

One Hundred Sixth Congress
of the
United States of America

AT THE FIRST SESSION

*Begun and held at the City of Washington on Wednesday,
the sixth day of January, one thousand nine hundred and ninety-nine*

An Act

To provide technical, financial, and procurement assistance to veteran owned small businesses, and for other purposes.

*Be it enacted by the Senate and House of Representatives of
the United States of America in Congress assembled,*

SECTION 1. SHORT TITLE.

This Act may be cited as the “Veterans Entrepreneurship and Small Business Development Act of 1999”.

SEC. 2. TABLE OF CONTENTS.

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TITLE I—GENERAL PROVISIONS

SEC. 101. FINDINGS.

Congress finds the following:

(1) Veterans of the United States Armed Forces have been and continue to be vital to the small business enterprises of the United States.

(2) In serving the United States, veterans often faced great risks to preserve the American dream of freedom and prosperity.

(3) The United States has done too little to assist veterans, particularly service-disabled veterans, in playing a greater role in the economy of the United States by forming and expanding small business enterprises.

(4) Medical advances and new medical technologies have made it possible for service-disabled veterans to play a much more active role in the formation and expansion of small business enterprises in the United States.

(5) The United States must provide additional assistance and support to veterans to better equip them to form and expand small business enterprises, thereby enabling them to realize the American dream that they fought to protect.

SEC. 102. PURPOSE.

The purpose of this Act is to expand existing and establish new assistance programs for veterans who own or operate small businesses. This Act accomplishes this purpose by—

(1) expanding the eligibility for certain small business assistance programs to include veterans;

(2) directing certain departments and agencies of the United States to take actions that enhance small business assistance to veterans; and

(3) establishing new institutions to provide small business assistance to veterans or to support the institutions that provide such assistance.

SEC. 103. DEFINITIONS.

(a) SMALL BUSINESS ACT.—Section 3 of the Small Business Act (15 U.S.C. 632) is amended by adding at the end the following:

“(q) DEFINITIONS RELATING TO VETERANS.—In this Act, the following definitions apply:

“(1) SERVICE-DISABLED VETERAN.—The term ‘service-disabled veteran’ means a veteran with a disability that is service-connected (as defined in section 101(16) of title 38, United States Code).

“(2) SMALL BUSINESS CONCERN OWNED AND CONTROLLED BY SERVICE-DISABLED VETERANS.—The term ‘small business concern owned and controlled by service-disabled veterans’ means a small business concern—

“(A) not less than 51 percent of which is owned by one or more service-disabled veterans or, in the case of any publicly owned business, not less than 51 percent of the stock of which is owned by one or more service-disabled veterans; and

“(B) the management and daily business operations of which are controlled by one or more service-disabled veterans or, in the case of a veteran with permanent and

severe disability, the spouse or permanent caregiver of such veteran.

“(3) SMALL BUSINESS CONCERN OWNED AND CONTROLLED BY VETERANS.—The term ‘small business concern owned and controlled by veterans’ means a small business concern—

“(A) not less than 51 percent of which is owned by one or more veterans or, in the case of any publicly owned business, not less than 51 percent of the stock of which is owned by one or more veterans; and

“(B) the management and daily business operations of which are controlled by one or more veterans.

“(4) VETERAN.—The term ‘veteran’ has the meaning given the term in section 101(2) of title 38, United States Code.”.

(b) APPLICABILITY TO THIS ACT.—In this Act, the definitions contained in section 3(q) of the Small Business Act, as added by this section, apply.

TITLE II—VETERANS BUSINESS DEVELOPMENT

SEC. 201. VETERANS BUSINESS DEVELOPMENT IN THE SMALL BUSINESS ADMINISTRATION.

(a) IN GENERAL.—Section 4(b)(1) of the Small Business Act (15 U.S.C. 633(b)(1)) is amended—

(1) in the fifth sentence, by striking “four Associate Administrators” and inserting “five Associate Administrators”; and

(2) by inserting after the fifth sentence the following: “One such Associate Administrator shall be the Associate Administrator for Veterans Business Development, who shall administer the Office of Veterans Business Development established under section 32.”.

(b) OFFICE OF VETERANS BUSINESS DEVELOPMENT; ASSOCIATE ADMINISTRATOR.—The Small Business Act (15 U.S.C. 631 et seq.) is amended—

(1) by redesignating section 32 as section 34; and

(2) by inserting after section 31 the following:

“SEC. 32. VETERANS PROGRAMS.

“(a) OFFICE OF VETERANS BUSINESS DEVELOPMENT.—There is established in the Administration an Office of Veterans Business Development, which shall be administered by the Associate Administrator for Veterans Business Development (in this section referred to as the ‘Associate Administrator’) appointed under section 4(b)(1).

“(b) ASSOCIATE ADMINISTRATOR FOR VETERANS BUSINESS DEVELOPMENT.—The Associate Administrator—

“(1) shall be an appointee in the Senior Executive Service;

“(2) shall be responsible for the formulation, execution, and promotion of policies and programs of the Administration that provide assistance to small business concerns owned and controlled by veterans and small business concerns owned and controlled by service-disabled veterans. The Associate Administrator shall act as an ombudsman for full consideration of veterans in all programs of the Administration; and

“(3) shall report to and be responsible directly to the Administrator.”.

SEC. 202. NATIONAL VETERANS BUSINESS DEVELOPMENT CORPORATION.

(a) **IN GENERAL.**—The Small Business Act (15 U.S.C. 631 et seq.) is amended by inserting after section 32 (as added by this Act) the following:

“SEC. 33. NATIONAL VETERANS BUSINESS DEVELOPMENT CORPORATION.

“(a) **ESTABLISHMENT.**—There is established a federally chartered corporation to be known as the National Veterans Business Development Corporation (in this section referred to as the ‘Corporation’) which shall be incorporated under the laws of the District of Columbia and which shall have the powers granted in this section.

“(b) **PURPOSES OF THE CORPORATION.**—The purposes of the Corporation shall be—

“(1) to expand the provision of and improve access to technical assistance regarding entrepreneurship for the Nation’s veterans; and

“(2) to assist veterans, including service-disabled veterans, with the formation and expansion of small business concerns by working with and organizing public and private resources, including those of the Small Business Administration, the Department of Veterans Affairs, the Department of Labor, the Department of Commerce, the Department of Defense, the Service Corps of Retired Executives (described in section 8(b)(1)(B) of this Act), the Small Business Development Centers (described in section 21 of this Act), and the business development staffs of each department and agency of the United States.

“(c) **BOARD OF DIRECTORS.**—

“(1) **IN GENERAL.**—The management of the Corporation shall be vested in a Board of Directors composed of nine voting members and three nonvoting ex officio members.

“(2) **APPOINTMENT OF VOTING MEMBERS.**—The President shall, after considering recommendations which shall be proposed by the Chairmen and Ranking Members of the Committees on Small Business and the Committees on Veterans Affairs of the House of Representatives and the Senate, appoint United States citizens to be voting members of the Board, not more than five of whom shall be members of the same political party.

“(3) **EX OFFICIO MEMBERS.**—The Administrator of the Small Business Administration, the Secretary of Defense, and the Secretary of Veterans Affairs shall serve as the nonvoting ex officio members of the Board of Directors.

“(4) **INITIAL APPOINTMENTS.**—The initial members of the Board of Directors shall be appointed not later than 60 days after the date of enactment of this Act.

“(5) **CHAIRPERSON.**—The members of the Board of Directors appointed under paragraph (2) shall elect one such member to serve as chairperson of the Board of Directors for a term of 2 years.

“(6) **TERMS OF APPOINTED MEMBERS.**—

“(A) IN GENERAL.—Each member of the Board of Directors appointed under paragraph (2) shall serve a term of 6 years, except as provided in subparagraph (B).

“(B) TERMS OF INITIAL APPOINTEES.—As designated by the President at the time of appointment, of the members first appointed—

“(i) three shall be for a term of 2 years; and

“(ii) three shall be for a term of 4 years.

“(C) UNEXPIRED TERMS.—Any member of the Board of Directors appointed to fill a vacancy occurring before the expiration of the term for which the member’s predecessor was appointed shall be appointed only for the remainder of the term. A member may serve after the expiration of that member’s term until a successor has taken office.

“(7) VACANCIES.—Any vacancy on the Board of Directors shall be filled in the manner in which the original appointment was made. In the case of a vacancy in the office of the Administrator of the Small Business Administration or the Secretary of Veterans Affairs, and pending the appointment of a successor, an acting appointee for such vacancy may serve as an ex officio member.

“(8) INELIGIBILITY FOR OTHER OFFICES.—No voting member of the Board of Directors may be an officer or employee of the United States while serving as a member of the Board of Directors or during the 2-year period preceding such service.

“(9) IMPARTIALITY AND NONDISCRIMINATION.—The Board of Directors shall administer the affairs of the Corporation fairly and impartially and without discrimination.

“(10) OBLIGATIONS AND EXPENSES.—The Board of Directors shall prescribe the manner in which the obligations of the Corporation may be incurred and in which its expenses shall be allowed and paid.

“(11) QUORUM.—Five voting members of the Board of Directors shall constitute a quorum, but a lesser number may hold hearings.

“(d) CORPORATE POWERS.—On October 1, 1999, the Corporation shall become a body corporate and as such shall have the authority to do the following:

“(1) To adopt and use a corporate seal.

“(2) To have succession until dissolved by an Act of Congress.

“(3) To make contracts or grants.

“(4) To sue and be sued, and to file and defend against lawsuits in State or Federal court.

“(5) To appoint, through the actions of its Board of Directors, officers and employees of the Corporation, to define their duties and responsibilities, fix their compensations, and to dismiss at will such officers or employees.

“(6) To prescribe, through the actions of its Board of Directors, bylaws not inconsistent with Federal law and the law of the State of incorporation, regulating the manner in which its general business may be conducted and the manner in which the privileges granted to it by law may be exercised.

“(7) To exercise, through the actions of its Board of Directors or duly authorized officers, all powers specifically granted

by the provisions of this section, and such incidental powers as shall be necessary.

“(8) To solicit, receive, and disburse funds from private, Federal, State and local organizations.

“(9) To accept and employ or dispose of in furtherance of the purposes of this section any money or property, real, personal, or mixed, tangible or intangible, received by gift, devise, bequest, or otherwise.

“(10) To accept voluntary and uncompensated services.

“(e) CORPORATE FUNDS.—

“(1) DEPOSIT OF FUNDS.—The Board of Directors shall deposit all funds of the Corporation in federally chartered and insured depository institutions until such funds are disbursed under paragraph (2).

“(2) DISBURSEMENT OF FUNDS.—Funds of the Corporation may be disbursed only for purposes that are—

“(A) approved by the Board of Directors by a recorded vote with a quorum present; and

“(B) in accordance with the purposes of the Corporation as specified in subsection (b).

“(f) NETWORK OF INFORMATION AND ASSISTANCE CENTERS.—

In carrying out the purpose described in subsection (b), the Corporation shall establish and maintain a network of information and assistance centers for use by veterans and the public.

“(g) ANNUAL REPORT.—On or before October 1 of each year, the Board of Directors shall transmit a report to the President and the Congress describing the activities and accomplishments of the Corporation for the preceding year and the Corporation’s findings regarding the efforts of Federal, State and private organizations to assist veterans in the formation and expansion of small business concerns.

“(h) ASSUMPTION OF DUTIES OF ADVISORY COMMITTEE.—On October 1, 2004, the Corporation established under this section shall assume the duties, responsibilities, and authority of the Advisory Committee on Veterans Affairs established under section 203 of this Act.

“(i) USE OF MAILS.—The Corporation may use the United States mails in the same manner and under the same conditions as the departments and agencies of the United States.

“(j) PROFESSIONAL CERTIFICATION ADVISORY BOARD.—

“(1) IN GENERAL.—Acting through the Board of Directors, the Corporation shall establish a Professional Certification Advisory Board to create uniform guidelines and standards for the professional certification of members of the Armed Services to aid in their efficient and orderly transition to civilian occupations and professions and to remove potential barriers in the areas of licensure and certification.

“(2) MEMBERSHIP.—The members of the Advisory Board shall serve without compensation, shall meet in the District of Columbia no less than quarterly, and shall be appointed by the Board of Directors as follows:

“(A) PRIVATE SECTOR MEMBERS.—The Corporation shall appoint not less than seven members for terms of 2 years to represent private sector organizations and associations, including the American Association of Community Colleges, the Society for Human Resource Managers, the Coalition

for Professional Certification, the Council on Licensure and Enforcement, and the American Legion.

“(B) PUBLIC SECTOR MEMBERS.—The Corporation shall invite public sector members to serve at the discretion of their departments or agencies and shall—

“(i) encourage the participation of the Under Secretary of Defense for Personnel and Readiness;

“(ii) encourage the participation of two officers from each branch of the Armed Forces to represent the Training Commands of their branch; and

“(iii) seek the participation and guidance of the Assistant Secretary of Labor for Veterans’ Employment and Training.

“(k) AUTHORIZATION OF APPROPRIATIONS.—

“(1) IN GENERAL.—Subject to paragraph (2), there are authorized to be appropriated to the Corporation to carry out this section—

“(A) \$2,000,000 for fiscal year 2000;

“(B) \$4,000,000 for fiscal year 2001;

“(C) \$4,000,000 for fiscal year 2002; and

“(D) \$2,000,000 for fiscal year 2003.

“(2) MATCHING REQUIREMENT.—

“(A) FISCAL YEAR 2001.—The amount made available to the Corporation for fiscal year 2001 may not exceed twice the amount that the Corporation certifies that it will provide for that fiscal year from sources other than the Federal Government.

“(B) SUBSEQUENT FISCAL YEARS.—The amount made available to the Corporation for fiscal year 2002 or 2003 may not exceed the amount that the Corporation certifies that it will provide for that fiscal year from sources other than the Federal Government.

“(3) PRIVATIZATION.—The Corporation shall institute and implement a plan to raise private funds and become a self-sustaining corporation.”.

(b) GAO REPORT.—Not later than 180 days after the last day of the second fiscal year beginning after the date on which the initial members of the Board of Directors of the National Veterans Business Development Corporation are appointed under section 33(c) of the Small Business Act (as added by this section), the Comptroller General of the United States shall evaluate the effectiveness of the National Veterans Business Development Corporation in carrying out the purposes under section 33(b) of the Small Business Act (as added by this section), and submit to Congress a report on the results of that evaluation.

SEC. 203. ADVISORY COMMITTEE ON VETERANS BUSINESS AFFAIRS.

(a) IN GENERAL.—There is established an advisory committee to be known as the “Advisory Committee on Veterans Business Affairs” (in this section referred to as the “Committee”), which shall serve as an independent source of advice and policy recommendations to—

(1) the Administrator of the Small Business Administration (in this section referred to as the “Administrator”);

(2) the Associate Administrator for Veterans Business Development of the Small Business Administration;

(3) the Congress;

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- (4) the President; and
 - (5) other United States policymakers.
- (b) MEMBERSHIP.—
- (1) IN GENERAL.—The Committee shall be composed of 15 members, of whom—
 - (A) eight shall be veterans who are owners of small business concerns (within the meaning of the term under section 3 of the Small Business Act (15 U.S.C. 632)); and
 - (B) seven shall be representatives of veterans organizations.
 - (2) APPOINTMENT.—
 - (A) IN GENERAL.—The members of the Committee shall be appointed by the Administrator in accordance with this section.
 - (B) INITIAL APPOINTMENTS.—Not later than 90 days after the date of the enactment of this Act, the Administrator shall appoint the initial members of the Committee.
 - (3) POLITICAL AFFILIATION.—Not more than eight members of the Committee shall be of the same political party as the President.
 - (4) PROHIBITION ON FEDERAL EMPLOYMENT.—
 - (A) IN GENERAL.—Except as provided in subparagraph (B), no member of the Committee may serve as an officer or employee of the United States.
 - (B) EXCEPTION.—A member of the Committee who accepts a position as an officer or employee of the United States after the date of the member's appointment to the Committee may continue to serve on the Committee for not more than 30 days after such acceptance.
 - (5) TERM OF SERVICE.—
 - (A) IN GENERAL.—Subject to subparagraph (B), the term of service of each member of the Committee shall be 3 years.
 - (B) TERMS OF INITIAL APPOINTEES.—As designated by the Administrator at the time of appointment, of the members first appointed—
 - (i) six shall be appointed for a term of 4 years; and
 - (ii) five shall be appointed for a term of 5 years.
 - (6) VACANCIES.—The Administrator shall fill any vacancies on the membership of the Committee not later than 30 days after the date on which such vacancy occurs.
 - (7) CHAIRPERSON.—
 - (A) IN GENERAL.—The members of the Committee shall elect one of the members to be Chairperson of the Committee.
 - (B) VACANCIES IN OFFICE OF CHAIRPERSON.—Any vacancy in the office of the Chairperson of the Committee shall be filled by the Committee at the first meeting of the Committee following the date on which the vacancy occurs.
- (c) DUTIES.—The duties of the Committee shall be the following:
- (1) Review, coordinate, and monitor plans and programs developed in the public and private sectors, that affect the ability of small business concerns owned and controlled by veterans to obtain capital and credit and to access markets.

(2) Promote the collection of business information and survey data as they relate to veterans and small business concerns owned and controlled by veterans.

(3) Monitor and promote plans, programs, and operations of the departments and agencies of the United States that may contribute to the formation and growth of small business concerns owned and controlled by veterans.

(4) Develop and promote initiatives, policies, programs, and plans designed to foster small business concerns owned and controlled by veterans.

(5) In cooperation with the National Veterans Business Development Corporation, develop a comprehensive plan, to be updated annually, for joint public-private sector efforts to facilitate growth and development of small business concerns owned and controlled by veterans.

(d) POWERS.—

(1) HEARINGS.—Subject to subsection (e), the Committee may hold such hearings, sit and act at such times and places, take such testimony, and receive such evidence as the Committee considers advisable to carry out its duties.

(2) INFORMATION FROM FEDERAL AGENCIES.—Upon request of the Chairperson of the Committee, the head of any department or agency of the United States shall furnish such information to the Committee as the Committee considers to be necessary to carry out its duties.

(3) USE OF MAILS.—The Committee may use the United States mails in the same manner and under the same conditions as other departments and agencies of the United States.

(4) GIFTS.—The Committee may accept, use, and dispose of gifts or donations of services or property.

(e) MEETINGS.—

(1) IN GENERAL.—The Committee shall meet, not less than three times per year, at the call of the Chairperson or at the request of the Administrator.

(2) LOCATION.—Each meeting of the full Committee shall be held at the headquarters of the Small Business Administration located in Washington, District of Columbia. The Administrator shall provide suitable meeting facilities and such administrative support as may be necessary for each full meeting of the Committee.

(3) TASK GROUPS.—The Committee may, from time-to-time, establish temporary task groups as may be necessary in order to carry out its duties.

(f) COMPENSATION AND EXPENSES.—

(1) NO COMPENSATION.—Members of the Committee shall serve without compensation for their service to the Committee.

(2) EXPENSES.—The members of the Committee shall be reimbursed for travel and subsistence expenses in accordance with section 5703 of title 5, United States Code.

(g) REPORT.—Not later than 30 days after the end of each fiscal year beginning after the date of the enactment of this section, the Committee shall transmit to the Congress and the President a report describing the activities of the Committee and any recommendations developed by the Committee for the promotion of small business concerns owned and controlled by veterans.

(h) TERMINATION.—The Committee shall terminate its business on September 30, 2004.

TITLE III—TECHNICAL ASSISTANCE

SEC. 301. SCORE PROGRAM.

(a) IN GENERAL.—The Administrator of the Small Business Administration shall enter into a memorandum of understanding with the Service Core of Retired Executives (described in section 8(b)(1)(B) of the Small Business Act (15 U.S.C. 637(b)(1)(B)) and in this section referred to as “SCORE”) to provide for the following:

(1) The appointment by SCORE in its national office of an individual to act as National Veterans Business Coordinator, whose duties shall relate exclusively to veterans business matters, and who shall be responsible for the establishment and administration of a program to coordinate counseling and training regarding entrepreneurship to veterans through the chapters of SCORE throughout the United States.

(2) The assistance of SCORE in the establishing and maintaining a toll-free telephone number and an Internet website to provide access for veterans to information about the counseling and training regarding entrepreneurship available to veterans through SCORE.

(3) The collection of statistics concerning services provided by SCORE to veterans, including service-disabled veterans, for inclusion in each annual report published by the Administrator under section 4(b)(2)(B) of the Small Business Act (15 U.S.C. 633(b)(2)(B)).

(b) RESOURCES.—The Administrator shall provide to SCORE such resources as the Administrator determines necessary for SCORE to carry out the requirements of the memorandum of understanding specified in paragraph (1).

SEC. 302. ENTREPRENEURIAL ASSISTANCE.

Not later than 180 days after the date of the enactment of this Act, the Secretary of Veterans Affairs, the Administrator of the Small Business Administration, and the head of the association formed pursuant to section 21(a)(3)(A) of the Small Business Act (15 U.S.C. 648(a)(3)(A)) shall enter into a memorandum of understanding with respect to entrepreneurial assistance to veterans, including service-disabled veterans, through Small Business Development Centers (described in section 21 of the Small Business Act (15 U.S.C. 648)) and facilities of the Department of Veterans Affairs. Such assistance shall include the following:

(1) Conducting of studies and research, and the distribution of information generated by such studies and research, on the formation, management, financing, marketing, and operation of small business concerns by veterans.

(2) Provision of training and counseling to veterans concerning the formation, management, financing, marketing, and operation of small business concerns.

(3) Provision of management and technical assistance to the owners and operators of small business concerns regarding international markets, the promotion of exports, and the transfer of technology.

(4) Provision of assistance and information to veterans regarding procurement opportunities with Federal, State, and local agencies, especially such agencies funded in whole or in part with Federal funds.

(5) Establishment of an information clearinghouse to collect and distribute information, including by electronic means, on the assistance programs of Federal, State, and local governments, and of the private sector, including information on office locations, key personnel, telephone numbers, mail and electronic addresses, and contracting and subcontracting opportunities.

(6) Provision of Internet or other distance learning academic instruction for veterans in business subjects, including accounting, marketing, and business fundamentals.

(7) Compilation of a list of small business concerns owned and controlled by service-disabled veterans that provide products or services that could be procured by the United States and delivery of such list to each department and agency of the United States. Such list shall be delivered in hard copy and electronic form and shall include the name and address of each such small business concern and the products or services that it provides.

SEC. 303. BUSINESS DEVELOPMENT AND MANAGEMENT ASSISTANCE FOR MILITARY RESERVISTS' SMALL BUSINESSES.

(a) **IN GENERAL.**—Section 8 of the Small Business Act (15 U.S.C. 637) is amended by adding at the end the following:

“(1) **MANAGEMENT ASSISTANCE FOR SMALL BUSINESSES AFFECTED BY MILITARY OPERATIONS.**—The Administration shall utilize, as appropriate, its entrepreneurial development and management assistance programs, including programs involving State or private sector partners, to provide business counseling and training to any small business concern adversely affected by the deployment of units of the Armed Forces of the United States in support of a period of military conflict (as defined in section 7(n)(1)).”.

(b) **ENHANCED PUBLICITY DURING OPERATION ALLIED FORCE.**—For the duration of Operation Allied Force and for 120 days thereafter, the Administration shall enhance its publicity of the availability of assistance provided pursuant to the amendment made by this section, including information regarding the appropriate local office at which affected small businesses may seek such assistance.

(c) **GUIDELINES.**—Not later than 30 days after the date of the enactment of this section, the Administrator of the Small Business Administration shall issue such guidelines as the Administrator determines to be necessary to carry out this section and the amendment made by this section.

TITLE IV—FINANCIAL ASSISTANCE

SEC. 401. GENERAL BUSINESS LOAN PROGRAM.

(a) **DEFINITION OF HANDICAPPED INDIVIDUAL.**—Section 3(f) of the Small Business Act (15 U.S.C. 632(f)) is amended to read as follows:

“(f) For purposes of section 7 of this Act, the term ‘handicapped individual’ means an individual—

“(1) who has a physical, mental, or emotional impairment, defect, ailment, disease, or disability of a permanent nature which in any way limits the selection of any type of employment

for which the person would otherwise be qualified or qualifiable;
or

“(2) who is a service-disabled veteran.”.

(b) AUTHORIZATION TO MAKE LOANS.—Section 7(a)(10) of the Small Business Act (15 U.S.C. 636(a)(10)) is amended—

(1) by inserting “guaranteed” after “provide”; and

(2) by inserting “, including service-disabled veterans,” after “handicapped individual”.

SEC. 402. ASSISTANCE TO ACTIVE DUTY MILITARY RESERVISTS.

(a) REPAYMENT DEFERRAL FOR ACTIVE DUTY RESERVISTS.—Section 7 of the Small Business Act (15 U.S.C. 636) is amended by adding at the end the following:

“(n) REPAYMENT DEFERRED FOR ACTIVE DUTY RESERVISTS.—

“(1) DEFINITIONS.—In this subsection:

“(A) ELIGIBLE RESERVIST.—The term ‘eligible reservist’ means a member of a reserve component of the Armed Forces ordered to active duty during a period of military conflict.

“(B) ESSENTIAL EMPLOYEE.—The term ‘essential employee’ means an individual who is employed by a small business concern and whose managerial or technical expertise is critical to the successful day-to-day operations of that small business concern.

“(C) PERIOD OF MILITARY CONFLICT.—The term ‘period of military conflict’ means—

“(i) a period of war declared by the Congress;

“(ii) a period of national emergency declared by the Congress or by the President; or

“(iii) a period of a contingency operation, as defined in section 101(a) of title 10, United States Code.

“(D) QUALIFIED BORROWER.—The term ‘qualified borrower’ means—

“(i) an individual who is an eligible reservist and who received a direct loan under subsection (a) or (b) before being ordered to active duty; or

“(ii) a small business concern that received a direct loan under subsection (a) or (b) before an eligible reservist, who is an essential employee, was ordered to active duty.

“(2) DEFERRAL OF DIRECT LOANS.—

“(A) IN GENERAL.—The Administration shall, upon written request, defer repayment of principal and interest due on a direct loan made under subsection (a) or (b), if such loan was incurred by a qualified borrower.

“(B) PERIOD OF DEFERRAL.—The period of deferral for repayment under this paragraph shall begin on the date on which the eligible reservist is ordered to active duty and shall terminate on the date that is 180 days after the date such eligible reservist is discharged or released from active duty.

“(C) INTEREST RATE REDUCTION DURING DEFERRAL.—Notwithstanding any other provision of law, during the period of deferral described in subparagraph (B), the Administration may, in its discretion, reduce the interest rate on any loan qualifying for a deferral under this paragraph.

“(3) DEFERRAL OF LOAN GUARANTEES AND OTHER FINANCINGS.—The Administration shall—

“(A) encourage intermediaries participating in the program under subsection (m) to defer repayment of a loan made with proceeds made available under that subsection, if such loan was incurred by a small business concern that is eligible to apply for assistance under subsection (b)(3); and

“(B) not later than 30 days after the date of the enactment of this subsection, establish guidelines to—

“(i) encourage lenders and other intermediaries to defer repayment of, or provide other relief relating to, loan guarantees under subsection (a) and financings under section 504 of the Small Business Investment Act of 1958 that were incurred by small business concerns that are eligible to apply for assistance under subsection (b)(3), and loan guarantees provided under subsection (m) if the intermediary provides relief to a small business concern under this paragraph; and

“(ii) implement a program to provide for the deferral of repayment or other relief to any intermediary providing relief to a small business borrower under this paragraph.”.

(b) DISASTER LOAN ASSISTANCE FOR MILITARY RESERVISTS' SMALL BUSINESSES.—Section 7(b) of the Small Business Act (15 U.S.C. 636(b)) is amended by inserting after the undesignated paragraph that begins with “*Provided, That* no loan”, the following:

“(3)(A) In this paragraph—

“(i) the term ‘essential employee’ means an individual who is employed by a small business concern and whose managerial or technical expertise is critical to the successful day-to-day operations of that small business concern;

“(ii) the term ‘period of military conflict’ has the meaning given the term in subsection (n)(1); and

“(iii) the term ‘substantial economic injury’ means an economic harm to a business concern that results in the inability of the business concern—

“(I) to meet its obligations as they mature;

“(II) to pay its ordinary and necessary operating expenses; or

“(III) to market, produce, or provide a product or service ordinarily marketed, produced, or provided by the business concern.

“(B) The Administration may make such disaster loans (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis) to assist a small business concern that has suffered or that is likely to suffer substantial economic injury as the result of an essential employee of such small business concern being ordered to active military duty during a period of military conflict.

“(C) A small business concern described in subparagraph (B) shall be eligible to apply for assistance under this paragraph during the period beginning on the date on which the essential employee is ordered to active duty and ending on the date that is 90 days after the date on which such essential employee is discharged or released from active duty.

“(D) Any loan or guarantee extended pursuant to this paragraph shall be made at the same interest rate as economic injury loans under paragraph (2).

“(E) No loan may be made under this paragraph, either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis, if the total amount outstanding and committed to the borrower under this subsection would exceed \$1,500,000, unless such applicant constitutes a major source of employment in its surrounding area, as determined by the Administration, in which case the Administration, in its discretion, may waive the \$1,500,000 limitation.

“(F) For purposes of assistance under this paragraph, no declaration of a disaster area shall be required.”.

(c) **ENHANCED PUBLICITY DURING OPERATION ALLIED FORCE.**—For the duration of Operation Allied Force and for 120 days thereafter, the Administration shall enhance its publicity of the availability of assistance provided pursuant to the amendments made by this section, including information regarding the appropriate local office at which affected small businesses may seek such assistance.

(d) **GUIDELINES.**—Not later than 30 days after the date of the enactment of this section, the Administrator of the Small Business Administration shall issue such guidelines as the Administrator determines to be necessary to carry out this section and the amendments made by this section.

(e) **EFFECTIVE DATES.**—

(1) **IN GENERAL.**—Except as provided in paragraph (2), the amendments made by this section shall take effect on the date of the enactment of this section.

(2) **DISASTER LOANS.**—The amendments made by subsection (b) shall apply to economic injury suffered or likely to be suffered as the result of a period of military conflict occurring or ending on or after March 24, 1999.

SEC. 403. MICROLOAN PROGRAM.

Section 7(m)(1)(A)(i) of the Small Business Act (15 U.S.C. 636(m)(1)(A)(i)) is amended by inserting “veteran (within the meaning of such term under section 3(q)),” after “low-income,”.

SEC. 404. DEFENSE ECONOMIC TRANSITION LOAN PROGRAM.

Section 7(a)(21)(A)(ii) of the Small Business Act (15 U.S.C. 636(a)(21)(A)(ii)) is amended by inserting “or a veteran” after “qualified individual”.

SEC. 405. STATE DEVELOPMENT COMPANY PROGRAM.

Section 501(d)(3) of the Small Business Investment Act of 1958 (15 U.S.C. 695(d)(3)) is amended—

(1) by redesignating subparagraphs (E), (F), and (G) as subparagraphs (F), (G), and (H), respectively; and

(2) by inserting after subparagraph (D) the following:

“(E) expansion of small business concerns owned and controlled by veterans, as defined in section 3(q) of the Small Business Act (15 U.S.C. 632(q)), especially service-disabled veterans, as defined in such section 3(q),”.

TITLE V—PROCUREMENT ASSISTANCE

SEC. 501. SUBCONTRACTING.

(a) STATEMENT OF POLICY.—Section 8(d)(1) of the Small Business Act (15 U.S.C. 637(d)(1)) is amended by inserting “small business concerns owned and controlled by service-disabled veterans,” after “small business concerns,” the first place it appears in the first and second sentences.

(b) CONTRACT CLAUSE.—The contract clause specified in section 8(d)(3) of the Small Business Act (15 U.S.C. 637(d)(3)) is amended as follows:

(1) Subparagraph (A) of such clause is amended by inserting “small business concerns owned and controlled by veterans,” after “small business concerns,” the first place it appears in the first and second sentences.

(2) Subparagraphs (E) and (F) of such clause are redesignated as subparagraphs (F) and (G), respectively, and the following new subparagraph is inserted after subparagraph (D) of such clause:

“(E) The term ‘small business concern owned and controlled by veterans’ shall mean a small business concern—

“(i) which is at least 51 per centum owned by one or more eligible veterans; or, in the case of any publicly owned business, at least 51 per centum of the stock of which is owned by one or more veterans; and

“(ii) whose management and daily business operations are controlled by such veterans. The contractor shall treat as veterans all individuals who are veterans within the meaning of the term under section 3(q) of the Small Business Act.”.

(3) Subparagraph (F) of such clause, as redesignated by paragraph (2) of this subsection, is amended by inserting “small business concern owned and controlled by veterans,” after “small business concern,” the first place it appears.

(c) CONFORMING AMENDMENTS.—Section 8(d) of the Small Business Act (15 U.S.C. 637(d)) is amended by inserting “small business concerns owned and controlled by veterans,” after “small business concerns,” the first place it appears in each of paragraphs (4)(D), (4)(E), (6)(A), (6)(C), (6)(F), and (10)(B).

SEC. 502. PARTICIPATION IN FEDERAL PROCUREMENT.

(a) GOVERNMENT-WIDE PARTICIPATION GOALS.—Section 15(g)(1) of the Small Business Act (15 U.S.C. 644(g)(1)) is amended—

(1) in the first sentence, by inserting “small business concerns owned and controlled by service disabled veterans,” after “small business concerns,” the first place it appears;

(2) by inserting after the second sentence, the following: “The Government-wide goal for participation by small business concerns owned and controlled by service-disabled veterans shall be established at not less than 3 percent of the total value of all prime contract and subcontract awards for each fiscal year.”; and

(3) in the second to last sentence, by inserting “small business concerns owned and controlled by service-disabled veterans,” after “small business concerns,” the first place it appears.

(b) AGENCY PARTICIPATION GOALS.—Section 15 of the Small Business Act (15 U.S.C. 644(g)(2)) is amended—

(1) in the first sentence, by inserting “by small business concerns owned and controlled by service-disabled veterans,” after “small business concerns,”; the first place it appears;

(2) in the second sentence, by inserting “small business concerns owned and controlled by service-disabled veterans,” after “small business concerns,” the first place it appears; and

(3) in the fourth sentence, by inserting “small business concerns owned and controlled by service-disabled veterans, by” after “including participation by”.

TITLE VI—REPORTS AND DATA COLLECTION

SEC. 601. REPORTING REQUIREMENTS.

(a) REPORTS TO SMALL BUSINESS ADMINISTRATION.—Section 15(h)(1) of the Small Business Act (15 U.S.C. 644(h)(1)) is amended by inserting “small business concerns owned and controlled by veterans (including service-disabled veterans),” after “small business concerns,” the first place it appears.

(b) REPORTS TO THE PRESIDENT AND THE CONGRESS.—Section 15(h)(2) of the Small Business Act (15 U.S.C. 644(h)(2)) is amended—

(1) by inserting “and the Congress” before the period at the end of first sentence; and

(2) in each of subparagraphs (A), (D), and (E), by inserting “small business concerns owned and controlled by service-disabled veterans,” after “small business concerns,” the first place it appears.

SEC. 602. REPORT ON SMALL BUSINESS AND COMPETITION.

Section 303(e) of the Small Business Economic Policy Act of 1980 (15 U.S.C. 631b(e)) is amended—

(1) in paragraph (1), by striking “and” after the semicolon;

(2) in paragraph (2), by striking the period at the end and inserting “; and”; and

(3) by adding at the end the following:

“(3) small business concerns owned and controlled by veterans, as defined in section 3(q) of the Small Business Act (15 U.S.C. 632(q)), and small business concerns owned and controlled by service-disabled veterans, as defined in such section 3(q).”.

SEC. 603. ANNUAL REPORT OF THE ADMINISTRATOR.

The Administrator of the Small Business Administration shall transmit annually to the Committees on Small Business and Veterans Affairs of the House of Representatives and the Senate a report on the needs of small business concerns owned and controlled by veterans and small business concerns owned and controlled by service-disabled veterans, which shall include information on—

(1) the availability of Small Business Administration programs for such small business concerns and the degree of utilization of such programs by such small business concerns during the preceding 12-month period, including statistical

information on such utilization as compared to the small business community as a whole;

(2) the percentage and dollar value of Federal contracts awarded to such small business concerns during the preceding 12-month period, based on the data collected pursuant to section 604(d); and

(3) proposals to improve the access of such small business concerns to the assistance made available by the United States.

SEC. 604. DATA AND INFORMATION COLLECTION.

(a) INFORMATION ON FEDERAL PROCUREMENT PRACTICES.—The Administrator of the Small Business Administration shall, for each fiscal year—

(1) collect information concerning the procurement practices and procedures of each department and agency of the United States having procurement authority;

(2) publish and disseminate such information to procurement officers in all Federal agencies; and

(3) make such information available to any small business concern requesting such information.

(b) IDENTIFICATION OF SMALL BUSINESS CONCERNS OWNED BY ELIGIBLE VETERANS.—Each fiscal year, the Secretary of Veterans Affairs shall, in consultation with the Assistant Secretary of Labor for Veterans' Employment and Training and the Administrator of the Small Business Administration, identify small business concerns owned and controlled by veterans in the United States. The Secretary shall inform each small business concern identified under this paragraph that information on Federal procurement is available from the Administrator.

(c) SELF-EMPLOYMENT OPPORTUNITIES.—The Secretary of Labor, the Secretary of Veterans Affairs, and the Administrator of the Small Business Administration shall enter into a memorandum of understanding to provide for coordination of vocational rehabilitation services, technical and managerial assistance, and financial assistance to veterans, including service-disabled veterans, seeking to employ themselves by forming or expanding small business concerns. The memorandum of understanding shall include recommendations for expanding existing programs or establishing new programs to provide such services or assistance to such veterans.

(d) DATA COLLECTION REQUIRED.—The Federal Procurement Data System described in section 6(d)(4)(A) of the Office of Federal Procurement Policy Act (41 U.S.C. 405(d)(4)(A)) shall be modified to collect data regarding the percentage and dollar value of prime contracts and subcontracts awarded to small business concerns owned and controlled by veterans and small business concerns owned and controlled by service-disabled veterans.

TITLE VII—MISCELLANEOUS PROVISIONS

SEC. 701. ADMINISTRATOR'S ORDER.

The Administrator of the Small Business Administration shall strengthen and reissue the Administrator's order regarding the third sentence of section 4(b)(1) of the Small Business Act (15

U.S.C. 633(b)(1)), relating to nondiscrimination and special considerations for veterans, and take all necessary steps to ensure that its provisions are fully and vigorously implemented.

SEC. 702. SMALL BUSINESS ADMINISTRATION OFFICE OF ADVOCACY.

Section 202 of Public Law 94-305 (15 U.S.C. 634b) is amended—

- (1) in paragraph (10), by striking “and” at the end;
- (2) in paragraph (11), by striking the period at the end and inserting “; and”; and
- (3) by adding at the end the following:

“(12) evaluate the efforts of each department and agency of the United States, and of private industry, to assist small business concerns owned and controlled by veterans, as defined in section 3(q) of the Small Business Act (15 U.S.C. 632(q)), and small business concerns owned and controlled by serviced-disabled veterans, as defined in such section 3(q), and to provide statistical information on the utilization of such programs by such small business concerns, and to make appropriate recommendations to the Administrator of the Small Business Administration and to the Congress in order to promote the establishment and growth of those small business concerns.”.

SEC. 703. STUDY OF FIXED-ASSET SMALL BUSINESS LOANS.

(a) **IN GENERAL.**—The Comptroller General shall conduct a study on whether there would exist any additional risk or cost to the United States if—

- (1) up to 10 percent of the loans guaranteed under chapter 37 of title 38, United States Code, were made for the acquisition or construction of fixed assets used in a trade or business rather than for the construction or purchase of residential buildings; and
- (2) such loans for acquisition or construction of fixed assets were for a term of not more than 10 years and the terms regarding eligibility, loan limits, interest, fees, and down payment were the same as for other loans guaranteed under such chapter.

(b) **REPORT.**—

(1) **IN GENERAL.**—Not later than 180 days after the enactment of this Act, the Comptroller General shall transmit the report described in subsection (a) to the Committees on Veterans’ Affairs and the Committees on Small Business of the House of Representatives and the Senate.

(2) **CONTENTS OF REPORT.**—The report required by paragraph (1) shall specifically address the following:

(A) With respect to the change in the veterans’ housing loan program contemplated under subsection (a):

- (i) The increase or decrease in administrative costs to the Department of Veterans Affairs.
- (ii) The increase or decrease in the degree of exposure of the United States as the guarantor of the loans.
- (iii) The increase or decrease in the Federal subsidy rate that would be possible.
- (iv) Any increase in the interest rate or fees charged to the borrower or lender that would be required to maintain present program costs.

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(B) Information regarding the delinquency rates, default rates, length of time required for recovery after default, for fixed-asset business loans, of a size and duration comparable to those contemplated under subsection (a), made available in the private market or under section 503 of the Small Business Investment Act of 1958.

Speaker of the House of Representatives.

*Vice President of the United States and
President of the Senate.*