

**Calendar No. 696**107<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION**S. 2483****[Report No. 107-308]**

To amend the Small Business Act to direct the Administrator of the Small Business Administration to establish a pilot program to provide regulatory compliance assistance to small business concerns, and for other purposes.

---

**IN THE SENATE OF THE UNITED STATES**

MAY 8, 2002

Mr. CLELAND (for himself, Mr. KERRY, Ms. LANDRIEU, Mr. JEFFORDS, Mr. HARKIN, Mr. BINGAMAN, Mrs. CARNAHAN, Mr. LEAHY, Mr. LIEBERMAN, Mr. JOHNSON, Mr. MILLER, Ms. STABENOW, Ms. CANTWELL, and Mr. CARPER) introduced the following bill; which was read twice and referred to the Committee on Small Business and Entrepreneurship

OCTOBER 9, 2002

Reported by Mr. KERRY, with an amendment

[Omit the part struck through and insert the part printed in *italic*]

---

**A BILL**

To amend the Small Business Act to direct the Administrator of the Small Business Administration to establish a pilot program to provide regulatory compliance assistance to small business concerns, 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.**

2 This Act may be cited as the “National Small Busi-  
3 ness Regulatory Assistance Act of 2002”.

4 **SEC. 2. PURPOSE.**

5 The purpose of this Act is to establish a 4-year pilot  
6 program to—

7 (1) provide confidential assistance to small  
8 business concerns;

9 (2) provide small business concerns with the in-  
10 formation necessary to improve their rate of compli-  
11 ance with Federal and State regulations derived  
12 from Federal law;

13 (3) create a partnership among Federal agen-  
14 cies to increase outreach efforts to small business  
15 concerns with respect to regulatory compliance;

16 (4) provide a mechanism for unbiased feedback  
17 to Federal agencies on the regulatory environment  
18 for small business concerns; and

19 (5) utilize the service delivery network of Small  
20 Business Development Centers to improve access of  
21 small business concerns to programs to assist them  
22 with regulatory compliance.

23 **SEC. 3. SMALL BUSINESS REGULATORY ASSISTANCE PILOT**  
24 **PROGRAM.**

25 (a) DEFINITIONS.—In this section, the following defi-  
26 nitions apply:

1           (1) ADMINISTRATOR.—The term “Adminis-  
2           trator” means the Administrator of the Small Busi-  
3           ness Administration, acting through the Associate  
4           Administrator for Small Business Development Cen-  
5           ters.

6           (2) ASSOCIATION.—The term “Association”  
7           means the association, established pursuant to sec-  
8           tion 21(a)(3)(A) of the Small Business Act (15  
9           U.S.C. 648(a)(3)(A)), representing a majority of  
10          Small Business Development Centers.

11          (3) PARTICIPATING SMALL BUSINESS DEVELOP-  
12          MENT CENTER.—The term “participating Small  
13          Business Development Center” means a Small Busi-  
14          ness Development Center participating in the pilot  
15          program established under this Act.

16          (4) REGULATORY COMPLIANCE ASSISTANCE.—  
17          The term “regulatory compliance assistance” means  
18          assistance provided by a Small Business Develop-  
19          ment Center to a small business concern to facilitate  
20          the concern in complying with Federal and State  
21          regulatory requirements derived from Federal law.

22          (5) SMALL BUSINESS DEVELOPMENT CEN-  
23          TER.—The term “Small Business Development Cen-  
24          ter” means a Small Business Development Center

1 described in section 21 of the Small Business Act  
2 (15 U.S.C. 648).

3 (6) STATE.—The term “State” means each of  
4 the several States, the District of Columbia, the  
5 Commonwealth of Puerto Rico, the Virgin Islands,  
6 American Samoa, and Guam.

7 (b) AUTHORITY.—In accordance with this section,  
8 the Administrator shall establish a pilot program to pro-  
9 vide regulatory compliance assistance to small business  
10 concerns through participating Small Business Develop-  
11 ment Centers.

12 (c) SMALL BUSINESS DEVELOPMENT CENTERS.—

13 (1) IN GENERAL.—In carrying out the pilot  
14 program established under this section, the Adminis-  
15 trator shall enter into arrangements with partici-  
16 pating Small Business Development Centers under  
17 which such centers will—

18 (A) provide access to information and re-  
19 sources, including current Federal and State  
20 nonpunitive compliance and technical assistance  
21 programs similar to those established under  
22 section 507 of the Clean Air Act Amendments  
23 of 1990 (42 U.S.C. 7661f);

24 (B) conduct training and educational ac-  
25 tivities;

1 (C) offer confidential, free-of-charge, one-  
2 on-one, in-depth counseling to the owners and  
3 operators of small business concerns regarding  
4 compliance with Federal and State regulations  
5 derived from Federal law, provided that such  
6 counseling is not considered to be the practice  
7 of law in a State in which a Small Business De-  
8 velopment Center is located or in which such  
9 counseling is conducted;

10 (D) provide technical assistance;

11 (E) give referrals to experts and other pro-  
12 viders of compliance assistance who meet such  
13 standards for educational, technical, and profes-  
14 sional competency as are established by the Ad-  
15 ministrator; and

16 (F) form partnerships with Federal compli-  
17 ance programs.

18 (2) REPORTS.—Each participating Small Busi-  
19 ness Development Center shall transmit to the Ad-  
20 ministrator and the Chief Counsel for Advocacy of  
21 the Small Business Administration, as the Adminis-  
22 trator may direct, a quarterly report that includes—

23 (A) a summary of the regulatory compli-  
24 ance assistance provided by the center under  
25 the pilot program;

1 (B) the number of small business concerns  
2 assisted under the pilot program; and

3 (C) for every fourth report, any regulatory  
4 compliance information based on Federal law  
5 that a Federal or State agency has provided to  
6 the center during the preceding year and re-  
7 quested that it be disseminated to small busi-  
8 ness concerns.

9 (d) ELIGIBILITY.—A Small Business Development  
10 Center shall be eligible to receive assistance under the  
11 pilot program established under this section only if such  
12 center is certified under section 21(k)(2) of the Small  
13 Business Act (15 U.S.C. 648(k)(2)).

14 (e) SELECTION OF PARTICIPATING STATE PRO-  
15 GRAMS.—

16 (1) IN GENERAL.—In consultation with the As-  
17 sociation and giving substantial weight to the rec-  
18 ommendations of the Association, the Administrator  
19 shall select the Small Business Development Center  
20 programs of 2 States from each of the following  
21 groups of States to participate in the pilot program  
22 established under this section:

23 (A) Group 1: Maine, Massachusetts, New  
24 Hampshire, Connecticut, Vermont, and Rhode  
25 Island.

1 (B) Group 2: New York, New Jersey,  
2 Puerto Rico, and the Virgin Islands.

3 (C) Group 3: Pennsylvania, Maryland,  
4 West Virginia, Virginia, the District of Colum-  
5 bia, and Delaware.

6 (D) Group 4: Georgia, Alabama, North  
7 Carolina, South Carolina, Mississippi, Florida,  
8 Kentucky, and Tennessee.

9 (E) Group 5: Illinois, Ohio, Michigan, Indi-  
10 ana, Wisconsin, and Minnesota.

11 (F) Group 6: Texas, New Mexico, Arkan-  
12 sas, Oklahoma, and Louisiana.

13 (G) Group 7: Missouri, Iowa, Nebraska,  
14 and Kansas.

15 (H) Group 8: Colorado, Wyoming, North  
16 Dakota, South Dakota, Montana, and Utah.

17 (I) Group 9: California, Guam, American  
18 Samoa, Hawaii, Nevada, and Arizona.

19 (J) Group 10: Washington, Alaska, Idaho,  
20 and Oregon.

21 (2) DEADLINE FOR SELECTION.—The Adminis-  
22 trator shall make selections under this subsection  
23 not later than 60 days after publication of final reg-  
24 ulations under section 4 of this Act.

1 (f) MATCHING NOT REQUIRED.—Subparagraphs (A)  
2 and (B) of section 21(a)(4) of the Small Business Act (15  
3 U.S.C. 648(a)(4)) shall not apply to assistance made  
4 available under the pilot program established under this  
5 section.

6 (g) GRANT AMOUNTS.—Each State program selected  
7 to receive a grant under subsection (e) shall be eligible  
8 to receive a grant in an amount—

- 9 (1) not less than \$150,000 per fiscal year; and  
10 (2) not to exceed \$300,000 per fiscal year.

11 (h) EVALUATION AND REPORT.—Not later than 30  
12 months after the disbursement of the first grant under  
13 the pilot program, the General Accounting Office shall—

- 14 (1) initiate an evaluation of the pilot program;  
15 and

16 (2) within 6 months of the initiation of the  
17 evaluation under paragraph (1), transmit, to the Ad-  
18 ministrator, the Committee on Small Business and  
19 Entrepreneurship of the Senate, and the Committee  
20 on Small Business of the House of Representatives,  
21 a report containing—

22 (A) the results of the evaluation under  
23 paragraph (1); and

24 (B) any recommendations as to whether  
25 the pilot program, with or without modification,

1           should be extended to include the participation  
2           of all Small Business Development Centers.

3           (i) AUTHORIZATION OF APPROPRIATIONS.—

4           (1) IN GENERAL.—There are authorized to be  
5           appropriated to carry out this section—

6           (A) \$5,000,000 for the fiscal year begin-  
7           ning after the enactment of this Act; and

8           (B) \$5,000,000 for each of the 3 fiscal  
9           years following the ~~enactment of this Act~~ *fiscal*  
10          *year authorized under subparagraph (A).*

11          (2) LIMITATION ON USE OF OTHER FUNDS.—

12          The Administrator may carry out the pilot program  
13          only with amounts appropriated in advance specifi-  
14          cally to carry out this section.

15          (j) TERMINATION.—The authorization to carry out  
16          the Small Business Regulatory Assistance Pilot Program  
17          established under this section shall terminate 4 years after  
18          the disbursement of the first grant.

19          **SEC. 4. PROMULGATION OF REGULATIONS.**

20          After providing notice and an opportunity for com-  
21          ment, and after consulting with the Association (but not  
22          later than 180 days after the date of enactment of this  
23          Act), the Administrator shall promulgate final regulations  
24          to carry out this Act, including regulations that  
25          establish—

1 (1) priorities for the types of assistance to be  
2 provided under the pilot program;

3 (2) standards relating to educational, technical,  
4 and support services to be provided by participating  
5 Small Business Development Centers;

6 (3) standards relating to any national service  
7 delivery and support function to be provided by the  
8 Association under the pilot program;

9 (4) standards relating to any work plan that  
10 the Administrator may require a participating Small  
11 Business Development Center to develop; and

12 (5) standards relating to the educational, tech-  
13 nical, and professional competency of any expert or  
14 other assistance provider to whom a small business  
15 concern may be referred for compliance assistance  
16 under the pilot program.

17 **SEC. 5. PRIVACY REQUIREMENTS APPLICABLE TO SMALL**  
18 **BUSINESS DEVELOPMENT CENTERS.**

19 (a) Section 21(c) of the Small Business Act (15  
20 U.S.C. 648(c)) is amended by adding at the end the fol-  
21 lowing:

22 “(9) PRIVACY REQUIREMENTS.—

23 “(A) IN GENERAL.—No Small Business  
24 Development Center, consortium of Small Busi-  
25 ness Development Centers, or contractor or

1 agent of a Small Business Development Center  
2 shall disclose the name, street, address, or tele-  
3 phone number of any individual or small busi-  
4 ness concern receiving assistance under this  
5 section without the consent of such individual  
6 or small business concern, except that—

7 “(i) the Administrator shall require  
8 such disclosure if ordered to do so by a  
9 court in any civil or criminal enforcement  
10 action commenced by a Federal or State  
11 agency; and

12 “(ii) if the Administrator considers it  
13 necessary while undertaking a financial  
14 audit of a Small Business Development  
15 Center, the Administrator shall require  
16 such disclosure for the sole purpose of un-  
17 dertaking such audit.

18 “(B) REGULATIONS.—The Administrator  
19 shall issue regulations to establish standards for  
20 requiring disclosures during a financial audit  
21 under subparagraph (A)(ii).

22 “(C) ADMINISTRATION USE OF INFORMA-  
23 TION.—This section shall not be interpreted  
24 to—

1                   “(i) restrict Administration access to  
2                   program activity data; or

3                   “(ii) prevent the Administration from  
4                   using client information (other than the in-  
5                   formation listed in subparagraph (A)) to  
6                   conduct client surveys.”.

7                   (b) EFFECTIVE DATE.—This section shall take effect  
8                   30 days after the date of enactment of this Act.



**Calendar No. 696**

107<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

**S. 2483**

**[Report No. 107-308]**

---

---

**A BILL**

To amend the Small Business Act to direct the Administrator of the Small Business Administration to establish a pilot program to provide regulatory compliance assistance to small business concerns, and for other purposes.

---

---

OCTOBER 9, 2002

Reported with an amendment