authority of the Ad-*  
23                   *ministration to enter into contracts shall be in effect for*  
24                   *each fiscal year only to the extent and in the amounts as*  
25                   *are provided in advance in appropriations Acts. After the*

1 *Administration has entered a contract, either as a grant*  
 2 *or a cooperative agreement, with any applicant under this*  
 3 *section, it shall not suspend, terminate, or fail to renew or*  
 4 *extend any such contract unless the Administration pro-*  
 5 *vides the applicant with written notification setting forth*  
 6 *the reasons therefore and affording the applicant an oppor-*  
 7 *tunity for a hearing, appeal, or other administrative pro-*  
 8 *ceeding under chapter 5 of title 5, United States Code.”.*

## 9 **TITLE IV—COMPETITIVENESS**

### 10 **PROGRAM**

#### 11 **SEC. 401. PROGRAM TERM.**

12 *Section 711(c) of the Small Business Competitiveness*  
 13 *Demonstration Program Act of 1988 (15 U.S.C. 644 note)*  
 14 *is amended by striking “, and terminate on September 30,*  
 15 *1997”.*

#### 16 **SEC. 402. MONITORING AGENCY PERFORMANCE.**

17 *Section 712(d)(1) of the Small Business Competitive-*  
 18 *ness Demonstration Program Act of 1988 (15 U.S.C. 644*  
 19 *note) is amended to read as follows:*

20 *“(1) Participating agencies shall monitor the at-*  
 21 *tainment of their small business participation goals*  
 22 *on an annual basis. An annual review by each par-*  
 23 *ticipating agency shall be completed not later than*  
 24 *January 31 of each year, based on the data for the*

1       *preceding fiscal year, from October 1 through Septem-*  
 2       *ber 30.”.*

3       **SEC. 403. SMALL BUSINESS PARTICIPATION IN DREDGING.**

4       *Section 722(a) of the Small Business Competitiveness*  
 5       *Demonstration Program Act of 1988 (15 U.S.C. 644 note)*  
 6       *is amended by striking “and terminating on September 30,*  
 7       *1997”.*

8       **SEC. 404. TECHNICAL AMENDMENT.**

9       *Section 717 of the Small Business Competitiveness*  
 10       *Demonstration Program Act of 1988 (15 U.S.C. 644 note)*  
 11       *is amended—*

12               (1) *by striking “standard industrial classifica-*  
 13               *tion code” each time it appears and inserting in lieu*  
 14               *thereof “North American Industrial Classification*  
 15               *Code”; and*

16               (2) *by striking “standard industrial classifica-*  
 17               *tion codes” each time it appears and inserting in lieu*  
 18               *thereof “North American Industrial Classification*  
 19               *Codes”.*

20               **TITLE V—MISCELLANEOUS**  
 21               **PROVISIONS**

22       **SEC. 501. SMALL BUSINESS DEVELOPMENT CENTERS.**

23       (i) *IN GENERAL.*—*Section 21(a) of the Small Business*  
 24       *Act (15 U.S.C. 648(a)) is amended—*

1           (1) in paragraph (1), by inserting “any women’s  
2           business center operating pursuant to section 29,”  
3           after “credit or finance corporation,”;

4           (2) in paragraph (3)—

5                   (A) by striking “, but with” and all that  
6                   follows through “parties.” and inserting the fol-  
7                   lowing: “for the delivery of programs and serv-  
8                   ices to the Small Business community. Such pro-  
9                   grams and services shall be jointly developed, ne-  
10                  gotiated, and agreed upon, with full participa-  
11                  tion of both parties, pursuant to an executed co-  
12                  operative agreement between the Small Business  
13                  Development Center applicant and the Adminis-  
14                  tration.”; and

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

16                   “(C) On an annual basis, the Small Business  
17                  Development Center shall review and coordinate pub-  
18                  lic and private partnerships and cosponsorships with  
19                  the Administration for the purpose of more efficiently  
20                  leveraging available resources on a National and a  
21                  State basis.”;

22           (3) in paragraph (4)(C)—

23                   (A) by striking clause (i) and inserting the  
24                  following:

25                   “(i) IN GENERAL.—

1           “(I) *MAXIMUM AMOUNT.*—*Except as*  
2           *provided in clause (ii), and subject to sub-*  
3           *clause (II) of this clause, the amount of a*  
4           *grant received by a State under this section*  
5           *shall not exceed greater of—*

6                     “(aa) \$500,000; and

7                     “(bb) *the State’s pro rata share of*  
8                     *a national program, based upon the*  
9                     *population of the State as compared to*  
10                    *the total population of the United*  
11                    *States.*

12           “(II) *EXCEPTION.*—*Subject to the*  
13           *availability of amounts made available in*  
14           *advance in an appropriations Act to carry*  
15           *out this section for any fiscal year in excess*  
16           *of amounts so provided for fiscal year 1997,*  
17           *the amount of a grant received by a State*  
18           *under this section shall not exceed the great-*  
19           *er of \$500,000, and the sum of—*

20                    “(aa) *the State’s pro rata share of*  
21                    *a national program, based upon the*  
22                    *population of the State as compared to*  
23                    *the total population of the United*  
24                    *States; and*

1                   “(bb) and \$300,000 in fiscal year  
2                   1998, \$400,000 in fiscal year 1999,  
3                   and \$500,000 in each fiscal year there-  
4                   after.”; and

5                   (B) in clause (iii), by striking “(iii)” and  
6                   all that follows through “1997.” and inserting  
7                   the following:

8                   “(iii) NATIONAL PROGRAM.—The national  
9                   program under this section shall be—

10                   “(I) \$85,000,000 for fiscal year 1998;

11                   “(II) \$90,000,000 for fiscal year 1999;

12                   and

13                   “(III) \$95,000,000 for fiscal year 2000  
14                   and each fiscal year thereafter.”; and

15                   (4) in paragraph (6)—

16                   (A) in subparagraph (A), by striking “and”  
17                   at the end;

18                   (B) in subparagraph (B), by striking the  
19                   comma at the end and inserting “; and”; and

20                   (C) inserting after subparagraph (B) the  
21                   following:

22                   “(C) with outreach, development, and en-  
23                   hancement of minority-owned small business  
24                   startups or expansions, veteran-owned small  
25                   business startups or expansions, and women-

1           *owned small business startups or expansions, in*  
2           *communities impacted by base closings or mili-*  
3           *tary or corporate downsizing, or in rural or un-*  
4           *derserved communities;”.*

5           **(b) SBDC SERVICES.**—*Section 21(c) of the Small*  
6 *Business Act (15 U.S.C. 648(c)) is amended—*

7           *(1) in paragraph (3)—*

8                   *(A) in subparagraph (A), by striking “busi-*  
9                   *nesses;” and inserting “businesses, including—*

10                           *“(i) working with individuals to increase*  
11                           *awareness of basic credit practices and credit re-*  
12                           *quirements;*

13                           *“(ii) working with the Administration to*  
14                           *develop and provide informational tools for use*  
15                           *in working with individuals on pre-business*  
16                           *startup planning, existing business expansion,*  
17                           *business plans, financial packages, credit appli-*  
18                           *cations, contract proposals, and export planning;*  
19                           *and*

20                           *“(iii) working with individuals referred by*  
21                           *the local offices of the Administration and Ad-*  
22                           *ministration participating lenders;”;*

23                           *(B) in each of subparagraphs (B), (C), (D),*  
24                           *(E), (F), (G), (M), (N), (O), (Q), and (R) by*  
25                           *moving each margin two ems to the left;*

1           (C) in subparagraph (C), by inserting “and  
2           the Administration” after “Center”;

3           (D) in subparagraph (Q), by striking “and”  
4           at the end;

5           (E) in subparagraph (R), by striking the  
6           period at the end and inserting “; and”; and

7           (2) in paragraph (5)—

8           (A) by moving the margin 2 ems to the left;

9           (B) by striking “paragraph (a)(1)” and in-  
10          serting “subsection (a)(1)”;

11          (C) by striking “which ever” and inserting  
12          “whichever”; and

13          (D) by striking “last,,” and inserting  
14          “last,”;

15          (3) by redesignating paragraphs (4) through (7)  
16          as paragraphs (5) through (8), respectively; and

17          (4) in paragraph (3), in the undesignated mate-  
18          rial following subparagraph (S) (as added by this  
19          subsection), by striking “A small” and inserting the  
20          following:

21          “(4) A small”.

22          (c) *COMPETITIVE AWARDS*.—Section 21(l) of the Small  
23          Business Act (15 U.S.C. 648(l)) is amended by adding at  
24          the end the following: “If any contract under this section

1 *is not renewed or extended, award of the succeeding contract*  
2 *shall be made on a competitive basis.”.*

3 *(d) PROHIBITION ON CERTAIN FEES.—Section 21 of*  
4 *the Small Business Act (15 U.S.C. 648) is amended by add-*  
5 *ing at the end the following:*

6 *“(m) PROHIBITION ON CERTAIN FEES.—A small busi-*  
7 *ness development center shall not impose or otherwise collect*  
8 *a fee or other compensation in connection with the provi-*  
9 *sion of counseling services under this section.”.*

10 **SEC. 502. SMALL BUSINESS EXPORT PROMOTION.**

11 *(a) IN GENERAL.—Section 21(c)(3) of the Small Busi-*  
12 *ness Act (15 U.S.C. 648(c)(3)) is amended by inserting after*  
13 *subparagraph (R) the following:*

14 *“(S) providing small business owners with access*  
15 *to a wide variety of export-related information by es-*  
16 *tablishing on-line computer linkages between small*  
17 *business development centers and an international*  
18 *trade data information network with ties to the Ex-*  
19 *port Assistance Center program.”.*

20 *(b) AUTHORIZATION OF APPROPRIATIONS.—There are*  
21 *authorized to be appropriated to carry out section*  
22 *21(c)(3)(S) of the Small Business Act (15 U.S.C.*  
23 *648(c)(3)(S)), as added by this section, \$1,500,000 for each*  
24 *of fiscal years 1998 and 1999.*

1 **SEC. 503. PILOT PREFERRED SURETY BOND GUARANTEE**  
2 **PROGRAM EXTENSION.**

3 *Section 207 of the Small Business Administration Re-*  
4 *authorization and Amendment Act of 1988 (15 U.S.C. 694b*  
5 *note) is amended by striking “September 30, 1997” and in-*  
6 *serting “September 30, 2000”.*

7 **SEC. 504. VERY SMALL BUSINESS CONCERNS.**

8 *Section 304(i) of Public Law 103–403 (15 U.S.C. 644*  
9 *note) is amended by striking “1998” and inserting “2000”.*

10 **SEC. 505. EXTENSION OF COSPONSORSHIP AUTHORITY.**

11 *Section 401(a)(2) of the Small Business Administra-*  
12 *tion Reauthorization and Amendments Act of 1994 (15*  
13 *U.S.C. 637 note) is amended by striking “September 30,*  
14 *1997” and inserting “September 30, 2000”.*

15 **SEC. 506. TRADE ASSISTANCE PROGRAM FOR SMALL BUSI-**  
16 **NESS CONCERNS HARMED BY NAFTA.**

17 *The Small Business Administration shall coordinate*  
18 *assistance programs currently administered by the Admin-*  
19 *istration to counsel small business concerns harmed by the*  
20 *North American Free Trade Agreement to aid such concerns*  
21 *in reorienting their business purpose.*