

## Calendar No. 248

108TH CONGRESS  
1ST SESSION**S. 1375****[Report No. 108–124]**

To provide for the reauthorization of programs administered by the Small Business Administration, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

JULY 8, 2003

Ms. SNOWE (for herself and Mr. KERRY) introduced the following bill; which was read twice and referred to the Committee on Small Business and Entrepreneurship

AUGUST 26, 2003

Reported under authority of the order of the Senate of July 29 (legislative day, July 21), 2003, by Ms. SNOWE with amendments  
[Omit the part struck through and insert the part printed in *italic*]

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**A BILL**

To provide for the reauthorization of programs administered by the Small Business Administration, 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 Administration 50th Anniversary Reau-  
 4 thorization Act of 2003”.

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

Sec. 1. Short title; table of contents.

Sec. 2. Effective date.

TITLE I—GENERAL PROVISIONS

Subtitle A—Administration Accountability

Sec. 101. Document retention and investigations.

Sec. 102. Management of the Small Business Administration.

Subtitle B—Authorizations

Sec. 111. Program authorization levels.

Sec. 112. Additional reauthorizations.

TITLE II—FINANCIAL ASSISTANCE

Subtitle A—7(a) Loan Guarantee Program

Sec. 201. National Preferred Lenders Pilot Program.

Sec. 202. Extension of program participation fees.

Sec. 203. Loans sold in secondary market.

Sec. 204. Clarification of eligibility for veterans.

Sec. 205. Enhancement of low documentation loan program.

Sec. 206. Increased loan amounts for exporters.

Subtitle B—Microloan Program

Sec. 211. Microloan program improvements.

Subtitle C—Lender Oversight

Sec. 221. Examination and review fees.

Sec. 222. Enforcement authority for Small Business Lending Companies and  
 non-federally regulated SBA lenders.

Sec. 223. Definitions for Small Business Lending Companies and non-federally  
 regulated SBA lenders.

Subtitle D—Disaster Assistance Loan Program

Sec. 231. Conforming amendment for disaster *assistance* loan program.

Sec. 232. Disaster relief for small business concerns damaged by drought.

Sec. 233. Disaster mitigation pilot program.

Subtitle E—504 Loan Program

- Sec. 241. Extension of user fees.
- Sec. 242. Amortized loan loss reserve fund.
- Sec. 243. Alternative loss reserve for certain premier certified lenders.
- Sec. 244. Debenture size.
- Sec. 245. Job creation or retention standards.
- Sec. 246. Simplified applications.
- Sec. 247. Child care lending pilot program.
- Sec. 248. Definition of rural area.

#### Subtitle F—Surety Bond Program

- Sec. 251. Clarification of maximum surety bond guarantee.
- Sec. 252. Authorization of Preferred Surety Bond Guarantee Program.

#### Subtitle G—Miscellaneous

- Sec. 261. Coordination of SBA loans.
- Sec. 262. Leasing options for 7(a) and 504 borrowers.
- Sec. 263. Calculation of financing limitation for small business investment companies.
- Sec. 264. Establishing alternative size standard.
- Sec. 265. Pilot program for guarantees on pools of non-SBA loans.

#### Subtitle H—New Markets Venture Capital

- Sec. 271. Time frame for raising private capital.
- Sec. 272. Definition of low-income geographic area.

#### Subtitle I—Small Business Investment Company Program

- Sec. 281. Investment of excess funds.
- Sec. 282. Maximum prioritized payment rate.
- Sec. 283. Improved distribution requirements.

#### *Subtitle J—Small Business Intermediary Lending Pilot Program*

- Sec. 291. Short title.*
- Sec. 292. Findings.*
- Sec. 293. Small Business Intermediary Lending Pilot Program.*

### TITLE III—ENTREPRENEURIAL DEVELOPMENT PROGRAMS

#### Subtitle A—Office of Entrepreneurial Development

- Sec. 301. Service Corps of Retired Executives.
- Sec. 302. Small Business Development Center Program.
- Sec. 303. PRIME reauthorization and transfer to the Small Business Act.*

#### Subtitle B—Women’s Small Business Ownership Programs

- Sec. 311. Office of Women’s Business Ownership.
- Sec. 312. Women’s Business Center Program.
- Sec. 313. National Women’s Business Council.
- Sec. 314. Interagency Committee on Women’s Business Enterprise.
- Sec. 315. Preserving the independence of the National Women’s Business Council.*

#### Subtitle C—Office of Native American Affairs

- Sec. 321. Short title.

- Sec. 322. Native American Small Business Development Program.  
 Sec. 323. Pilot programs.

Subtitle D—Office of Veterans Business Development

- Sec. 331. Advisory Committee on Veterans Business Affairs.  
 Sec. 332. Outreach grants for veterans.  
 Sec. 333. Authorization of appropriations.

TITLE IV—SMALL BUSINESS PROCUREMENT OPPORTUNITIES

- Sec. 401. Contract consolidation.  
 Sec. 402. Agency accountability.  
 Sec. 403. Small business participation in prime contracting.  
 Sec. 404. Small business participation in subcontracting.  
 Sec. 405. Evaluating subcontract participation in awarding contracts.  
 Sec. 406. Direct payments to subcontractors.  
 Sec. 407. Women-owned small business industry study.  
 Sec. 408. ~~A~~HUBZone authorizations.  
 Sec. 409. Definition of ~~HUBzone~~ HUBZone; treatment of certain former military installation lands as ~~HUBzones~~ HUBZones.  
 Sec. 410. Definition of ~~HUBzone~~ HUBZone small business concern.  
 Sec. 411. Acquisition regulations.

TITLE V—MISCELLANEOUS

- Sec. 501. Minority Small Business and Capital Ownership Development Program.  
 Sec. 502. Extension of ~~program~~ authority for *technology assistance programs*.  
 Sec. 503. ~~R~~BusinessLINC report to Congress.

1 **SEC. 2. EFFECTIVE DATE.**

2 (a) IN GENERAL.—This Act and the amendments  
 3 made by this Act shall take effect on October 1, 2003.

4 (b) RULEMAKING AUTHORITY.—

5 (1) PROPOSED REGULATIONS.—Except as oth-  
 6 erwise specifically provided in this Act, not later  
 7 than 180 days after the date of enactment of this  
 8 Act, the Administrator of the Small Business Ad-  
 9 ministration (referred to in this Act as the “Admin-  
 10 istrator” and the “Administration”, respectively)  
 11 shall publish proposed regulations to carry out the

1 provisions of this Act and the amendments made by  
2 this Act.

3 (2) FINAL REGULATIONS.—Except as otherwise  
4 specifically provided in this Act, not later than 300  
5 days after the date of enactment of this Act, the Ad-  
6 ministrator shall issue final regulations to carry out  
7 the provisions of this Act and the amendments made  
8 by this Act.

9 **TITLE I—GENERAL PROVISIONS**  
10 **Subtitle A—Administration**  
11 **Accountability**

12 **SEC. 101. DOCUMENT RETENTION AND INVESTIGATIONS.**

13 Section 10(e) of the Small Business Act (15 U.S.C.  
14 639(e)) is amended by striking the matter preceding para-  
15 graph (2) and inserting the following:

16 “(e) DOCUMENT RETENTION; INVESTIGATIONS.—

17 “(1) DOCUMENT RETENTION.—The ~~Adminis-~~  
18 ~~tration~~ *Administrator* and the Inspector General of  
19 the Administration shall—

20 “(A) retain all documents and records, in-  
21 cluding correspondence, records of inquiry,  
22 memoranda (including those relating to all in-  
23 vestigations conducted by or for the Adminis-  
24 tration), reports, studies, analyses, contracts,  
25 agreements, opinions, computer entries, e-mail

1 messages, forms, manuals, briefing materials,  
2 press releases, and books for a period of not  
3 less than 2 years from the date such documents  
4 are created;

5 “(B) keep the items described in subpara-  
6 graph (A) available at all times for inspection  
7 and examination by the Committee on Small  
8 Business and Entrepreneurship of the Senate  
9 and the Committee on Small Business of the  
10 House of Representatives, or their duly author-  
11 ized representatives; and

12 “(C) upon the written request of the Com-  
13 mittee on Small Business and Entrepreneurship  
14 of the Senate or the Committee on Small Busi-  
15 ness of the House of Representatives pursuant  
16 to subparagraph (B), the Administrator or the  
17 Inspector General, as applicable, shall make  
18 such documents or records available to the re-  
19 questing committee or its duly authorized rep-  
20 resentative within 5 business days of the re-  
21 quest, and if a document or record cannot be  
22 made available within such timeframe, the Ad-  
23 ministrator or the Inspector General, as appli-  
24 cable, shall provide the requesting committee  
25 with a written explanation stating the reason

1           that each document or record requested has not  
 2           been provided and a date certain for its produc-  
 3           tion.”.

4   **SEC. 102. MANAGEMENT OF THE SMALL BUSINESS ADMIN-**  
 5           **ISTRATION.**

6           Section 4 of the Small Business Act (15 U.S.C. 633)  
 7   is amended—

8           (1) by striking “SEC. 4.” and inserting the fol-  
 9   lowing:

10   **“SEC. 4. MANAGEMENT OF THE SMALL BUSINESS ADMINIS-**  
 11           **TRATION.”;**

12           (2) in subsection (a), by striking “(a)” and in-  
 13   serting the following:

14           “(a) ESTABLISHMENT.—”;

15           (3) in subsection (b)—

16           (A) by striking “(b)(1)” and inserting the  
 17   following:

18           “(b) AUTHORITY OF ADMINISTRATOR.—

19           “(1) IN GENERAL.—

20           “(A) APPOINTMENT.—”;

21           (B) in paragraph (1)—

22           (i) by striking “The Administrator  
 23   shall not engage” and inserting the fol-  
 24   lowing:

1 “(B) SOLE EMPLOYMENT.—The Adminis-  
 2 trator shall not engage”;

3 (ii) by striking “In carrying out” and  
 4 inserting the following:

5 “(C) NONDISCRIMINATION; SPECIAL CON-  
 6 sideration for veterans.—In carrying out”;  
 7 and

8 (iii) by striking “The President” and  
 9 inserting the following:

10 “(D) APPOINTMENT OF DEPUTY ADMINIS-  
 11 TRATOR; ASSOCIATE ADMINISTRATORS.—The  
 12 President”; and

13 (C) in paragraph (2), by striking “the Ad-  
 14 ministrator also” and inserting “RESPONSIBIL-  
 15 ITIES OF ADMINISTRATOR.—The Adminis-  
 16 trator”; and

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

18 “(g) OFFICE OF LENDER OVERSIGHT.—The Director  
 19 of the Office of Lender Oversight shall—

20 “(1) formulate, execute, and promote policies  
 21 and procedures of the Administration that provide  
 22 adequate and effective oversight and review of lend-  
 23 ers participating in, or applying to participate in,  
 24 the loan and loan guaranty programs for small busi-



1       ness concerns under this Act and the Small Business  
 2       Investment Act of 1958 (*15 U.S.C. 661 et seq.*); and  
 3       “(2) report directly to the Chief Operating Offi-  
 4       cer of the Administration.”.

## 5                   **Subtitle B—Authorizations**

### 6   **SEC. 111. PROGRAM AUTHORIZATION LEVELS.**

7       Section 20 of the Small Business Act (15 U.S.C. 631  
 8   note) is amended—

9               (1) in subsection (a)(1), by striking “certifi-  
 10      cation” each place that term appears and inserting  
 11      “accreditation”;

12              (2) by striking subsections (c) through (h) and  
 13      inserting the following:

14      “(c) DISASTER MITIGATION PILOT PROGRAM.—The  
 15      following program levels are authorized for loans under  
 16      section 7(b)(1)(C):

17              “(1) \$15,000,000 for fiscal year 2003.

18              “(2) \$15,000,000 for fiscal year 2004.

19              “(3) \$15,000,000 for fiscal year 2005.

20              “(4) \$15,000,000 for fiscal year 2006.”;

21              (3) by redesignating subsection (i) as subsection  
 22      (d); and

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

24      “(e) FISCAL YEAR 2004.—

1           “(1) PROGRAM LEVELS.—The following pro-  
2       gram levels are authorized for fiscal year 2004:

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

6           “(i) \$70,000,000 in technical assist-  
7       ance grants, as provided in section 7(m);  
8       and

9           “(ii) \$100,000,000 in direct loans, as  
10      provided in section 7(m).

11          “(B) For the programs authorized by this  
12      Act, the Administration is authorized to make  
13      \$21,550,000,000 in deferred participation loans  
14      and other financings. Of such sum, the Admin-  
15      istration is authorized to make—

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

18          “(ii) \$5,000,000,000 in certified de-  
19      velopment company financings, as provided  
20      in section 7(a)(13) of this Act and section  
21      504 of the Small Business Investment Act  
22      of 1958;

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

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

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

7 “(i) \$4,000,000,000 in purchases of  
8 participating securities; and

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

11 “(D) For the programs authorized by part  
12 B of title IV of the Small Business Investment  
13 Act of 1958, the Administration is authorized  
14 to enter into guarantees not to exceed  
15 \$6,000,000,000, of which not more than 50  
16 percent may be in bonds approved pursuant to  
17 section 411(a)(3) of that Act.

18 “(E) The Administration is authorized to  
19 make grants or enter into cooperative agree-  
20 ments for a total amount of \$7,000,000 for the  
21 Service Corps of Retired Executives program  
22 authorized by section 8(b)(1).

23 “(2) ADDITIONAL AUTHORIZATIONS.—

24 “(A) There are authorized to be appro-  
25 priated to the Administration for fiscal year

1           2004 such sums as may be necessary to carry  
2           out the provisions of this Act not elsewhere pro-  
3           vided for, including administrative expenses and  
4           necessary loan capital for disaster loans pursu-  
5           ant to section 7(b), and to carry out title IV of  
6           the Small Business Investment Act of 1958, in-  
7           cluding salaries and expenses of the Adminis-  
8           tration.

9           “(B) Notwithstanding any other provision  
10          of this paragraph, for fiscal year 2004—

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

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

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

4           “(f) FISCAL YEAR 2005.—

5           “(1) PROGRAM LEVELS.—The following pro-  
6           gram levels are authorized for fiscal year 2005:

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

10           “(i) \$75,000,000 in technical assist-  
11           ance grants, as provided in section 7(m);  
12           and

13           “(ii) \$105,000,000 in direct loans, as  
14           provided in 7(m).

15           “(B) For the programs authorized by this  
16           Act, the Administration is authorized to make  
17           \$22,300,000,000 in deferred participation loans  
18           and other financings. Of such sum, the Admin-  
19           istration is authorized to make—

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

22           “(ii) \$5,250,000,000 in certified de-  
23           velopment company financings, as provided  
24           in section 7(a)(13) of this Act and section

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

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

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

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

11          “(i) \$4,250,000,000 in purchases of  
12          participating securities; and

13          “(ii) \$3,250,000,000 in guarantees of  
14          debentures.

15          “(D) For the programs authorized by part  
16          B of title IV of the Small Business Investment  
17          Act of 1958, the Administration is authorized  
18          to enter into guarantees not to exceed  
19          \$6,000,000,000, of which not more than 50  
20          percent may be in bonds approved pursuant to  
21          section 411(a)(3) of that Act.

22          “(E) The Administration is authorized to  
23          make grants or enter into cooperative agree-  
24          ments for a total amount of \$7,000,000 for the

1 Service Corps of Retired Executives program  
2 authorized by section 8(b)(1).

3 “(2) ADDITIONAL AUTHORIZATIONS.—

4 “(A) There are authorized to be appro-  
5 priated to the Administration for fiscal year  
6 2005 such sums as may be necessary to carry  
7 out the provisions of this Act not elsewhere pro-  
8 vided for, including administrative expenses and  
9 necessary loan capital for disaster loans pursu-  
10 ant to section 7(b), and to carry out title IV of  
11 the Small Business Investment Act of 1958, in-  
12 cluding salaries and expenses of the Adminis-  
13 tration.

14 “(B) Notwithstanding any other provision  
15 of this paragraph, for fiscal year 2005—

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

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

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

9 “(g) FISCAL YEAR 2006.—

10 “(1) PROGRAM LEVELS.—The following pro-  
 11 gram levels are authorized for fiscal year 2006:

12 “(A) For the programs authorized by this  
 13 Act, the Administration is authorized to  
 14 make—

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

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

20 “(B) For the programs authorized by this  
 21 Act, the Administration is authorized to make  
 22 \$23,050,000,000 in deferred participation loans  
 23 and other financings. Of such sum, the Admin-  
 24 istration is authorized to make—



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

3 “(ii) \$5,500,000,000 in certified de-  
4 velopment company financings, as provided  
5 in section 7(a)(13) of this Act and section  
6 504 of the Small Business Investment Act  
7 of 1958;

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

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

12 “(C) For the programs authorized by title  
13 III of the Small Business Investment Act of  
14 1958, the Administration is authorized to  
15 make—

16 “(i) \$4,500,000,000 in purchases of  
17 participating securities; and

18 “(ii) \$3,500,000,000 in guarantees of  
19 debentures.

20 “(D) For the programs authorized by part  
21 B of title IV of the Small Business Investment  
22 Act of 1958, the Administration is authorized  
23 to enter into guarantees not to exceed  
24 \$6,000,000,000, of which not more than 50

1 percent may be in bonds approved pursuant to  
2 section 411(a)(3) of that Act.

3 “(E) The Administration is authorized to  
4 make grants or enter into cooperative agree-  
5 ments for a total amount of \$7,000,000 for the  
6 Service Corps of Retired Executives program  
7 authorized by section 8(b)(1).

8 “(2) ADDITIONAL AUTHORIZATIONS.—

9 “(A) There are authorized to be appro-  
10 priated to the Administration for fiscal year  
11 2006 such sums as may be necessary to carry  
12 out the provisions of this Act not elsewhere pro-  
13 vided for, including administrative expenses and  
14 necessary loan capital for disaster loans pursu-  
15 ant to section 7(b), and to carry out title IV of  
16 the Small Business Investment Act of 1958, in-  
17 cluding salaries and expenses of the Adminis-  
18 tration.

19 “(B) Notwithstanding any other provision  
20 of this paragraph, for fiscal year 2006—

21 “(i) no funds are authorized to be  
22 used as loan capital for the loan program  
23 authorized by section 7(a)(21) except by  
24 transfer from another Federal department  
25 or agency to the Administration, unless the

1 program level authorized for general busi-  
 2 ness loans under paragraph (1)(B)(i) is  
 3 fully funded; and

4 “(ii) the Administration may not ap-  
 5 prove loans on its own behalf or on behalf  
 6 of any other Federal department or agen-  
 7 cy, by contract or otherwise, under terms  
 8 and conditions other than those specifically  
 9 authorized under this Act or the Small  
 10 Business Investment Act of 1958, except  
 11 that it may approve loans under section  
 12 7(a)(21) of this Act in gross amounts of  
 13 not more than \$2,000,000.”.

14 **SEC. 112. ADDITIONAL REAUTHORIZATIONS.**

15 (a) DRUG-FREE WORKPLACE PROGRAM ASSIST-  
 16 ANCE.—Section 21(c)(3)(T) of the Small Business Act (15  
 17 U.S.C. 648(c)(3)(T)) is amended by striking “October 1,  
 18 2003” and inserting “October 1, 2006”.

19 (b) PAUL D. COVERDELL DRUG-FREE WORKPLACE  
 20 PROGRAM.—Section 27(g)(1) of the Small Business Act  
 21 (15 U.S.C. 654(g)(1)) is amended by striking “2001  
 22 through 2003” and inserting “2004 through 2006”.

23 (c) SMALL BUSINESS DEVELOPMENT CENTERS.—  
 24 Section 21(a)(4)(C) of the Small Business Act (15 U.S.C.  
 25 648(a)(4)(C)) is amended—

1 (1) by amending clause (vii) to read as follows:

2 “(vii) AUTHORIZATION OF APPROPRIA-  
3 TIONS.—There are authorized to be appro-  
4 priated to carry out this subparagraph—

5 “(I) \$125,000,000 for fiscal year  
6 2004;

7 “(II) \$130,000,000 for fiscal year  
8 2005; and

9 “(III) \$135,000,000 for fiscal year  
10 2006.”;

11 (2) by redesignating clause (viii) as clause (ix);

12 and

13 (3) by inserting after clause (vii) the following:

14 “(viii) LIMITATION.—From the funds ap-  
15 propriated pursuant to clause (vii), the Admin-  
16 istration shall reserve not less than \$1,000,000  
17 in each fiscal year to develop portable assist-  
18 ance for startup and sustainability non-match-  
19 ing grant programs to be conducted by eligible  
20 small business development centers in commu-  
21 nities that are economically challenged as a re-  
22 sult of a business or government facility  
23 downsizing or closing, which has resulted in the  
24 loss of jobs or small business instability. A non-  
25 matching grant under this clause shall not ex-

ceed \$100,000, and shall be used for small business development center personnel expenses and related small business programs and services.”.

## **TITLE II—FINANCIAL ASSISTANCE**

### **Subtitle A—7(a) Loan Guarantee Program**

#### **SEC. 201. NATIONAL PREFERRED LENDERS PILOT PROGRAM.**

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

“(E) NATIONAL PREFERRED LENDERS PILOT PROGRAM.—

“(i) ESTABLISHMENT.—There is established the National Preferred Lenders Pilot Program, a 3-year pilot program in which a participant in the Preferred Lenders Program may operate as a preferred lender in any State if such lender meets the criteria established by the Administration.

1           “(ii) ELIGIBILITY CRITERIA.—For  
2 purposes of clause (i), criteria established  
3 by the Administration shall include—

4           “(I) demonstrated proficiency in  
5 the Preferred Lenders Program for  
6 not less than 3 years;

7           “(II) annual loan approvals of a  
8 minimum number of 7(a) Preferred  
9 Lenders Program loans, excluding  
10 SBA Express loans, as determined by  
11 the Administration;

12           “(III) operation by the lender in  
13 not less than 5 States or 10 Small  
14 Business Administration districts;

15           “(IV) satisfactory centralized ap-  
16 proval, loan servicing, and loan liq-  
17 uidation functions and processes; and

18           “(V) consideration of any com-  
19 ments and recommendations that may  
20 be received from any District Director  
21 or Regional Administrator relating to  
22 the performance of the applicant.

23           “(iii) TERMS AND CONDITIONS.—Ap-  
24 plicants shall be approved under the fol-  
25 lowing terms and conditions:

1                   “(I) TERM.—Each participant  
 2                   approved under this subparagraph  
 3                   shall be eligible to make loans for up  
 4                   to 1 year under the program estab-  
 5                   lished under this subparagraph.

6                   “(II) RENEWAL.—At the expira-  
 7                   tion of the term described in sub-  
 8                   clause (I), the authority of a partici-  
 9                   pant to make loans under this sub-  
 10                  paragraph may be renewed based on a  
 11                  review of performance during the ini-  
 12                  tial term.

13                  “(III) EFFECT OF FAILURE.—  
 14                  Failure to meet the criteria under this  
 15                  subparagraph shall not effect the eli-  
 16                  gibility of a participant to continue as  
 17                  a preferred lender in States or dis-  
 18                  tricts in which it is in good stand-  
 19                  ing.”.

20 **SEC. 202. EXTENSION OF PROGRAM PARTICIPATION FEES.**

21                  Section 7(a) of the Small Business Act (15 U.S.C.  
 22                  636(a)) is amended—

23                         (1) in paragraph (12) by striking “(b)” and in-  
 24                  serting the following:

25                         “(B)”;

1 (2) in paragraph (18)—

2 (A) in subparagraph (A)—

3 (i) in clause (i), by striking “2 per-  
4 cent” and inserting “1 percent”; and

5 (ii) in clause (ii), by striking “3 per-  
6 cent” and inserting “2.5 percent”; and

7 (B) by striking subparagraph (C); and

8 (3) in paragraph (23)(A), by striking “0.5 per-  
9 cent” and all that follows through “equal to”.

10 **SEC. 203. LOANS SOLD IN SECONDARY MARKET.**

11 Section 5(g) of the Small Business Act (15 U.S.C.  
12 634(g)) is amended by adding at the end the following:

13 “(6) Trust certificates issued pursuant to this sub-  
14 section may be comprised of a pool of loans, guaranteed  
15 by the Administration, with varying interest rates. The in-  
16 terest rate paid by such certificates shall be equal to the  
17 weighted average of the interest rates of the loans in the  
18 pool. The Administration shall prescribe the maximum  
19 amount of variation in the loan characteristics in order  
20 to enhance the marketability of the pool.”.

21 **SEC. 204. CLARIFICATION OF ELIGIBILITY FOR VETERANS.**

22 Section 7(a)(8) of the Small Business Act (15 U.S.C.  
23 636(a)(8)) is amended to read as follows:

24 “(8) The Administration may make loans under  
25 this subsection to—



1 “(A) small business concerns owned and  
 2 controlled by veterans (as defined in section  
 3 101(2) of title 38, United States Code);

4 “(B) small business concerns owned and  
 5 controlled by disabled veterans (as defined in  
 6 section 4211(3) of title 38, United States  
 7 Code); and

8 “(C) small business concerns owned and  
 9 controlled by members of Reserve components  
 10 of the Armed Forces (as defined in section  
 11 101(c)(6) of title 10, United States Code).”.

12 **SEC. 205. ENHANCEMENT OF LOW DOCUMENTATION LOAN**  
 13 **PROGRAM.**

14 Section 7(a)(25)(C) of the Small Business Act (15  
 15 U.S.C. 636(a)(25)(C)) is amended by striking “\$100,000”  
 16 and inserting “\$250,000”.

17 **SEC. 206. INCREASED LOAN AMOUNTS FOR EXPORTERS.**

18 Section 7(a) of the Small Business Act (15 U.S.C.  
 19 636(a)) is amended—

20 (1) in paragraph (3)—

21 (A) in subparagraph (A), by inserting be-  
 22 fore the semicolon at the end the following:  
 23 “and paragraph (14)”; and

24 (B) in subparagraph (B), by striking  
 25 “\$1,250,000” and inserting “\$1,300,000”; and

1 (2) in paragraph (14), by adding at the end the  
 2 following:

3 “(D) The total amount of financings under this  
 4 paragraph that are outstanding and committed (by  
 5 participation or otherwise) to the borrower from the  
 6 business loan and investment fund established under  
 7 this Act may not exceed \$1,300,000 and the gross  
 8 loan amount under this paragraph may not exceed  
 9 \$2,600,000.”.

## 10 **Subtitle B—Microloan Program**

### 11 **SEC. 211. MICROLOAN PROGRAM IMPROVEMENTS.**

12 (a) INTERMEDIARY ELIGIBILITY REQUIREMENTS.—  
 13 Section 7(m)(2) of the Small Business Act (15 U.S.C.  
 14 636(m)(2)) is amended—

15 (1) in subparagraph (A), by striking “in para-  
 16 graph (10); and” and inserting “of the term ‘inter-  
 17 mediary’ under paragraph (11);”; and

18 (2) in subparagraph (B)—

19 (A) by striking “(B) has at least” and in-  
 20 serting the following:

21 “(B) has—

22 “(i) at least”; and

23 (B) by striking the period at the end and  
 24 inserting the following: “; or

1                   “(ii) a full-time employee who has not  
 2                   less than 3 years experience making  
 3                   microloans to startup, newly established, or  
 4                   growing small business concerns; and

5                   “(C) has at least 1 year experience pro-  
 6                   viding, as an integral part of its microloan pro-  
 7                   gram, intensive marketing, management, and  
 8                   technical assistance to its borrowers.”.

9           (b) CONFORMING CHANGE IN AVERAGE SMALLER  
 10 LOAN SIZE.—Section 7(m)(3)(F)(iii) of the Small Busi-  
 11 ness Act (15 U.S.C. 636(m)(3)(F)(iii)) is amended by  
 12 striking “\$7,500” and inserting “\$10,000”.

13           (c) LIMITATION ON THIRD PARTY TECHNICAL AS-  
 14 SISTANCE.—Section 7(m)(4)(E)(ii) of the Small Business  
 15 Act (15 U.S.C. 636(m)(4)(E)(ii)) is amended—

16                   (1) by striking “TECHNICAL ASSISTANCE” and  
 17                   inserting “THIRD PARTY TECHNICAL ASSISTANCE”;  
 18                   and

19                   (2) by striking “25 percent” and inserting “30  
 20                   percent”.

21           (d) LOAN TERMS.—Section 7(m)(1)(B)(i) of the  
 22 Small Business Act (15 U.S.C. 636(m)(1)(B)(i)) is  
 23 amended by striking “short-term”.

1 (e) REPORT ON TRANSFERRED AMOUNTS.—Section  
 2 7(m)(9)(B) of the Small Business Act (15 U.S.C.  
 3 636(m)(9)(B)) is amended—

4 (1) by striking “The Administration” and in-  
 5 serting the following:

6 “(i) IN GENERAL.—The Administra-  
 7 tion”;

8 (2) by striking the period after “financing”;  
 9 and

10 (3) by adding at the end the following:

11 “(ii) REPORT.—The Administration  
 12 shall report, in its annual budget request  
 13 and performance plan to Congress, on the  
 14 performance by the Administration of the  
 15 requirements of clause (i).”.

16 (f) ACCURATE SUBSIDY MODEL.—Section 7(m) of  
 17 the Small Business Act (15 U.S.C. 636(m)) is amended  
 18 by adding at the end the following:

19 “(14) IMPROVED SUBSIDY MODEL.—The Ad-  
 20 ministrator shall develop a subsidy model for the  
 21 microloan program under this subsection, to be used  
 22 in the fiscal year 2005 budget, that is more accurate  
 23 than the subsidy model in effect on the day before  
 24 the date of enactment of this paragraph.”.

1        *(g) INCREASED FLEXIBILITY FOR PROVIDING TECH-*  
 2        *NICAL ASSISTANCE TO POTENTIAL BORROWERS.—Section*  
 3        *7(m)(4)(E)(i) of the Small Business Act (15 U.S.C.*  
 4        *636(m)(4)(E)(i) is amended by striking “25 percent” and*  
 5        *inserting “30 percent”.*

## 6        **Subtitle C—Lender Oversight**

### 7        **SEC. 221. EXAMINATION AND REVIEW FEES.**

8        Section 5(b) of the Small Business Act (15 U.S.C.  
 9        634(b)) is amended—

10            (1) in the matter preceding paragraph (1), by  
 11            striking “(b) In the performance” and inserting the  
 12            following:

13            “(b) AUTHORITY OF ADMINISTRATOR.—In the per-  
 14            formance”;

15            (2) in paragraph (12), by striking “and” at the  
 16            end;

17            (3) in paragraph (13), by striking the period at  
 18            the end and inserting “; and”; and

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

20            “(14) require lenders participating in the pro-  
 21            gram authorized by section 7(a), including Small  
 22            Business Lending Companies, to pay reasonable ex-  
 23            amination and review fees, which shall be—

24            “(A) deposited in the account for salaries  
 25            and expenses of the Administration; and

1 “(B) made available only for the costs of  
 2 examinations, reviews, and other lender over-  
 3 sight activities concerning lenders participating  
 4 in the program authorized by section 7(a).”.

5 **SEC. 222. ENFORCEMENT AUTHORITY FOR SMALL BUSI-**  
 6 **NESS LENDING COMPANIES AND NON-FEDER-**  
 7 **ALLY REGULATED SBA LENDERS.**

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

10 (1) by redesignating section 36 as section 37;

11 and

12 (2) by inserting after section 35 the following  
 13 new section:

14 “SEC. 36. ENFORCEMENT AUTHORITY FOR SMALL BUSI-  
 15 NESS LENDING COMPANIES AND NON-FEDERALLY  
 16 REGULATED SBA LENDERS

17 “(a) **DEFINED TERM.**—In this section the term  
 18 ‘management official’ means an officer, director, general  
 19 partner, manager, employee, agent, or other participant  
 20 in the management or conduct of the affairs of a Small  
 21 Business Lending Company or non-federally regulated  
 22 SBA lender under section 7(a).

23 “(b) **AUTHORIZATION.**—

24 “(1) **SMALL BUSINESS LENDING COMPANIES.**—

25 The Administration is authorized to—

1           “(A) supervise the safety and soundness of  
2           Small Business Lending Companies;

3           “(B) set capital standards for, regulate,  
4           examine, and enforce laws relating to Small  
5           Business Lending Companies; and

6           “(C) prescribe regulations governing the  
7           operations, oversight, and enforcement of Small  
8           Business Lending Companies, in accordance  
9           with the purposes of this Act.

10          “(2) NON-FEDERALLY REGULATED SBA LEND-  
11          ERS.—The Administration is authorized to—

12               “(A) supervise the safety and soundness of  
13               non-federally regulated SBA lenders;

14               “(B) regulate, examine, and enforce laws  
15               relating to lending by non-federally regulated  
16               SBA lenders under section 7(a); and

17               “(C) prescribe regulations governing the  
18               operations, oversight, and enforcement of non-  
19               federally regulated SBA lenders, in accordance  
20               with the purposes of this Act.

21          “(c) CAPITAL DIRECTIVES.—The Administration  
22          may—

23               “(1) deem the failure of a Small Business  
24               Lending Company to maintain capital at or above

1 the minimum capital level established by the Admin-  
 2 istration as an unsafe and unsound practice; and

3 “(2) in addition to, or in lieu of, any other ac-  
 4 tion authorized by law, issue a directive to a Small  
 5 Business Lending Company that fails to return or  
 6 maintain capital at or above its required level, as es-  
 7 tablished by the Administration.

8 “(d) FORFEITURE OF AUTHORITY FOR NONCOMPLI-  
 9 ANCE.—

10 “(1) IN GENERAL.—Subject to the provisions of  
 11 subsection (g), if any Small Business Lending Com-  
 12 pany violates any of the provisions of this Act, or  
 13 any related regulation, such company shall forfeit all  
 14 of the rights, privileges, and franchises under this  
 15 Act.

16 “(2) ADJUDICATION.—A company under para-  
 17 graph (1) shall not forfeit its rights, privileges, and  
 18 franchises under this Act, unless a court of the  
 19 United States, with jurisdiction over the judicial dis-  
 20 trict in which the principal place of business of such  
 21 company is located, determines, in a suit brought by,  
 22 or on behalf of, the Administrator, that such com-  
 23 pany violated this Act, or regulations promulgated  
 24 pursuant to this Act.

25 “(e) REVOCATION OR SUSPENSION OF AUTHORITY.—



1           “(1) IN GENERAL.—Subject to the provisions of  
 2           subsection (g), the Administration may revoke or  
 3           suspend the authority of a participating lender to  
 4           make, service, or liquidate business loans under sec-  
 5           tion 7(a) if the participating lender—

6                   “(A) knowingly makes false statements in  
 7                   any written statement required under this Act  
 8                   or any regulation issued under this Act;

9                   “(B) fails to state, in any written state-  
 10                  ment required under this Act or any regulation  
 11                  issued under this Act, a material fact necessary  
 12                  in order to make the statement not misleading  
 13                  in the light of the circumstances under which  
 14                  the statement was made;

15                  “(C) willfully or repeatedly violates—

16                           “(i) any provision of this Act;

17                           “(ii) any rule or regulation issued  
 18                           under this Act; or

19                           “(iii) any condition imposed by the  
 20                           Administration with any application, re-  
 21                           quest, or agreement; or

22                  “(D) violates any cease and desist order  
 23                  issued by the Administration under this section.

24           “(2) LENGTH OF SUSPENSION.—The suspen-  
 25           sion under paragraph (1) shall remain in full force

1 and effect until the Administration issues a written  
 2 notice of termination.

3 “(3) NOTIFICATION.—If the lending authority  
 4 of a lender is revoked under paragraph (1), the lend-  
 5 er shall send notification, not later than 30 days  
 6 after such revocation, to all existing borrowers that  
 7 such authority has been revoked and that a new  
 8 servicer has been appointed to service their loans. If  
 9 the lender fails to provide such notification before  
 10 the deadline, the Administration shall provide such  
 11 notification to borrowers.

12 “(4) DELEGATION.—The Administration may  
 13 delegate the authority to suspend a participating  
 14 lender’s authority to make loans under section 7(a),  
 15 but shall not delegate the authority to revoke a par-  
 16 ticipating lender’s authority to make such loans.

17 “(f) CEASE AND DESIST ORDERS.—If a participating  
 18 lender or management official has violated, or is about to  
 19 violate any provision of this Act, or any related regulation,  
 20 the Administration, subject to the provisions of subsection  
 21 (g), may—

22 “(1) order the participating lender or manage-  
 23 ment official to—

24 “(A) cease and desist from such violation;  
 25 and

1           “(B) take, or refrain from, such action as  
 2           the Administration deems necessary to ensure  
 3           compliance with the Act and related regula-  
 4           tions; and

5           “(2) suspend the authority of such participating  
 6           lender pending full compliance with all orders issued  
 7           under paragraph (1).

8           “(g) PROCESS FOR REVOCATION OR SUSPENSION OF  
 9           AUTHORITY OR CEASE AND DESIST ORDERS.—

10           “(1) NOTICE.—Before revoking or suspending  
 11           the authority of a participating lender pursuant to  
 12           subsection (e) or issuing a cease and desist order  
 13           pursuant to subsection (f), the Administration  
 14           shall—

15           “(A) provide notice to the participating  
 16           lender that such action is contemplated; and

17           “(B) provide the participating lender with  
 18           an opportunity to show cause why such action  
 19           should not be taken.

20           “(2) CONTENTS.—A notice under paragraph  
 21           (1) shall contain—

22           “(A) a statement of the matters of fact  
 23           and law asserted by the Administration;

1           “(B) a description of the legal authority  
2           and jurisdiction under which a hearing is to be  
3           held; and

4           “(C) the time and place of the hearing that  
5           will be held before the Administration.

6           “(3) HEARING.—

7           “(A) IN GENERAL.—A hearing under this  
8           subsection shall take place before the Office of  
9           Hearings and Appeals of the Administration.

10          “(B) SUBPOENA.—The Administration  
11          may require by subpoena—

12               “(i) the attendance and testimony of  
13               witnesses; and

14               “(ii) the production of all books, pa-  
15               pers, e-mails, faxes, and documents relat-  
16               ing to the hearing under this paragraph.

17          “(C) ENFORCEMENT OF SUBPOENA.—If a  
18          party disobeys a subpoena issued under sub-  
19          paragraph (B), the Administration, or any  
20          party to a proceeding before the Administra-  
21          tion, may invoke the aid of any court of the  
22          United States to require—

23               “(i) the attendance and testimony of  
24               witnesses; and

1 “(ii) the production of books, papers,  
2 e-mails, faxes, and documents.

3 “(D) WITNESS FEES.—Witnesses sum-  
4 moned before the Administration shall be paid,  
5 by the party at whose instance they were called,  
6 the same fees and mileage that are paid wit-  
7 nesses in the courts of the United States.

8 “(4) ISSUANCE OF ORDER.—

9 “(A) IN GENERAL.—If the Administration,  
10 after a hearing, or a waiver thereof, determines  
11 on the record that an order revoking or sus-  
12 pending the authority of a participating lender  
13 under section 7(a) or a cease and desist order  
14 should be issued, the Administration shall  
15 promptly issue such order to the participating  
16 lender and any other person involved.

17 “(B) CONTENTS.—The order issued under  
18 subparagraph (A) shall contain—

19 “(i) a statement of the findings of the  
20 Administration;

21 “(ii) the reasons therefore; and

22 “(iii) the effective date of the order.

23 “(C) EFFECTIVE DATE.—

24 “(i) CEASE AND DESIST ORDER.—A  
25 cease and desist order issued under this

1 paragraph shall become effective on the  
2 date specified therein.

3 “(ii) REVOCATION OR SUSPENSION.—

4 An order revoking or suspending the au-  
5 thority of a participating lender under sec-  
6 tion 7(a) shall be final and conclusive 30  
7 days after the date of issuance of such  
8 order unless the participating lender files  
9 an appeal under paragraph (5).

10 “(5) APPEAL.—

11 “(A) APPEAL BY RIGHT.—Not later than  
12 30 days after an order is issued under para-  
13 graph (4), a participating lender may appeal  
14 such order by filing a petition requesting that  
15 the Administration’s order be set aside or modi-  
16 fied with the clerk of the United States district  
17 court for the judicial district in which such par-  
18 ticipating lender has its principal place of busi-  
19 ness.

20 “(B) LEAVE OF COURT.—After the expira-  
21 tion of the period described in subparagraph  
22 (A), a participating lender may file a petition of  
23 appeal only by leave of court and upon a show-  
24 ing of reasonable grounds for failure to timely  
25 file such petition.

1           “(C) DELIVERY OF PETITION.—Upon re-  
 2           ceiving a petition under this paragraph, the  
 3           clerk of the court shall immediately deliver a  
 4           copy of the petition to the Administration,  
 5           which shall certify and file in the court a tran-  
 6           script of the record upon which the order com-  
 7           plained of was entered.

8           “(D) AMENDMENT OF PETITION.—If the  
 9           Administration amends or sets aside its order,  
 10          in whole or in part, before the record is filed  
 11          under subparagraph (C), the petitioner may  
 12          amend the petition within such time as the  
 13          court may determine, on notice to the Adminis-  
 14          tration.

15          “(E) EFFECT OF PETITION.—The filing of  
 16          a petition for review shall not affect the oper-  
 17          ation of the order of the Administration, but  
 18          the district court may restrain or suspend, in  
 19          whole or in part, the operation of the order  
 20          pending the final hearing and determination of  
 21          the petition.

22          “(F) AUTHORITY OF COURT.—

23                 “(i) IN GENERAL.—Except as pro-  
 24                 vided under clause (ii), the district court  
 25                 may affirm, modify, or set aside any order

1 of the Administration issued under this  
2 subsection.

3 “(ii) LIMITATION.—The district court  
4 shall not consider an objection to an order  
5 of the Administration unless such objection  
6 was presented to the Administration or  
7 there were reasonable grounds for failure  
8 to do so.

9 “(G) ADDITIONAL EVIDENCE.—

10 “(i) IN GENERAL.—If the district  
11 court determines that the just and proper  
12 disposition of the case requires the taking  
13 of additional evidence, the court may take  
14 additional evidence and findings of fact, or  
15 may order the Administration to reopen  
16 the hearing for the taking of such evi-  
17 dence, in such manner and upon such  
18 terms and conditions as the court deter-  
19 mines to be proper.

20 “(ii) MODIFICATION OF FINDINGS.—  
21 The Administration may modify its find-  
22 ings as to the facts, or make new findings,  
23 by reason of the additional evidence so  
24 taken, and it shall file its modified or new  
25 findings and the amendments, if any, of its



1           order, with the record of such additional  
2           evidence.

3           “(6) ENFORCEMENT OF ORDER.—

4           “(A) IN GENERAL.—If any participating  
5           lender or other person against which an order  
6           is issued under this section fails to obey the  
7           order, the Administration may file an applica-  
8           tion with the United States district court within  
9           the judicial district where the participating  
10          lender has its principal place of business, for  
11          the enforcement of the order by filing a tran-  
12          script of the record upon which the disobeyed  
13          order was entered.

14          “(B) NOTICE.—Upon the receipt of the  
15          application filed under subparagraph (A), the  
16          court shall notify the participating lender or  
17          other person of such enforcement action.

18          “(C) PROCEDURE.—The evidence to be  
19          considered, the procedure to be followed, and  
20          the jurisdiction of the court shall be the same  
21          as is provided in paragraph (5) for applications  
22          to set aside or modify orders.

23          “(h) REMOVAL OR SUSPENSION OF MANAGEMENT  
24          OFFICIALS.—

25          “(1) REMOVAL OF MANAGEMENT OFFICIALS.—

1           “(A) NOTICE OF REMOVAL.—The Adminis-  
2           trator may serve upon any management official  
3           a written notice of its intention to remove that  
4           management official if, in the opinion of the  
5           Administrator such management official—

6                   “(i) has willfully and knowingly com-  
7                   mitted any substantial violation of—

8                           “(I) this Act;

9                           “(II) any regulation issued under  
10                          this Act;

11                          “(III) a cease-and-desist order  
12                          which has become final; or

13                          “(IV) any agreement by the man-  
14                          agement official or the participating  
15                          lender; or

16                   “(ii) has willfully and knowingly com-  
17                   mitted or engaged in any act, omission, or  
18                   practice which constitutes a substantial  
19                   breach of a fiduciary duty of that person  
20                   as a management official if the violation or  
21                   breach of fiduciary duty involves personal  
22                   dishonesty on the part of such manage-  
23                   ment official.

1           “(B) CONTENTS OF NOTICE.—A notice  
2           provided under subparagraph (A) shall con-  
3           tain—

4                   “(i) a statement of the facts consti-  
5                   tuting the grounds for the removal of the  
6                   management official; and

7                   “(ii) the time and place at which a  
8                   hearing will be held to determine if the  
9                   management official should be removed  
10                  from office.

11          “(C) HEARINGS.—

12                   “(i) TIMING.—A hearing described in  
13                   subparagraph (B) shall take place not ear-  
14                   lier than 30 days nor later than 60 days  
15                   after the date on which notice is provided  
16                   under subparagraph (A), unless an earlier  
17                   or later date is set by the Administrator at  
18                   the request of—

19                           “(I) the management official, for  
20                           good cause shown; or

21                           “(II) the Attorney General of the  
22                           United States.

23                   “(ii) CONSENT.—If the management  
24                   official fails to appear, in person or by a  
25                   duly authorized representative, at a hear-

ing under this paragraph, that management official shall be deemed to have consented to the issuance of an order of removal under subparagraph (A).

“(D) ISSUANCE OF ORDER OF REMOVAL.—

“(i) IN GENERAL.—The Administrator may issue an order of removal from office if—

“(I) consent is deemed under subparagraph (C)(ii); or

“(II) the Administrator finds, upon the record of the hearing described in this subsection, that any of the grounds specified in the notice of removal has been established.

“(ii) EFFECTIVENESS.—An order under clause (i) shall—

“(I) become effective on the expiration of the date which is 30 days after the date that notice is provided to the participating lender and the management official concerned (except in the case of an order issued upon consent as described in ~~clause~~ *subparagraph* (C)(ii), which shall become

1 effective at the time specified in such  
2 order); and

3 “(II) remain effective and en-  
4 forceable, except to the extent it is  
5 stayed, modified, terminated, or set  
6 aside by action of the Administrator  
7 or a reviewing court, in accordance  
8 with this section.

9 “(2) AUTHORITY TO SUSPEND OR PROHIBIT  
10 PARTICIPATION.—

11 “(A) IN GENERAL.—The Administrator  
12 may—

13 “(i) if necessary to protect the Small  
14 Business Lending Company or interests of  
15 the Administration, suspend from office  
16 any management official described in para-  
17 graph (1), or temporarily prohibit such of-  
18 ficial from further participating in the  
19 management or conduct of the affairs of  
20 the Small Business Lending Company; and

21 “(ii) if necessary to protect the inter-  
22 ests of the Administration, suspend from  
23 office any management official described in  
24 paragraph (1) or prohibit from further  
25 participation a non-federally regulated

1 SBA lender or any management official de-  
 2 scribed in paragraph (1) in any activities  
 3 related to the making, servicing, review,  
 4 approval, or liquidation of any loan made  
 5 under section 7(a).

6 “(B) EFFECTIVENESS.—A suspension or  
 7 prohibition under subparagraph (A)—

8 “(i) shall become effective upon serv-  
 9 ice of notice under paragraph (1); and

10 “(ii) unless stayed by a court in pro-  
 11 ceedings under subparagraph (C), shall re-  
 12 main in effect—

13 “(I) pending the completion of  
 14 the administrative proceedings pursu-  
 15 ant to a notice under paragraph (1);  
 16 and

17 “(II) until the Administrator dis-  
 18 misses the charges specified in the no-  
 19 tice, or, if an order of removal or pro-  
 20 hibition is issued against the manage-  
 21 ment official, until the effective date  
 22 of any such order.

23 “(C) JUDICIAL REVIEW.—Not later than  
 24 10 days after any management official has been  
 25 suspended from office or prohibited from par-

1           ticipation in the management or conduct of the  
 2           affairs of a participating lender, the manage-  
 3           ment official may apply for a stay of the sus-  
 4           pension or prohibition, pending the completion  
 5           of the administrative proceedings under this  
 6           subsection, to—

7                   “(i) the United States district court  
 8                   for the judicial district in which the home  
 9                   office of the participating lender is located;  
 10                  or

11                  “(ii) the United States District Court  
 12                  for the District of Columbia.

13           “(3) AUTHORITY TO SUSPEND ON CRIMINAL  
 14           CHARGES.—

15                   “(A) IN GENERAL.—If a management offi-  
 16                   cial is charged, in any information, indictment,  
 17                   or complaint authorized by a United States at-  
 18                   torney or a State prosecutor, with the commis-  
 19                   sion of a felony involving dishonesty or breach  
 20                   of trust, or has been convicted of any felony,  
 21                   the Administrator may suspend that manage-  
 22                   ment official from office or prohibit that man-  
 23                   agement official from further participation in  
 24                   the management or conduct of the affairs of the  
 25                   participating lender.

1           “(B) EFFECTIVENESS.—A suspension or  
 2 prohibition under paragraph (A) shall remain in  
 3 effect until the subject information, indictment,  
 4 or complaint is finally disposed of, or until ter-  
 5 minated by the Administrator.

6           “(C) AUTHORITY UPON CONVICTION.—

7           “(i) IN GENERAL.—If a judgment of  
 8 conviction with respect to an offense de-  
 9 scribed in paragraph (A) is entered against  
 10 a management official and is no longer  
 11 subject to appellate review, the Adminis-  
 12 trator may issue an order removing that  
 13 management official from office.

14          “(ii) NOTICE.—A copy of the order  
 15 issued under clause (i) shall be delivered to  
 16 the management official and the partici-  
 17 pating lender for which such official was  
 18 employed.

19          “(iii) EFFECTIVE DATE.—The order  
 20 of removal under clause (i) shall take ef-  
 21 fect upon the delivery of a copy of the  
 22 order to the participating lender.

23          “(D) AUTHORITY UPON DISMISSAL OR  
 24 OTHER DISPOSITION.—A finding of not guilty  
 25 or other disposition of charges described in sub-



paragraph (A) shall not preclude the Administrator from initiating proceedings to suspend or remove the management official from office, or to temporarily prohibit the management official from participation in the management or conduct of the affairs of any participating lender.

“(4) PROCEDURAL PROVISIONS; JUDICIAL REVIEW.—

“(A) HEARING VENUE.—Any hearing under this subsection shall be—

“(i) held in the Federal judicial district or in the territory in which the principal office of the participating lender is located, unless the party afforded the hearing consents to another place; and

“(ii) conducted in accordance with the provisions of chapter 5 of title 5, United States Code.

“(B) ISSUANCE OF ORDERS.—After a hearing under this subsection, and not later than 90 days after the Administrator has notified the parties that the case has been submitted for final decision, the Administrator shall—

1 “(i) render a decision in the matter,  
 2 which shall include findings of fact upon  
 3 which its decision is predicated; and

4 “(ii) issue and serve upon each party  
 5 to the proceeding an order or orders con-  
 6 sistent with the provisions of this section.

7 “(C) AUTHORITY TO MODIFY ORDERS.—  
 8 The Administrator may modify, terminate, or  
 9 set aside any order issued under this section—

10 “(i) at any time, upon such notice,  
 11 and in such manner as the Administrator  
 12 may prescribe, until a petition for review is  
 13 timely filed with a United States district  
 14 court, in accordance with subparagraph  
 15 (D)(ii) and a record of the proceeding has  
 16 been filed in accordance with subparagraph  
 17 (D)(iii); and

18 “(ii) after the filing of the record  
 19 under subparagraph (D)(iii), with permis-  
 20 sion of the court.

21 “(D) JUDICIAL REVIEW.—

22 “(i) IN GENERAL.—Judicial review of  
 23 an order issued under this section shall be  
 24 limited to the provisions of this subsection.

1           “(ii) PETITION FOR JUDICIAL RE-  
2 VIEW.—Any party to a hearing under this  
3 section may obtain a review of any order  
4 issued pursuant to subparagraph (B)  
5 (other than an order issued with the con-  
6 sent of the management official concerned  
7 or an order issued under subsection (d)),  
8 by filing, not later than 30 days after the  
9 date of service of such order, in the United  
10 States district court for the judicial district  
11 in which the principal office of the licensee  
12 is located or in the United States District  
13 Court for the District of Columbia, a writ-  
14 ten petition requested that the order be  
15 modified, terminated, or set aside.

16           “(iii) NOTICE TO ADMINISTRATION.—  
17 The clerk of the court receiving a petition  
18 under ~~subparagraph~~ *clause* (ii) shall trans-  
19 mit a copy of the petition to the Adminis-  
20 trator, who shall submit to the court the  
21 record of the proceeding, in accordance  
22 with section 2112 of title 28, United  
23 States Code.

24           “(iv) JURISDICTION.—

1                   “(I) EXCLUSIVE.—Upon the fil-  
 2                   ing of the record under clause (iii),  
 3                   the district court described in clause  
 4                   (ii) shall have exclusive jurisdiction to  
 5                   affirm, modify, terminate, or set  
 6                   aside, in whole or in part, the order of  
 7                   the Administrator, except as provided  
 8                   under paragraph (2)(B)(ii)(II).

9                   “(II) REVIEW.—The review of  
 10                  any proceeding under subclause (I)  
 11                  shall be in accordance with chapter 7  
 12                  of title 5, United States Code.

13                  “(v) JUDICIAL REVIEW NOT A STAY.—  
 14                  The commencement of proceedings for ju-  
 15                  dicial review under this paragraph shall  
 16                  not, unless specifically ordered by the dis-  
 17                  trict court, operate as a stay of any order  
 18                  issued by the Administrator under this sec-  
 19                  tion.

20                  “(i) INJUNCTIONS.—

21                  “(1) APPLICATION.—If, in the judgment of the  
 22                  Administrator, a participating lender or any other  
 23                  person has engaged, or is about to engage, in any  
 24                  acts or practices which violate any provision of this  
 25                  Act, any rule or regulation under this Act, or any

1       order issued under this Act, the Administrator may  
 2       apply to the proper district court of the United  
 3       States, or a United States court of any place subject  
 4       to the jurisdiction of the United States, for an order  
 5       to—

6                   “(A) enjoin such acts or practices; or

7                   “(B) enforce compliance with such provi-  
 8       sion, rule, regulation, or order.

9                   “(2) JURISDICTION.—A court under paragraph  
 10       (1) shall have jurisdiction over any action under  
 11       paragraph (1).

12                  “(3) ISSUANCE.—Upon a showing by the Ad-  
 13       ministrator that a participating lender or other per-  
 14       son has engaged, or is about to engage, in any act  
 15       or practice described in paragraph (1), the court  
 16       shall issue, without bond—

17                   “(A) a permanent or temporary injunction;

18                   “(B) a restraining order; or

19                   “(C) any other appropriate order.

20                  “(j) APPOINTMENT OF RECEIVERS.—In any injunc-  
 21       tion proceeding under subsection (i), the district court  
 22       may—

23                   “(1) seize the assets of 1 or more Small Busi-  
 24       ness Lending Companies; and

1           “(2) appoint the Administration, or another re-  
 2           ceiver, to hold or administer the assets seized under  
 3           paragraph (1) under the direction of the court.

4           “(k) POSSESSION OF ASSETS.—

5           “(1) SMALL BUSINESS LENDING COMPANIES.—

6           If a Small Business Lending Company is insolvent,  
 7           out of compliance with capital requirements under  
 8           this section, or otherwise operating in an unsafe or  
 9           unsound condition, the Administration may take  
 10          possession of—

11                  “(A) the portfolio of loans guaranteed by  
 12                  the Administration and sell such loans to a  
 13                  third party through a receiver appointed under  
 14                  subsection (j)(2); and

15                  “(B) servicing activities of loans that are  
 16                  guaranteed by the Administration and sell such  
 17                  servicing rights to a third party through a re-  
 18                  ceiver appointed under subsection (j)(2).

19           “(2) NON-FEDERALLY REGULATED SBA LEND-  
 20          ERS.—If a non-federally regulated SBA lender is in-  
 21          solvent or otherwise operating in an unsafe and un-  
 22          sound condition, the Administration may take pos-  
 23          session of—

1           “(A) the portfolio of loans guaranteed by  
 2           the Administration and sell such loans to a  
 3           third party; and

4           “(B) servicing activities of loans that are  
 5           guaranteed by the Administration and sell such  
 6           servicing rights to a third party.

7           “(l) PENALTIES AND FORFEITURES.—

8           “(1) IN GENERAL.—Except as provided under  
 9           paragraph (3), a Small Business Lending Company  
 10          or a non-federally regulated SBA lender that violates  
 11          any regulation or written directive issued by the Ad-  
 12          ministrator regarding the filing of any regular or  
 13          special report shall pay to the United States a civil  
 14          penalty of not more than \$5,000 for every day after  
 15          the due date in which the lender fails to file such re-  
 16          port, unless such failure is due to reasonable cause  
 17          and not willful neglect.

18          “(2) RECOVERY OF CIVIL PENALTY.—The civil  
 19          penalty provided for in this section shall accrue to  
 20          the United States and may be recovered in a civil  
 21          action brought by the Administration.

22          “(3) EXEMPTION.—The Administrator may, by  
 23          regulation, order, or upon the application of an in-  
 24          terested party, at any time before a report is due  
 25          under paragraph (1) and after notice and oppor-

1 tunity for hearing, exempt, in whole or in part, any  
 2 Small Business Lending Company from the provi-  
 3 sions of paragraph (1), upon such terms and condi-  
 4 tions and for such period of time as the Adminis-  
 5 trator determines to be appropriate, if the Adminis-  
 6 trator finds that such action is consistent with the  
 7 public interest or the protection of the Administra-  
 8 tion.

9 “(4) ALTERNATIVE REQUIREMENTS.—If an ex-  
 10 emption is granted under paragraph (3), the Admin-  
 11 istrator may, for the purposes of this section, make  
 12 any alternative requirements appropriate to the situ-  
 13 ation.”.

14 **SEC. 223. DEFINITIONS FOR SMALL BUSINESS LENDING**  
 15 **COMPANIES AND NON-FEDERALLY REGU-**  
 16 **LATED SBA LENDERS.**

17 Section 3 of the Small Business Act (15 U.S.C. 632)  
 18 is amended—

19 (1) in subsection (l), by striking “Act—  
 20 “(1) the term” and inserting “Act, the term”;  
 21 and

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

23 “(r) SMALL BUSINESS LENDING COMPANY.—In this  
 24 Act, the term ‘Small Business Lending Company’ means  
 25 a non-depository financial institution that is licensed, su-



1 pervised, examined, and regulated by the Administration  
 2 to only make loans under section 7.

3 “(s) NON-FEDERALLY REGULATED SBA LENDER.—  
 4 In this Act, the term ‘non-federally regulated SBA lender’  
 5 means a financial institution, other than a Small Business  
 6 Lending Company, that makes loans under section 7 and  
 7 is not regulated by—

8 “(1) the Farm Credit Administration;

9 “(2) the Federal Financial Institution Exam-  
 10 ination Council;

11 “(3) the Board of Governors of the Federal Re-  
 12 serve System;

13 “(4) the Office of the Comptroller of the Cur-  
 14 rency;

15 “(5) the Federal Deposit Insurance Corpora-  
 16 tion;

17 “(6) the Office of Thrift Supervision; or

18 “(7) the National Credit Union Administra-  
 19 tion.”.

## 20 **Subtitle D—Disaster Assistance** 21 **Loan Program**

### 22 **SEC. 231. CONFORMING AMENDMENT FOR DISASTER AS-** 23 **SISTANCE LOAN PROGRAM.**

24 Section 7(c)(6) of the Small Business Act (15 U.S.C.  
 25 636(c)(6)) is amended—

1           (1) by striking “\$500,000” each place it ap-  
 2           pears and inserting “\$1,500,000”; and

3           (2) by inserting “commencing on or after April  
 4           1, 1993,” before “unless an applicant”.

5 **SEC. 232. DISASTER RELIEF FOR SMALL BUSINESS CON-**  
 6 **CERNS DAMAGED BY DROUGHT.**

7           (a) DROUGHT DISASTER AUTHORITY.—

8           (1) DEFINITION OF DISASTER.—Section 3(k) of  
 9           the Small Business Act (15 U.S.C. 632(k)) is  
 10          amended—

11                   (A) by inserting “(1)” after “(k)”; and

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

13           “(2) For purposes of section 7(b)(2), the term ‘dis-  
 14          aster’ includes—

15                   “(A) drought; and

16                   “(B) below average water levels in the Great  
 17          Lakes, or on any body of water in the United States  
 18          that supports commerce by small business con-  
 19          cerns.”.

20           (2) DROUGHT DISASTER RELIEF AUTHORITY.—

21          Section 7(b)(2) of the Small Business Act (15  
 22          U.S.C. 636(b)(2)) is amended—

23                   (A) by inserting “(including drought), with  
 24          respect to both farm-related and nonfarm-re-

1           lated small business concerns,” before “if the  
2           Administration”; and

3                   (B) in subparagraph (B), by striking “the  
4           Consolidated Farmers Home Administration  
5           Act of 1961 (7 U.S.C. 1961)” and inserting the  
6           following: “section 321 of the Consolidated  
7           Farm and Rural Development Act (7 U.S.C.  
8           1961), in which case, assistance under this  
9           paragraph may be provided to farm-related and  
10          nonfarm-related small business concerns, sub-  
11          ject to the other applicable requirements of this  
12          paragraph”.

13          (b) LIMITATION ON LOANS.—From funds otherwise  
14          appropriated pursuant to section 20 for loans under sec-  
15          tion 7(b) of the Small Business Act (15 U.S.C. 636(b)),  
16          not more than \$9,000,000 may be used during fiscal year  
17          2004 to provide drought disaster loans to nonfarm-related  
18          small business concerns.

19          (c) PROMPT RESPONSE TO DISASTER REQUESTS.—  
20          Section 7(b)(2)(D) of the Small Business Act (15 U.S.C.  
21          636(b)(2)(D)) is amended by striking “Upon receipt of  
22          such certification, the Administration may” and inserting  
23          “Not later than 30 days after the date of receipt of such  
24          certification by a Governor of a State, the Administration

1 shall respond in writing to that Governor on its determina-  
 2 tion and the reasons therefore, and may”.

3 (d) RULEMAKING.—Not later than 45 days after the  
 4 date of enactment of this section, the Administrator shall  
 5 promulgate final rules to carry out this section and the  
 6 amendments made by this section.

7 **SEC. 233. DISASTER MITIGATION PILOT PROGRAM.**

8 Section 7(b)(1)(C) of the Small Business Act (15  
 9 U.S.C. 636(b)(1)(C)) is amended by striking “2000  
 10 through 2004” and inserting “2003 through 2006”.

11 **Subtitle E—504 Loan Program**

12 **SEC. 241. EXTENSION OF USER FEES.**

13 Section 503(f) of the Small Business Investment Act  
 14 of 1958 (15 U.S.C. 697(f)) is amended by striking “Octo-  
 15 ber 1, 2003” and inserting “October 1, 2006”.

16 **SEC. 242. AMORTIZED LOAN LOSS RESERVE FUND.**

17 Paragraph (6) of section 508(c) of the Small Busi-  
 18 ness Investment Act of 1958 (15 U.S.C. 697e(c)) is  
 19 amended—

20 (1) by striking “The Administration” and in-  
 21 serting the following:

22 “(A) IN GENERAL.—The Administration”;

23 and

24 (2) by adding at the end the following new sub-  
 25 paragraph:

1                   “(B) TEMPORARY REDUCTION BASED ON  
 2           OUTSTANDING       BALANCE.—Notwithstanding  
 3           subparagraph (A), the Administration shall  
 4           allow the certified development company to  
 5           withdraw from the loss reserve such amounts as  
 6           are in excess of 1 percent of the aggregate out-  
 7           standing balances of debentures to which such  
 8           loss reserve relates. The preceding sentence  
 9           shall not apply with respect to any debenture  
 10          before 100 percent of the contribution described  
 11          in paragraph (4) with respect to such debenture  
 12          has been made.”.

13 **SEC. 243. ALTERNATIVE LOSS RESERVE FOR CERTAIN PRE-**  
 14 **MIER CERTIFIED LENDERS.**

15       (a) IN GENERAL.—Subsection (c) of section 508 of  
 16 the Small Business Investment Act of 1958 (15 U.S.C.  
 17 697e) is amended by adding at the end the following:

18                   “(7) ALTERNATIVE LOSS RESERVE.—  
 19                   “(A) ELECTION.—With respect to any eli-  
 20                   gible calendar quarter, any qualified high loss  
 21                   reserve PCL may elect to have the requirements  
 22                   of this paragraph apply in lieu of the require-  
 23                   ments of paragraphs (2) and (4) for such quar-  
 24                   ter.

25                   “(B) CONTRIBUTIONS.—

1                   “(i) ORDINARY RULES INAPPLI-  
 2 CABLE.—Except as provided under clause  
 3 (ii) and paragraph (5), a qualified high  
 4 loss reserve PCL that makes the election  
 5 described in subparagraph (A) with respect  
 6 to a calendar quarter shall not be required  
 7 to make contributions to its loss reserve  
 8 during such quarter.

9                   “(ii) BASED ON LOSS.—A qualified  
 10 high loss reserve PCL that makes the elec-  
 11 tion described in subparagraph (A) with  
 12 respect to any calendar quarter shall, be-  
 13 fore the last day of such quarter, make  
 14 such contributions to its loss reserve as are  
 15 necessary to ensure that the amount of the  
 16 loss reserve of the PCL is—

17                   “(I) not less than \$100,000; and

18                   “(II) sufficient, as determined by  
 19 a qualified independent auditor, for  
 20 the PCL to meet its obligations to  
 21 protect the Federal Government from  
 22 risk of loss.

23                   “(iii) CERTIFICATION.—Before the  
 24 end of any calendar quarter for which an  
 25 election is in effect under subparagraph

1 (A), the head of the PCL shall submit to  
2 the Administrator a certification that the  
3 loss reserve of the PCL is sufficient to  
4 meet such PCL's obligation to protect the  
5 Federal Government from risk of loss.  
6 Such certification shall be in such form  
7 and submitted in such manner as the Ad-  
8 ministrator may require and shall be  
9 signed by the head of such PCL and the  
10 auditor making the determination under  
11 clause (ii)(II).

12 “(C) DISBURSEMENTS.—

13 “(i) ORDINARY RULE INAPPLI-  
14 CABLE.—Paragraph (6) shall not apply  
15 with respect to any qualified high loss re-  
16 serve PCL for any calendar quarter for  
17 which an election is in effect under sub-  
18 paragraph (A).

19 “(ii) EXCESS FUNDS.—At the end of  
20 each calendar quarter for which an election  
21 is in effect under subparagraph (A), the  
22 Administration shall allow the qualified  
23 high loss reserve PCL to withdraw from its  
24 loss reserve the excess of—

1                   “(I) the amount of the loss re-  
2                   serve, over

3                   “(II) the greater of \$100,000 or  
4                   the amount which is determined under  
5                   subparagraph (B)(ii) to be sufficient  
6                   to meet the PCL’s obligation to pro-  
7                   tect the Federal Government from  
8                   risk of loss.

9                   “(D) RECONTRIBUTION.—If the require-  
10                  ments of this paragraph apply to a qualified  
11                  high loss reserve PCL for any calendar quarter  
12                  and cease to apply to such PCL for any subse-  
13                  quent calendar quarter, such PCL shall make a  
14                  contribution to its loss reserve in such amount  
15                  as the Administrator may determine provided  
16                  that such amount does not exceed the amount  
17                  which would result in the total amount in the  
18                  loss reserve being equal to the amount which  
19                  would have been in such loss reserve had this  
20                  paragraph never applied to such PCL. The Ad-  
21                  ministrator may require that such payment be  
22                  made as a single payment or as a series of pay-  
23                  ments.

24                  “(E) RISK MANAGEMENT.—If a qualified  
25                  high loss reserve PCL fails to meet the require-



ment of subparagraph (F)(iii) during any period for which an election is in effect under subparagraph (A) and such failure continues for 180 days, the requirements of paragraphs (2), (4), and (6) shall apply to such PCL as of the end of such 180-day period and such PCL shall make the contribution to its loss reserve described in subparagraph (D). The Administrator may waive the requirements of this subparagraph.

“(F) QUALIFIED HIGH LOSS RESERVE PCL.—The term ‘qualified high loss reserve PCL’ means, with respect to any calendar year, any premier certified lender designated by the Administrator as a qualified high loss reserve PCL for such year. The Administrator shall not designate a company under the preceding sentence unless the Administrator determines that—

“(i) the amount of the loss reserve of the company is not less than \$100,000;

“(ii) the company has established and is utilizing an appropriate and effective process for analyzing the risk of loss associated with its portfolio of PCLP loans and

1 for grading each PCLP loan made by the  
 2 company on the basis of the risk of loss as-  
 3 sociated with such loan; and

4 “(iii) the company meets or exceeds 4  
 5 or more of the specified risk management  
 6 benchmarks as of the most recent assess-  
 7 ment by the Administration or the Admin-  
 8 istration has issued a waiver with respect  
 9 to the requirement of this clause.

10 “(G) SPECIFIED RISK MANAGEMENT  
 11 BENCHMARKS.—For purposes of this para-  
 12 graph, the term ‘specified risk management  
 13 benchmarks’ means the following rates, as de-  
 14 termined by the Administrator:

15 “(i) Currency rate.

16 “(ii) Delinquency rate.

17 “(iii) Default rate.

18 “(iv) Liquidation rate.

19 “(v) Loss rate.

20 “(H) QUALIFIED INDEPENDENT AUDI-  
 21 TOR.—For purposes of this paragraph, the term  
 22 ‘qualified independent auditor’ means any li-  
 23 censed auditor who—

24 “(i) is compensated by the qualified  
 25 high loss reserve PCL;

1 “(ii) is independent of such PCL; and

2 “(iii) has been approved by the Ad-  
3 ministrator during the preceding year.

4 “(I) PCLP LOAN.—For purposes of this  
5 paragraph, the term ‘PCLP loan’ means any  
6 loan guaranteed under this section.

7 “(J) ELIGIBLE CALENDAR QUARTER.—For  
8 purposes of this paragraph, the term ‘eligible  
9 calendar quarter’ means—

10 “(i) the first calendar quarter that be-  
11 gins after the end of the 90-day period be-  
12 ginning with the date of the enactment of  
13 this paragraph; and

14 “(ii) the ~~7~~ 11 succeeding calendar  
15 quarters.

16 “(K) CALENDAR QUARTER.—For purposes  
17 of this paragraph, the term ‘calendar quarter’  
18 means—

19 “(i) the period which begins on Janu-  
20 ary 1 and ends on March 31 of each year;

21 “(ii) the period which begins on April  
22 1 and ends on June 30 of each year;

23 “(iii) the period which begins on July  
24 1 and ends on September 30 of each year;  
25 and

1 “(iv) the period which begins on Octo-  
 2 ber 1 and ends on December 31 of each  
 3 year.

4 “(L) REGULATIONS.—Not later than 45  
 5 days after the date of the enactment of this  
 6 paragraph, the Administrator shall publish in  
 7 the Federal Register and transmit to Congress  
 8 regulations to carry out this paragraph. Such  
 9 regulations shall include provisions relating  
 10 to—

11 “(i) the approval of auditors under  
 12 subparagraph (H); and

13 “(ii) the designation of qualified high  
 14 loss reserve PCLs under subparagraph  
 15 (F), including the determination of wheth-  
 16 er a process for analyzing risk of loss is  
 17 appropriate and effective for purposes of  
 18 subparagraph (F)(ii).”.

19 (b) INCREASED REIMBURSEMENT FOR LOSSES RE-  
 20 LATED TO DEBENTURES ISSUED DURING ELECTION PE-  
 21 RIOD.—Subparagraph (C) of section 508(b)(2) of the  
 22 Small Business Investment Act of 1958 (15 U.S.C.  
 23 697e(b)(2)) is amended by inserting “(15 percent in the  
 24 case of any such loss attributable to a debenture issued  
 25 by the company during any period for which an election

1 is in effect under subsection (c)(7) for such company)”  
 2 before “; and”.

3 (c) CONFORMING AMENDMENTS.—

4 (1) Subparagraph (D) of section 508(b)(2) of  
 5 the Small Business Investment Act of 1958 (15  
 6 U.S.C. 697e(b)(2)) is amended by striking “sub-  
 7 section (c)(2)” and inserting “subsection (c)”.

8 (2) Paragraph (5) of section 508(c) of the  
 9 Small Business Investment Act of 1958 (15 U.S.C.  
 10 697e(c)) is amended by striking “10 percent”.

11 (d) STUDY AND REPORT.—

12 (1) IN GENERAL.—The Administrator shall  
 13 enter into a contract with a Federal agency experi-  
 14 enced in community development lending and finan-  
 15 cial regulation or with a member of the Federal Fi-  
 16 nancial Institutions Examinations Council to study  
 17 and prepare a report regarding—

18 (A) the extent to which statutory require-  
 19 ments have caused over capitalization in the  
 20 loss reserves maintained by certified develop-  
 21 ment companies participating in the Premier  
 22 Certified Lenders Program established under  
 23 section 508 of the Small Business Investment  
 24 Act of 1958 (15 U.S.C. 697e); and

1 (B) alternatives for establishing and main-  
 2 taining loss reserves that are sufficient to pro-  
 3 tect the Federal Government from the risk of  
 4 loss associated with loans guaranteed under  
 5 such Program.

6 (2) TRANSMISSION OF REPORT.—The report  
 7 described in paragraph (1) shall be transmitted to  
 8 the Committee on Small Business of the House of  
 9 Representatives and the Committee on Small Busi-  
 10 ness and Entrepreneurship of the Senate not later  
 11 than 180 days after the date of the enactment of  
 12 this Act.

13 (3) LIMITATION.—The amount of the contract  
 14 described in paragraph (1) shall not exceed \$75,000.

15 **SEC. 244. DEBENTURE SIZE.**

16 Section 502(2) of the Small Business Investment Act  
 17 of 1958 (15 U.S.C. 696) is amended *to read as follows*:—

18 ~~(1) by striking “The Administration may,” and~~  
 19 ~~inserting the following:~~

20 ~~“(a) IN GENERAL.—The Administration may,”;~~

21 ~~(2) by striking “: Provided, however, That the~~  
 22 ~~foregoing powers” and inserting the following:~~

23 ~~“(b) CONDITIONS.—The authority under subsection~~  
 24 ~~(a)”;~~ and

1           ~~(2) in subsection (b) (as designated by para-~~  
 2           ~~graph (2)), by amending paragraph (2) to read as~~  
 3           ~~follows:~~

4           “(2) MAXIMUM AMOUNT.—Loans made by the  
 5           Administration under this section shall be limited  
 6           to—

7                   “(A) \$1,500,000 for each small business  
 8                   concern if the loan proceeds will not be directed  
 9                   toward a goal or project described in subpara-  
 10                  graph (B) or (C);

11                  “(B) \$2,000,000 for each small business  
 12                  concern if the loan proceeds will be directed to-  
 13                  ward 1 or more of the public policy goals de-  
 14                  scribed under section 501(d)(3); and

15                  ~~“(C) \$2,000,000 for each small business~~  
 16                  ~~concern if the loan proceeds will be directed to-~~  
 17                  ~~ward manufacturing projects.”.~~

18                  “(C) \$4,000,000 for each small business con-  
 19                  cern if the loan proceeds will be directed toward  
 20                  manufacturing projects.”.

21   **SEC. 245. JOB CREATION OR RETENTION STANDARDS.**

22           Section 501 of the Small Business Investment Act  
 23   of 1958 (15 U.S.C. 695) is amended by striking the un-  
 24   designated paragraph at the end and inserting the fol-  
 25   lowing:

1 “(e) JOB CREATION OR RETENTION.—

2 “(1) IN GENERAL.—A project being funded by  
3 the debenture is deemed to satisfy the job creation  
4 or retention requirement under subsection (d)(1) if  
5 the project creates or retains 1 job opportunity for  
6 every \$50,000 guaranteed by the Administration.

7 “(1) IN GENERAL.—A project being funded by  
8 the debenture is deemed to satisfy the job creation or  
9 retention requirement under subsection (d)(1) if the  
10 project creates or retains—

11 “(A) 1 job opportunity for every \$50,000  
12 guaranteed by the Administration; or

13 “(B) in the case of a manufacturing project,  
14 1 job opportunity for every \$100,000 guaranteed  
15 by the Administration.

16 “(2) TEMPORARY JOB CREATION WAIVER.—

17 “(A) IN GENERAL.—If a development com-  
18 pany fails to meet the job creation and reten-  
19 tion requirements under this section, the com-  
20 pany may apply for a temporary waiver from  
21 the Administration. Not later than 30 days  
22 after the request for such waiver, the Adminis-  
23 tration shall respond to the request and may  
24 temporarily waive the requirement if the devel-  
25 opment company shows reasonable cause for its



1 failure to meet the job creation and retention  
2 requirements under this section and dem-  
3 onstrates how it intends to attain such require-  
4 ments in the future.

5 “(B) AGGREGATION OF GOALS AND OBJEC-  
6 TIVES.—If a project meets the economic devel-  
7 opment objectives or public policy goals under  
8 paragraphs (2) and (3) of subsection (d), the  
9 project does not need to meet the individual job  
10 creation or retention requirements for that par-  
11 ticular project if the outstanding portfolio of  
12 the development company meets or exceeds the  
13 job creation or retention criteria under sub-  
14 section (d)(1).”.

15 **SEC. 246. SIMPLIFIED APPLICATIONS.**

16 (a) LOANS OF \$400,000 OR LESS.—

17 (1) IN GENERAL.—Not later than 180 days  
18 after the date of enactment of this Act, the Adminis-  
19 trator shall develop a shorter, more concise, and  
20 simplified application form for loan guarantees in-  
21 volving not more than \$400,000 authorized under  
22 section 504 of the Small Business Investment Act of  
23 1958 (15 U.S.C. 697a).

24 (2) AVAILABILITY TO CERTIFIED DEVELOP-  
25 MENT COMPANIES.—The form developed under para-

1 graph (1) shall be made available to certified devel-  
 2 opment companies not later than 180 days after the  
 3 date of enactment of this Act.

4 (b) ALL OTHER LOANS.—

5 (1) IN GENERAL.—Not later than 270 days  
 6 after the date of enactment of this Act, the Adminis-  
 7 trator shall develop a shorter, more concise, and  
 8 simplified application form for all loan guarantees  
 9 authorized under section 504 of the Small Business  
 10 Investment Act of 1958 (15 U.S.C. 697a), including  
 11 those described in subsection (a).

12 (2) AVAILABILITY TO CERTIFIED DEVELOP-  
 13 MENT COMPANIES.—The form developed under para-  
 14 graph (1) shall be made available to certified devel-  
 15 opment companies not later than 270 days after the  
 16 date of enactment of this Act.

17 **SEC. 247. CHILD CARE LENDING PILOT PROGRAM.**

18 (a) LOANS AUTHORIZED.—Section 502 of the Small  
 19 Business Investment Act of 1958 (15 U.S.C. 696) is  
 20 amended—

21 (1) in the matter preceding paragraph (1)—

22 (A) by striking “The Administration” and  
 23 inserting the following:

24 “(a) AUTHORIZATION.—The Administration”;

1 (B) by striking “and such loans” and in-  
 2 serting “. Such loans”;

3 (C) by striking “: *Provided, however,* That  
 4 the foregoing powers shall be subject to the fol-  
 5 lowing restrictions and limitations:” and insert-  
 6 ing a period; and

7 (D) by adding at the end the following:

8 “(b) RESTRICTIONS AND LIMITATIONS.—The author-  
 9 ity under subsection (a) shall be subject to the following  
 10 restrictions and limitations:”; and

11 (2) in paragraph (1)—

12 (A) by inserting after “USE OF PRO-  
 13 CEEDS.—” the following:

14 “(A) IN GENERAL.—”; and

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

16 “(B) LOANS TO SMALL, NONPROFIT CHILD  
 17 CARE BUSINESSES.—

18 “(i) IN GENERAL.—Notwithstanding  
 19 subsection (a)(1), the proceeds of any loan  
 20 described in subsection (a) may be used by  
 21 the certified development company to as-  
 22 sist small, nonprofit child care businesses,  
 23 provided that—

1                   “(I) the loan will be used for a  
2                   sound business purpose that has been  
3                   approved by the Administration;

4                   “(II) each such business receiv-  
5                   ing financial assistance meets all of  
6                   the same eligibility requirements ap-  
7                   plicable to for-profit businesses under  
8                   this title, except for status as a for-  
9                   profit business;

10                  “(III) 1 or more individuals has  
11                  personally guaranteed the loan;

12                  “(IV) the small, non-profit child  
13                  care business has clear and singular  
14                  title to the collateral for the loan; and

15                  “(V) the small, non-profit child  
16                  care business has sufficient cash flow  
17                  from its operations to meet its obliga-  
18                  tions on the loan and its normal and  
19                  reasonable operating expenses.

20                  “(ii) LIMITATION ON VOLUME.—Not  
21                  more than 7 percent of the total number of  
22                  loans guaranteed in any fiscal year under  
23                  this title may be awarded under the pilot  
24                  program.

1           “(iii) DEFINED TERM.—For purposes  
2 of this subparagraph, the term ‘small, non-  
3 profit child care business’ means an estab-  
4 lishment that—

5           “(I) is organized in accordance  
6 with section 501(c)(3) of the Internal  
7 Revenue Code of 1986;

8           “(II) is primarily engaged in pro-  
9 viding child care for infants, toddlers,  
10 pre-school, or pre-kindergarten chil-  
11 dren (or any combination thereof),  
12 may provide care for older children  
13 when they are not in school, and may  
14 offer pre-kindergarten educational  
15 programs;

16           “(III) including its affiliates, has  
17 tangible net worth that does not ex-  
18 ceed \$7,000,000, and has average net  
19 income (excluding any carryover  
20 losses) for the preceding 2 completed  
21 fiscal years that does not exceed  
22 \$2,500,000; and

23           “(IV) is licensed as a child care  
24 provider by the District of Columbia,

1 the insular area, or the State in which  
2 it is located.”.

3 “(iv) SUNSET PROVISION.—This sub-  
4 paragraph shall remain in effect until Sep-  
5 tember 30, 2006, and shall apply to all  
6 loans authorized under this subparagraph  
7 that are applied for, approved, or dis-  
8 bursed during the period beginning on the  
9 date of enactment of the Small Business  
10 Administration 50th Anniversary Reau-  
11 thorization Act of 2003 and ending on  
12 September 30, 2006.”.

13 (b) REPORTS.—

14 (1) SMALL BUSINESS ADMINISTRATION.—

15 (A) IN GENERAL.—Not later than 6  
16 months after the date of enactment of this Act,  
17 and every 6 months thereafter until September  
18 30, 2006, the Administrator shall submit a re-  
19 port on the implementation of the program  
20 under subsection (a) to—

21 (i) the Committee on Small Business  
22 and Entrepreneurship of the Senate; and

23 (ii) the Committee on Small Business  
24 of the House of Representatives.

1 (B) CONTENTS.—The report under sub-  
2 paragraph (A) shall contain—

3 (i) the date on which the program is  
4 implemented;

5 (ii) the date on which the rules are  
6 issued pursuant to subsection (c); and

7 (iii) the number and dollar amount of  
8 loans under the program applied for, ap-  
9 proved, and disbursed during the previous  
10 6 months—

11 “(I) with respect to nonprofit  
12 child care business; and

13 “(II) with respect to for profit  
14 child care business.

15 (2) GENERAL ACCOUNTING OFFICE.—

16 (A) IN GENERAL.—Not later than March  
17 31, 2006, the Comptroller General of the  
18 United States shall submit a report on the child  
19 care small business loans authorized by section  
20 502(b)(1)(B) of the Small Business Investment  
21 Act of 1958, as added by this Act, to—

22 (i) the Committee on Small Business  
23 and Entrepreneurship of the Senate; and

24 (ii) the Committee on Small Business  
25 of the House of Representatives.

1 (B) CONTENTS.—The report under sub-  
2 paragraph (A) shall contain information gath-  
3 ered during the first 2 years of the loan pro-  
4 gram, including—

5 (i) an evaluation of the timeliness of  
6 the implementation of the loan program;

7 (ii) a description of the effectiveness  
8 and ease with which certified development  
9 companies, lenders, and small businesses  
10 have participated in the loan program;

11 (iii) a description and assessment of  
12 how the loan program was marketed;

13 (iv) by location (State, insular area,  
14 and District of Columbia) and in total, the  
15 number of child care small businesses, cat-  
16 egorized by status as a for-profit or non-  
17 profit business, that—

18 (I) applied for loans under the  
19 program (and whether it was a new or  
20 expanding child care provider);

21 (II) were approved for loans  
22 under the program; and

23 (III) received loan disbursements  
24 under the program (and whether they



1 are a new or expanding child care pro-  
2 vider); and

3 (v) with respect to the businesses de-  
4 scribed under clause (iv)(III)—

5 (I) the number of such busi-  
6 nesses in each State, insular area, and  
7 District of Columbia, as of the year of  
8 enactment of this Act;

9 (II) the total amount loaned to  
10 such businesses under the program;

11 (III) the total number of loans to  
12 such businesses under the program;

13 (IV) the average loan amount  
14 and term;

15 (V) the currency rate, delin-  
16 quencies, defaults, and losses of the  
17 loans;

18 (VI) the number and percent of  
19 children served who receive subsidized  
20 assistance; and

21 (VII) the number and percent of  
22 children served who are low income.

23 (C) ACCESS TO INFORMATION.—

24 (i) IN GENERAL.—The Administration  
25 shall collect and maintain such information

as may be necessary to carry out this paragraph from certified development centers and child care providers, and such centers and providers shall comply with a request for information from the Administration for that purpose.

(ii) PROVISION OF INFORMATION TO GAO.—The Administration shall provide information collected under this subparagraph to the Comptroller General of the United States for purposes of the report required by this paragraph.

(c) RULEMAKING AUTHORITY.—Not later than 120 days after the date of enactment of this Act, the Administrator shall issue final rules to carry out the loan program authorized by section 502(b)(1)(B) of the Small Business Investment Act of 1958, as added by this Act.

**SEC. 248. DEFINITION OF RURAL AREA.**

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

“(f) DEFINITION OF RURAL AREA.—For purposes of this title, the term ‘rural area’ means any area other than—

1           “(1) a city or town with a population of not less  
2           than 50,000 inhabitants; or

3           “(2) the urbanized area adjacent to a city or  
4           town under subparagraph (A).”.

## 5       **Subtitle F—Surety Bond Program**

### 6       **SEC. 251. CLARIFICATION OF MAXIMUM SURETY BOND** 7                               **GUARANTEE.**

8           (a) IN GENERAL.—Section 411(a)(1) of the Small  
9       Business Investment Act of 1958 (15 U.S.C. 694b(a)(1))  
10      is amended by striking “contract up to” and inserting  
11      “total work order or contract amount at the time of bond  
12      execution that does not exceed”.

### 13      **SEC. 252. AUTHORIZATION OF PREFERRED SURETY BOND** 14                               **GUARANTEE PROGRAM.**

15           Section 411(a) of the Small Business Investment Act  
16      of 1958 (15 U.S.C. 694b(a)) is amended by adding at the  
17      end the following: “This paragraph shall remain in effect  
18      through September 30, 2006.”.

## 19      **Subtitle G—Miscellaneous**

### 20      **SEC. 261. COORDINATION OF SBA LOANS.**

21           Section 7(a)(3) of the Small Business Act (15 U.S.C.  
22      636(a)(3)) is amended—

23           (1) by inserting “TOTAL AMOUNT OF  
24      LOANS.—” before “No loan”; and

1           (2) by amending subparagraph (A) to read as  
2 follows:

3           “(A) if the total amount outstanding and  
4 committed (by participation or otherwise) to the  
5 borrower under section 7(a) would exceed  
6 \$1,000,000 (or if the gross loan amount would  
7 exceed \$2,000,000), except as provided in sub-  
8 paragraph (B), plus an amount not to exceed  
9 the maximum amount of a development com-  
10 pany financing under title V of the Small Busi-  
11 ness Investment Act of 1958 (15 U.S.C. 695 et  
12 seq.), and the Administration shall report to  
13 Congress in its annual budget request and per-  
14 formance plan on the number of small business  
15 concerns that have financings under both sec-  
16 tion 7(a) and under title V of the Small Busi-  
17 ness Investment Act of 1958, and the total  
18 amount and general performance of such  
19 financings;”.

20 **SEC. 262. LEASING OPTIONS FOR 7(a) AND 504 BORROWERS.**

21           (a) 7(a) LOANS.—Section 7(a)(28) of the Small Busi-  
22 ness Act (15 U.S.C. 636(a)(28)) is amended to read as  
23 follows:

24           “(28) LEASING.—In addition to such other  
25 lease arrangements as may be authorized by the Ad-

1       ministration, a borrower under this section may  
 2       lease, permanently or for a short term, to 1 or more  
 3       tenants, not more than 40 percent of any property  
 4       purchased or constructed as part of a project fi-  
 5       nanced under this section if the borrower perma-  
 6       nently occupies and uses not less than 60 percent of  
 7       the total business space of the property.”.

8       (b) 504 LOANS.—Subsection (b)(5) of section 502 of  
 9       the Small Business Investment Act of 1958 (15 U.S.C.  
 10      696), as redesignated by this Act, is amended to read as  
 11      follows:

12               “(5) LEASING.—In addition to such other lease  
 13      arrangements as may be authorized by the Adminis-  
 14      tration, a borrower under this title may lease, per-  
 15      manently or for a short term, to 1 or more tenants,  
 16      not more than 40 percent of any property purchased  
 17      or constructed as part of a project financed under  
 18      this title if the borrower permanently occupies and  
 19      uses not less than 60 percent of the total business  
 20      space of the property.”.

21      **SEC. 263. CALCULATION OF FINANCING LIMITATION FOR**  
 22                       **SMALL BUSINESS INVESTMENT COMPANIES.**

23      Section 306 of the Small Business Investment Act  
 24      of 1958 (15 U.S.C. 686) is amended by inserting after  
 25      subsection (a) the following:

1       “(b) In calculating the 20 percent limitation under  
 2 subsection (a) or any guarantee required of a small busi-  
 3 ness investment company by the Administration, only 50  
 4 percent of the value of any loans issued under either sec-  
 5 tion 7(a) of the Small Business Act or title V of this Act,  
 6 which are received by the enterprise in which the small  
 7 business investment company has issued commitments,  
 8 shall be taken into consideration, but for any 1 such enter-  
 9 prise, a small business investment company may not si-  
 10 multaneously take advantage of this discounted calcula-  
 11 tion for loans under both section 7(a) of the Small Busi-  
 12 ness Act (15 U.S.C. 636(a)) and title V of this Act.”.

13 **SEC. 264. ESTABLISHING ALTERNATIVE SIZE STANDARD.**

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

16           (1) by striking “When establishing” and insert-  
 17 ing the following: “ESTABLISHMENT OF SIZE  
 18 STANDARDS.—

19           “~~(1A)~~ IN GENERAL.—When establishing”; and

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

21           “~~(2B)~~ ALTERNATIVE SIZE STANDARD.—The  
 22 Administrator shall establish an alternative size  
 23 standard pursuant to paragraph (2), which—

24           “~~(A)~~ shall be applicable to loan applicants  
 25 under section 7(a) of this Act or title V of the

1 Small Business Investment Act of 1958 (15  
2 U.S.C. 695 et seq.); and

3 “(Bii) shall utilize the maximum net worth  
4 and maximum net income of the prospective  
5 borrower as an alternative to the use of indus-  
6 try standards.”.

7 **SEC. 265. PILOT PROGRAM FOR GUARANTEES ON POOLS OF**  
8 **NON-SBA LOANS.**

9 Title IV of the Small Business Investment Act of  
10 1958 (15 U.S.C. 692 et seq.) is amended by adding at  
11 the end the following:

12 “PART C—CREDIT ENHANCEMENT GUARANTEES

13 “SEC. 420. (a) The Administration is authorized,  
14 upon such terms and conditions as it may prescribe, in  
15 order to encourage lenders to increase the availability of  
16 small business financing by improving such lenders’ access  
17 to reasonable sources of funding, to provide a credit en-  
18 hancement guarantee, or commitment to guarantee, of the  
19 timely payment of a portion of the principal and interest  
20 on securities issued and managed by not less than 2 and  
21 not more than 5 qualified entities authorized and approved  
22 by the Administration.

23 “(b)(1) The Administration may provide its credit en-  
24 hancement guarantees in respect of securities that rep-  
25 resent interests in, or other obligations issued by, a trust,

1 pool, or other entity whose assets (other than the Adminis-  
2 tration's credit enhancement guarantee and credit en-  
3 hancements provided by other parties) consist of loans  
4 made to small business concerns.

5       “(2) All loans under paragraph (1) shall be origi-  
6 nated, purchased, or assembled and managed consistent  
7 with requirements prescribed by the Administration in  
8 connection with this credit enhancement guarantee pro-  
9 gram.

10       “(3) The Administration shall prescribe requirements  
11 to be observed by the issuers and managers of the securi-  
12 ties covered by credit enhancement guarantees to ensure  
13 the safety and soundness of the credit enhancement guar-  
14 antee program.

15       “(4) The Administration may authorize affiliates of  
16 lenders designated as Preferred Lenders (as defined in the  
17 Small Business Act) to become issuers and managers of  
18 securities covered by credit enhancement guarantees if not  
19 more than 50 percent of the voting and economic owner-  
20 ship interests of any such issuer or manager are owned,  
21 directly or indirectly, by any single Preferred Lender or  
22 any person directly or indirectly controlling such Preferred  
23 Lender.

24       “(c) The full faith and credit of the United States  
25 is pledged to the payment of all amounts the Administra-



1 tion may be required to pay as a result of credit enhance-  
 2 ment guarantees under this section.

3 “(d)(1) The Administration may issue an amount of  
 4 credit enhancement guarantees in any fiscal year not ex-  
 5 ceeding the amount of the business loan and development  
 6 company debenture guarantee authority available to the  
 7 Administration for such year under this Act and the Small  
 8 Business Act.

9 “(2) The Administration shall set the percentage and  
 10 priority of each credit enhancement guarantee on issued  
 11 securities so that the amount of the Administration’s an-  
 12 ticipated net loss (if any) as a result of such guarantee  
 13 is fully reserved in a credit subsidy account funded in  
 14 whole or in part by fees collected by the Administration.

15 “(3) The Administration shall charge and collect a  
 16 fee from the issuer based on the Administration’s guaran-  
 17 teed amount of issued securities, but the amount of such  
 18 fee may not exceed the estimated credit subsidy cost of  
 19 the Administration’s credit enhancement guarantee.

20 “(e) REPORTING AND ANALYSIS.—

21 “(1) REPORTING.—During the development and  
 22 implementation of the pilot program, the Adminis-  
 23 trator shall provide a report on the status of the  
 24 pilot program under this section to Congress in each  
 25 annual budget request and performance plan.

1           “(2) ANALYSIS AND REPORT.—Not later than  
2       December 30, 2005, the Comptroller General shall—

3           “(A) conduct an analysis of the pilot pro-  
4       gram under this section; and

5           “(B) submit a report to Congress that con-  
6       tains a summary of the analysis conducted  
7       under subparagraph (A) and a description of  
8       any effects, not attributable to other causes, of  
9       the pilot program on the lending programs  
10      under section 7(a) of the Small Business Act  
11      (15 U.S.C. 636(a)) and title V of this Act.

12       “(3) IMPLEMENTATION.—

13           “(A) REPORT.—After completing oper-  
14      ational guidelines to carry out the pilot pro-  
15      gram under this section, the Administration  
16      shall submit a report, which describes the meth-  
17      od in which the pilot program will be imple-  
18      mented, to—

19           “(i) the Committee on Small Business  
20      and Entrepreneurship of the Senate; and

21           “(ii) the Committee on Small Busi-  
22      ness of the House of Representatives.

23           “(B) TIMING.—The Administration shall  
24      not implement the pilot program under this sec-  
25      tion until the date that is 50 days after the re-

1 port has been submitted under subparagraph  
2 (A).

3 “(f) SUNSET PROVISION.—This section shall remain  
4 in effect until September 30, 2006.”.

## 5 **Subtitle H—New Markets Venture** 6 **Capital**

### 7 **SEC. 271. TIME FRAME FOR RAISING PRIVATE CAPITAL.**

8 Section 354(d) of the Small Business Investment Act  
9 of 1958 (15 U.S.C. 689c(d)) is amended—

10 *(1) by redesignating paragraphs (1) and (2) as*  
11 *paragraphs (2) and (3), respectively; and*

12 *(2) by striking “The Administrator shall” and*  
13 *all that follows through “following requirements:”*  
14 *and inserting the following:*

15 *“(1) IN GENERAL.—The Administrator shall*  
16 *give each conditionally approved company 2 years to*  
17 *satisfy the requirements under this subsection. If a*  
18 *conditionally approved company meets these require-*  
19 *ments before the end of such 2-year period, the Ad-*  
20 *ministrator shall proceed to final approval according*  
21 *to the following requirements: under subsection (e).”.*

### 22 **SEC. 272. DEFINITION OF LOW-INCOME GEOGRAPHIC AREA.**

23 Section 351(3)(A)(ii)~~(H)(I)~~ *of the Small Business In-*  
24 *vestment Act of 1958 (15 U.S.C. 689(3)(A)(ii)~~(H)(I)~~) is*  
25 *amended by striking “household income 50 percent or*

1 *more*” and all that follows and inserting “~~family~~ *the me-*  
 2 *dian household* income for such tract does not exceed 80  
 3 percent of the greater of *the* statewide median ~~family~~  
 4 *household* income or metropolitan area median ~~family~~  
 5 *household* income.”.

## 6                   **Subtitle I—Small Business** 7                   **Investment Company Program**

### 8   **SEC. 281. INVESTMENT OF EXCESS FUNDS.**

9           Section 308(b) of the Small Business Investment Act  
 10 of 1958 (15 U.S.C. 687(b)) is amended by striking the  
 11 last sentence and inserting the following: “Such companies  
 12 with outstanding financings are authorized to invest funds  
 13 not reasonably needed for their operations in—

14                   “(1) direct obligations of, or obligations guaran-  
 15           teed as to principal and interest by, the United  
 16           States;

17                   “(2) in ~~savings account or~~ certificates of deposit  
 18           maturing within 1 year ~~that are issued~~ *after issuance*  
 19           by any institution, whose accounts are ~~F~~federally in-  
 20           sured, *or in savings accounts of such institution*; or

21                   “(3) in such other investment securities, mutual  
 22           funds, or instruments that solely consist of, invest  
 23           in, or are supported by the instruments described in  
 24           paragraphs (1) and (2).”.

1 **SEC. 282. MAXIMUM PRIORITIZED PAYMENT RATE.**

2 Section 303(g) of the Small Business Investment Act  
3 of 1958 (15 U.S.C. 683(g)) is amended—

4 (1) in the matter preceding paragraph (1)—,

5 ~~(A)~~ by striking “In order” and inserting

6 “GUARANTEES OF PARTICIPATING SECURI-

7 TIES.—In order”; and

8 ~~(B) by striking “For purposes of this sec-~~

9 ~~tion,” and all that follows through “the extent~~  
10 ~~of earnings.”; and~~

11 (2) in paragraph (2), by striking “1.38 per-  
12 cent” and inserting “1.7 percent”.

13 **SEC. 283. IMPROVED DISTRIBUTION REQUIREMENTS.**

14 Section 303(g)(9) of the Small Business Investment  
15 Act of 1958 (15 U.S.C. 683(g)(9)) is amended to read  
16 as follows:

17 “(9) After making any distribution pursuant to  
18 paragraph (8), a company with participating securi-  
19 ties outstanding may distribute the balance of in-  
20 come to its investors if—

21 “(A) there are no accumulated and unpaid  
22 prioritized payments;

23 “(B) any amounts received by the Admin-  
24 istration under this paragraph and paragraph  
25 (8) are first applied as prepayment of the prin-  
26 cipal amount of the outstanding participating

1 securities or debentures of the company at the  
 2 time of such distribution and then applied to  
 3 the profit participation under paragraph (11);  
 4 and

5 “(C) any distributions under this para-  
 6 graph are made to private investors and to the  
 7 Administration in the ratio of private capital to  
 8 leverage as of the date immediately preceding  
 9 the distribution until the outstanding partici-  
 10 pating securities or debentures of the company  
 11 have been paid in full, after which any remain-  
 12 ing distributions under this paragraph are  
 13 made to private investors and to the Adminis-  
 14 tration in the ratio provided for the distribution  
 15 of profits under paragraph (11).”.

16 ***Subtitle J—Small Business Inter-***  
 17 ***mediary Lending Pilot Program***

18 ***SEC. 291. SHORT TITLE.***

19 *This subtitle may be cited as the “Small Business*  
 20 *Intermediary Lending Pilot Program Act of 2003”.*

21 ***SEC. 292. FINDINGS.***

22 *Congress finds the following:*

23 *(1) Small and emerging businesses, particularly*  
 24 *startups and businesses that lack sufficient or conven-*  
 25 *tional collateral, continue to face barriers accessing*

1        *mid-sized loans in amounts between \$35,000 and*  
2        *\$200,000, with affordable terms and conditions.*

3            *(2) Consolidation in the banking industry has*  
4        *resulted in a decrease in the number of small, locally*  
5        *controlled banks with not more than \$100,000,000 in*  
6        *assets and has changed the method by which banks*  
7        *make small business credit decisions with—*

8            *(A) credit scoring techniques replacing rela-*  
9        *tionship-based lending, which often works to the*  
10       *disadvantage of small or startup businesses that*  
11       *do not conform with a bank's standardized credit*  
12       *formulas; and*

13           *(B) less flexible terms and conditions, which*  
14       *are often necessary for small and emerging busi-*  
15       *nesses.*

16           *(3) In the environment described in paragraphs*  
17       *(1) and (2), non-profit intermediary lenders, includ-*  
18       *ing community development corporations, providing*  
19       *financial resources that serve to supplement the small*  
20       *business lending and investments of a bank by—*

21           *(A) providing riskier, up front, or subordi-*  
22       *nated capital;*

23           *(B) offering flexible terms and underwriting*  
24       *procedures; and*

1           (C) providing technical assistance to busi-  
2           nesses in order to reduce the transaction costs  
3           and risk exposure of banks.

4           (4) Several Federal programs, including the  
5           Microloan Program under section 7(m) of the Small  
6           Business Act (15 U.S.C. 636(m)) and the Inter-  
7           mediary Relending Program of the Department of Ag-  
8           riculture, have demonstrated the effectiveness of work-  
9           ing through non-profit intermediaries to address the  
10          needs of small business concerns that are unable to ac-  
11          cess capital through conventional sources.

12          (5) More than 1,000 non-profit intermediary  
13          lenders in the United States are—

14               (A) successfully providing financial and  
15               technical assistance to small and emerging busi-  
16               nesses;

17               (B) working with banks and other lenders to  
18               leverage additional capital for their business bor-  
19               rowers; and

20               (C) creating employment opportunities for  
21               low income individuals through their lending  
22               and business development activities.



1 **SEC. 293. SMALL BUSINESS INTERMEDIARY LENDING PILOT**  
 2 **PROGRAM.**

3 *(a) IN GENERAL.—Section 7(l) of the Small Business*  
 4 *Act (15 U.S.C. 636(l)) is amended to read as follows:*

5 *“(l) SMALL BUSINESS INTERMEDIARY LENDING PRO-*  
 6 *GRAM.—*

7 *“(1) DEFINITIONS.—For purposes of this sub-*  
 8 *section—*

9 *“(A) the term ‘intermediary’ means an enti-*  
 10 *ty that seeks to borrow, or has borrowed, funds*  
 11 *from the Administration to make mid-size loans*  
 12 *to small business concerns under this subsection*  
 13 *that is a private, nonprofit entity, including—*

14 *“(i) a private, nonprofit community*  
 15 *development corporation;*

16 *“(ii) a consortium of private, nonprofit*  
 17 *organizations or nonprofit community de-*  
 18 *velopment corporations;*

19 *“(iii) a quasi-governmental economic*  
 20 *development entity (such as a planning and*  
 21 *development district), other than a State,*  
 22 *county, or municipal government; and*

23 *“(v) an agency of or nonprofit entity*  
 24 *established by a Native American Tribal*  
 25 *Government; and*

1           “(B) the term ‘mid-size loan’ means a fixed  
 2           rate loan of not less than \$35,000 and not more  
 3           than \$200,000, made by an intermediary to a  
 4           startup, newly established, or growing small  
 5           business concern.

6           “(2) *ESTABLISHMENT*.—There is established a 3-  
 7           year small business intermediary lending pilot pro-  
 8           gram (referred to in this section as the “Program”),  
 9           under which the Administration may make direct  
 10          loans to eligible intermediaries, for the purpose of  
 11          making fixed interest rate mid-size loans to startup,  
 12          newly established, and growing small business con-  
 13          cerns.

14          “(3) *PURPOSES*.—The purposes of the small  
 15          business intermediary lender pilot program are—

16               “(A) to assist small business concerns in  
 17               those areas suffering from a lack of credit due to  
 18               poor economic conditions;

19               “(B) to create employment opportunities for  
 20               low-income individuals;

21               “(C) to establish a mid-size loan program to  
 22               be administered by the Small Business Adminis-  
 23               tration to make loans to eligible intermediaries  
 24               to enable such intermediaries to provide small-  
 25               scale loans, particularly loans in amounts aver-

1       aging not more than \$150,000, to startup, newly  
2       established, or growing small business concerns  
3       for working capital or the acquisition of mate-  
4       rials, supplies, or equipment;

5               “(D) to test the effectiveness of non-profit  
6       intermediaries—

7                       “(i) as a delivery system for a mid-size  
8       loan program; and

9                       “(ii) in addressing the credit needs of  
10      small businesses and leveraging other  
11      sources of credit; and

12               “(E) to determine the advisability and fea-  
13      sibility of implementing a mid-size loan pro-  
14      gram nationwide.

15               “(4) *ELIGIBILITY FOR PARTICIPATION.*—An  
16      intermediary shall be eligible to receive loans if the  
17      intermediary has at least 1 year of experience making  
18      loans to startup, newly established, or growing small  
19      business concerns.

20               “(5) *LOANS TO INTERMEDIARIES.*—

21                       “(A) *APPLICATION.*—Each intermediary de-  
22      siring a loan under this subsection shall submit  
23      an application to the Administration, which de-  
24      scribes—

1                   “(i) the type of small business concerns  
2                   to be assisted;

3                   “(ii) the size and range of loans to be  
4                   made;

5                   “(iii) the geographic area to be served  
6                   and its economic, poverty, and unemploy-  
7                   ment characteristics;

8                   “(iv) the status of small business con-  
9                   cerns in the area to be served and an anal-  
10                  ysis of the availability of credit; and

11                  “(v) the qualifications of the applicant  
12                  to carry out the purpose of this subsection.

13                  “(B) LOAN LIMITS.—Notwithstanding sub-  
14                  section (a)(3), no loan may be made under this  
15                  subsection if the total amount outstanding and  
16                  committed to an intermediary from the business  
17                  loan and investment fund established by this Act  
18                  would, as a result of such loan, exceed \$1,000,000  
19                  during the participation of the intermediary in  
20                  the Program.

21                  “(C) LOAN DURATION.—Loans made by the  
22                  Administration under this subsection shall be for  
23                  a maximum term of 20 years.

24                  “(D) APPLICABLE INTEREST RATES.—  
25                  Loans made by the Administration to an inter-

1        *mediary under the Program shall bear an an-*  
 2        *nual interest rate equal to 1.00 percent.*

3                *“(E) FEES; COLLATERAL.—The Adminis-*  
 4        *tration may not charge any fees or require col-*  
 5        *lateral with respect to any loan made to an*  
 6        *intermediary under this subsection.*

7                *“(F) LEVERAGE.—Any loan to a small*  
 8        *business concern shall not exceed 75 percent of*  
 9        *the total cost of the project, with the remaining*  
 10       *funds being leveraged from other sources, includ-*  
 11       *ing—*

12                *“(i) banks or credit unions;*

13                *“(ii) community development financial*  
 14        *institutions; and*

15                *“(iii) other sources with funds avail-*  
 16        *able to the intermediary lender.*

17                *“(G) DELAYED PAYMENTS.—The Adminis-*  
 18        *tration shall not require the repayment of prin-*  
 19        *cipal or interest on a loan made to an inter-*  
 20        *mediary under this section during the first 2*  
 21        *years of the loan.*

22                *“(6) PROGRAM FUNDING FOR MID-SIZE LOANS.—*

23                *“(A) NUMBER OF PARTICIPANTS.—Under*  
 24        *the Program, the Administration may provide*

1        *loans, on a competitive basis, to not more than*  
 2        *20 intermediaries.*

3                “(B) *EQUITABLE DISTRIBUTION OF INTER-*  
 4        *MEDIARIES.—The Administration shall select*  
 5        *and provide funding under the Program to such*  
 6        *intermediaries as will ensure geographic diver-*  
 7        *sity and representation of urban and rural com-*  
 8        *munities.*

9                “(7) *REPORT TO CONGRESS.—*

10               “(A) *INITIAL REPORT.—Not later than 30*  
 11        *months after the date of enactment of the Small*  
 12        *Business Administration 50th Anniversary Re-*  
 13        *authorization Act of 2003, the Administration*  
 14        *shall submit a report containing an evaluation*  
 15        *of the effectiveness of the Program to—*

16               “(i) *the Committee on Small Business*  
 17               *and Entrepreneurship of the Senate; and*

18               “(ii) *the Committee on Small Business*  
 19               *of the House of Representatives.*

20               “(B) *ANNUAL REPORT.—Not later than 12*  
 21        *months after the date of enactment of the Small*  
 22        *Business Administration 50th Anniversary Re-*  
 23        *authorization Act of 2003, and each year there-*  
 24        *after, the Administration shall submit an annual*  
 25        *report containing an evaluation of the effective-*

1           *ness of the Program to the Committees described*  
2           *in subparagraph (A).*

3           “(C) *CONTENTS.—The reports submitted*  
4           *under subparagraphs (A) and (B) shall in-*  
5           *clude—*

6                     “(i) *the numbers and locations of the*  
7                     *intermediaries receiving funds to provide*  
8                     *mid-size loans;*

9                     “(ii) *the amounts of each loan to an*  
10                    *intermediary;*

11                    “(iii) *the numbers and amounts of*  
12                    *mid-size loans made by intermediaries to*  
13                    *small business concerns;*

14                    “(iv) *the repayment history of each*  
15                    *intermediary;*

16                    “(v) *a description of the loan portfolio*  
17                    *of each intermediary, including the extent*  
18                    *to which it provides mid-size loans to small*  
19                    *business concerns in rural and economically*  
20                    *depressed areas;*

21                    “(vi) *an estimate of the number of low-*  
22                    *income individuals who have been employed*  
23                    *as a direct result of the Program; and*

1                   “(vii) *any recommendations for legis-*  
 2                   *lative changes that would improve the oper-*  
 3                   *ation of the Program.*”.

4           (b) *RULEMAKING AUTHORITY.*—*Not later than 180*  
 5           *days after the date of enactment of this Act, the Adminis-*  
 6           *trator shall issue regulations to carry out the amendment*  
 7           *made by subsection (a).*

8           (c) *AUTHORIZATION OF APPROPRIATIONS.*—

9                   (1) *IN GENERAL.*—*There are authorized to be ap-*  
 10           *propriated such sums as may be necessary for each of*  
 11           *the fiscal years 2004 through 2006 to provide*  
 12           *\$20,000,000 in loans under section 7(l) of the Small*  
 13           *Business Act, as amended by subsection (a).*

14                   (2) *AVAILABILITY.*—*Any amounts appropriated*  
 15           *pursuant to paragraph (1) shall remain available*  
 16           *until expended.*

## 17   **TITLE III—ENTREPRENEURIAL** 18   **DEVELOPMENT PROGRAMS**

### 19                   **Subtitle A—Office of** 20   **Entrepreneurial Development**

#### 21   **SEC. 301. SERVICE CORPS OF RETIRED EXECUTIVES.**

22           (a) *IN GENERAL.*—Section 8(b)(1)(B) of the Small  
 23   Business Act (15 U.S.C. 637(b)(1)(B)) is amended—

24                   (1) by striking “this Act; and to”, and inserting  
 25           “this Act. To”;



(b) REGULATIONS.—The Administration shall, not later than 180 days after the date of enactment of this Act, promulgate regulations to carry out the amendments made by subsection (a).

19 SEC. 302. SMALL BUSINESS DEVELOPMENT CENTER PRO-  
20 GRAM.

(1) by striking “CERTIFICATION” each place it appears and inserting “ACCREDITATION”; and

1           (2) by striking “certification” each place it ap-  
2           pears and inserting “accreditation”.

3           (b) PRIVACY REQUIREMENTS.—Section 21(a) of the  
4 Small Business Act is amended by adding at the end the  
5 following:

6           “(7) PRIVACY REQUIREMENTS.—

7                   “(A) IN GENERAL.—A small business de-  
8                   velopment center, consortium of small business  
9                   development centers, or contractor or agent of  
10                  a small business development center may not  
11                  disclose the name, address, or telephone num-  
12                  ber of any individual or small business concern  
13                  receiving assistance under this section without  
14                  the consent of such individual or small business  
15                  concern, unless—

16                   “(i) the Administrator is ordered to  
17                   make such a disclosure by a court in any  
18                   civil or criminal enforcement action initi-  
19                   ated by a Federal or State agency; or

20                   “(ii) the Administrator considers such  
21                   a disclosure to be necessary for the pur-  
22                   pose of conducting a financial audit of a  
23                   small business development center, but a  
24                   disclosure under this clause shall be limited

1 to the information necessary for such  
2 audit.

3 “(B) ADMINISTRATION USE OF INFORMA-  
4 TION.—This section shall not—

5 “(i) restrict Administration access to  
6 program activity data; or

7 “(ii) prevent the Administration from  
8 using client information (other than the in-  
9 formation described in subparagraph (A))  
10 to conduct client surveys.

11 “(C) REGULATIONS.—The Administrator  
12 shall issue regulations to establish standards for  
13 requiring disclosures during a financial audit  
14 under subparagraph (A)(ii).”.

15 (c) *CONFORMING AMENDMENT.*—Section 20(a)(1) of  
16 the Small Business Act (15 U.S.C. 631 note) is amended  
17 by striking “certification” each place it appears and insert-  
18 ing “accreditation”.

19 **SEC. 303. PRIME REAUTHORIZATION AND TRANSFER TO**  
20 **THE SMALL BUSINESS ACT.**

21 (a) *PROGRAM REAUTHORIZATION.*—Subtitle C of title  
22 I of the Riegle Community Development and Regulatory  
23 Improvement Act of 1994 (15 U.S.C. 6901 note) is amended  
24 to read as follows:

1 **“SEC. 37. PROGRAM FOR INVESTMENT IN MICROENTRE-**  
 2 **PRENEURS.**

3 “(a) *DEFINITIONS.*—For purposes of this section, the  
 4 following definitions shall apply:

5 “(1) *ADMINISTRATION.*—The term ‘Administra-  
 6 tion’ means the Small Business Administration.

7 “(2) *ADMINISTRATOR.*—The term ‘Adminis-  
 8 trator’ means the Administrator of the Small Busi-  
 9 ness Administration.

10 “(3) *CAPACITY BUILDING SERVICES.*—The term  
 11 ‘capacity building services’ means services provided to  
 12 an organization that is, or that is in the process of  
 13 becoming, a microenterprise development organization  
 14 or program, for the purpose of enhancing its ability  
 15 to provide training and services to disadvantaged en-  
 16 trepreneurs.

17 “(4) *COLLABORATIVE.*—The term ‘collaborative’  
 18 means 2 or more nonprofit entities that agree to act  
 19 jointly as a qualified organization under this section.

20 “(5) *DISADVANTAGED ENTREPRENEUR.*—The  
 21 term ‘disadvantaged entrepreneur’ means a micro-  
 22 entrepreneur that—

23 “(A) is a low-income person;

24 “(B) is a very low-income person; or

25 “(C) lacks adequate access to capital or  
 26 other resources essential for business success, or

1           *is economically disadvantaged, as determined by*  
 2           *the Administrator.*

3           “(6) *INDIAN TRIBE.*—*The term ‘Indian tribe’ has*  
 4           *the same meaning as in section 4(a) of the Indian*  
 5           *Self-Determination and Education Assistance Act.*

6           “(7) *INTERMEDIARY.*—*The term ‘intermediary’*  
 7           *means a private, nonprofit entity that seeks to serve*  
 8           *microenterprise development organizations and pro-*  
 9           *grams, as authorized under subsection (d).*

10          “(8) *LOW-INCOME PERSON.*—*The term ‘low-in-*  
 11          *come person’ means having an income, adjusted for*  
 12          *family size, of not more than—*

13               “(A) *for metropolitan areas, 80 percent of*  
 14               *the area median income; and*

15               “(B) *for nonmetropolitan areas, the greater*  
 16               *of—*

17                       “(i) *80 percent of the area median in-*  
 18                       *come; or*

19                       “(ii) *80 percent of the statewide non-*  
 20                       *metropolitan area median income.*

21          “(9) *MICROENTREPRENEUR.*—*The term ‘micro-*  
 22          *entrepreneur’ means the owner or developer of a*  
 23          *microenterprise.*

1           “(10) *MICROENTERPRISE.*—*The term ‘micro-*  
 2           *enterprise’ means a sole proprietorship, partnership,*  
 3           *or corporation that—*

4                     “(A) *has fewer than 5 employees; and*

5                     “(B) *generally lacks access to conventional*  
 6           *loans, equity, or other banking services.*

7           “(11) *MICROENTERPRISE DEVELOPMENT ORGANI-*  
 8           *ZATION OR PROGRAM.*—*The term ‘microenterprise de-*  
 9           *velopment organization or program’ means a non-*  
 10          *profit entity, or a program administered by such an*  
 11          *entity, including community development corpora-*  
 12          *tions or other nonprofit development organizations*  
 13          *and social service organizations, that provides services*  
 14          *to disadvantaged entrepreneurs.*

15          “(12) *TRAINING AND TECHNICAL ASSISTANCE.*—  
 16          *The term ‘training and technical assistance’ means*  
 17          *services and support provided to disadvantaged entre-*  
 18          *preneurs, such as assistance for the purpose of en-*  
 19          *hancing business planning, marketing, management,*  
 20          *financial management skills, and assistance for the*  
 21          *purpose of accessing financial services.*

22          “(13) *VERY LOW-INCOME PERSON.*—*The term*  
 23          *‘very low-income person’ means having an income,*  
 24          *adjusted for family size, of not more than 150 percent*  
 25          *of the poverty line (as defined in section 673(2) of the*

1       *Community Services Block Grant Act (42 U.S.C.*  
2       *9902(2)), including any revision required by that sec-*  
3       *tion).*

4       “(b) *ESTABLISHMENT OF PROGRAM.—The Adminis-*  
5       *trator shall establish a microenterprise technical assistance*  
6       *and capacity building grant program to provide assistance*  
7       *from the Administration in the form of grants to qualified*  
8       *organizations in accordance with this section.*

9       “(c) *USES OF ASSISTANCE.—A qualified organization*  
10      *shall use grants made under this section—*

11               “(1) *to provide training and technical assistance*  
12              *to disadvantaged entrepreneurs;*

13               “(2) *to provide training and capacity building*  
14              *services to microenterprise development organizations*  
15              *and programs and groups of such organizations to as-*  
16              *sist such organizations and programs in developing*  
17              *microenterprise training and services;*

18               “(3) *to aid in researching and developing the*  
19              *best practices in the field of microenterprise and tech-*  
20              *nical assistance programs for disadvantaged entre-*  
21              *preneurs; and*

22               “(4) *for such other activities as the Adminis-*  
23              *trator determines are consistent with the purposes of*  
24              *this section.*

1       “(d) *QUALIFIED ORGANIZATIONS.*—*For purposes of*  
 2 *eligibility for assistance under this section, a qualified orga-*  
 3 *nization shall be—*

4               “(1) *a nonprofit microenterprise development or-*  
 5 *ganization or program (or a group or collaborative*  
 6 *thereof) that has a demonstrated record of delivering*  
 7 *microenterprise services to disadvantaged entre-*  
 8 *preneurs;*

9               “(2) *an intermediary;*

10              “(3) *a microenterprise development organization*  
 11 *or program that is accountable to a local community,*  
 12 *working in conjunction with a State or local govern-*  
 13 *ment or Indian tribe; or*

14              “(4) *an Indian tribe acting on its own, if the In-*  
 15 *dian tribe can certify that no private organization or*  
 16 *program referred to in this subsection exists within*  
 17 *its jurisdiction.*

18       “(e) *ALLOCATION OF ASSISTANCE; SUBGRANTS.*—

19              “(1) *ALLOCATION OF ASSISTANCE.*—

20                      “(A) *IN GENERAL.*—*The Administrator*  
 21 *shall allocate assistance from the Administration*  
 22 *under this section to ensure that—*

23                              “(i) *activities described in subsection*  
 24 *(c)(1) are funded using not less than 75*



1                   *percent of amounts made available for such*  
 2                   *assistance; and*

3                   “(ii) *activities described in subsection*  
 4                   *(c)(2) are funded using not less than 15*  
 5                   *percent of amounts made available for such*  
 6                   *assistance.*

7                   “(B) *LIMIT ON INDIVIDUAL ASSISTANCE.—*  
 8                   *No single person may receive more than 10 per-*  
 9                   *cent of the total funds appropriated under this*  
 10                   *section in a single fiscal year.*

11                   “(2) *TARGETED ASSISTANCE.—The Adminis-*  
 12                   *trator shall ensure that not less than 50 percent of the*  
 13                   *grants made under this section are used to benefit*  
 14                   *very low-income persons, including those residing on*  
 15                   *Indian reservations.*

16                   “(3) *SUBGRANTS AUTHORIZED.—*

17                   “(A) *IN GENERAL.—A qualified organiza-*  
 18                   *tion receiving assistance under this section may*  
 19                   *provide grants using that assistance to qualified*  
 20                   *small and emerging microenterprise organiza-*  
 21                   *tions and programs, subject to such rules and*  
 22                   *regulations as the Administrator determines to*  
 23                   *be appropriate.*

24                   “(B) *LIMIT ON ADMINISTRATIVE EX-*  
 25                   *PENSES.—Not more than 7.5 percent of assist-*

1            *ance received by a qualified organization under*  
 2            *this section may be used for administrative ex-*  
 3            *penses in connection with the making of sub-*  
 4            *grants under subparagraph (A).*

5            *“(4) DIVERSITY.—In making grants under this*  
 6            *section, the Administrator shall ensure that grant re-*  
 7            *cipients include both large and small microenterprise*  
 8            *organizations, serving urban, rural, and Indian trib-*  
 9            *al communities serving diverse populations.*

10           *“(5) PROHIBITION ON PREFERENTIAL CONSIDER-*  
 11           *ATION OF CERTAIN SBA PROGRAM PARTICIPANTS.—In*  
 12           *making grants under this section, the Administrator*  
 13           *shall ensure that any application made by a qualified*  
 14           *organization that is a participant in the program es-*  
 15           *tablished under section 7(m) of the Small Business*  
 16           *Act does not receive preferential consideration over*  
 17           *applications from other qualified organizations that*  
 18           *are not participants in such program.*

19           *“(f) MATCHING REQUIREMENTS.—*

20           *“(1) IN GENERAL.—Financial assistance under*  
 21           *this section shall be matched with funds from sources*  
 22           *other than the Federal Government on the basis of not*  
 23           *less than 50 percent of each dollar provided by the*  
 24           *Administration.*

1           “(2) *SOURCES OF MATCHING FUNDS.—Fees,*  
 2           *grants, gifts, funds from loan sources, and in-kind re-*  
 3           *sources of a grant recipient from public or private*  
 4           *sources may be used to comply with the matching re-*  
 5           *quirement in paragraph (1).*

6           “(3) *EXCEPTION.—*

7                   “(A) *IN GENERAL.—In the case of an appli-*  
 8                   *cant for assistance under this section with severe*  
 9                   *constraints on available sources of matching*  
 10                   *funds, the Administrator may reduce or elimi-*  
 11                   *nate the matching requirements of paragraph*  
 12                   *(1).*

13                   “(B) *LIMITATION.—Not more than 10 per-*  
 14                   *cent of the total funds made available from the*  
 15                   *Administration in any fiscal year to carry out*  
 16                   *this section may be excepted from the matching*  
 17                   *requirements of paragraph (1), as authorized by*  
 18                   *subparagraph (A) of this paragraph.*

19           “(g) *APPLICATIONS FOR ASSISTANCE.—An applica-*  
 20           *tion for assistance under this section shall be submitted in*  
 21           *such form and in accordance with such procedures as the*  
 22           *Administrator shall establish.*

23           “(h) *RECORDKEEPING AND REPORTING.—*

1           “(1) *IN GENERAL.*—Each organization that re-  
2           ceives assistance from the Administration in accord-  
3           ance with this section shall—

4                   “(A) submit to the Administration not less  
5                   than once in every 18-month period, financial  
6                   statements audited by an independent certified  
7                   public accountant;

8                   “(B) submit an annual report to the Ad-  
9                   ministration on its activities; and

10                  “(C) keep such records as may be necessary  
11                  to disclose the manner in which any assistance  
12                  under this section is used.

13           “(2) *ACCESS.*—The Administration shall have  
14           access upon request, for the purposes of determining  
15           compliance with this section, to any records of any  
16           organization that receives assistance from the Admin-  
17           istration in accordance with this section.

18           “(3) *DATA COLLECTION.*—Each organization  
19           that receives assistance from the Administration in  
20           accordance with this section shall collect information  
21           relating to, as applicable—

22                   “(A) the number of individuals counseled or  
23                   trained;

24                   “(B) the number of hours of counseling pro-  
25                   vided;

1           “(C) *the number of startup small business*  
2           *concerns formed;*

3           “(D) *the number of small business concerns*  
4           *expanded;*

5           “(E) *the number of low-income individuals*  
6           *counseled or trained; and*

7           “(F) *the number of very low-income indi-*  
8           *viduals counseled or trained.*

9           “(i) *AUTHORIZATION.—There are authorized to be ap-*  
10          *propriated to the Administrator, to carry out the provisions*  
11          *of this section, to remain available until expended—*

12               “(1) *\$15,000,000 for fiscal year 2004;*

13               “(2) *\$15,000,000 for fiscal year 2005; and*

14               “(3) *\$15,000,000 for fiscal year 2006.”.*

15          (b) *TRANSFER PROVISIONS.—*

16               (1) *SMALL BUSINESS ACT AMENDMENTS.—The*  
17          *Small Business Act (15 U.S.C. 631 et seq.) is amend-*  
18          *ed by redesignating section 37, as added by this Act,*  
19          *as section 38.*

20               (2) *TRANSFER.—Section 37 of the Riegle Com-*  
21          *munity Development and Regulatory Improvement*  
22          *Act of 1994 (15 U.S.C. 6901 note), as so designated*  
23          *by subsection (a) of this section, is transferred to, and*  
24          *inserted after, section 36 of the Small Business Act,*  
25          *as added by this Act.*

1       (c) *REFERENCES.*—All references in Federal law to the  
 2 “Program for Investment in Microentrepreneurs Act of  
 3 1999” or the “PRIME Act” shall be deemed to be references  
 4 to section 37 of the Small Business Act, as added by this  
 5 section.

6       (d) *RULE OF CONSTRUCTION.*—Nothing in this section  
 7 or the amendments made by this section shall affect any  
 8 grant or assistance provided under the Program for Invest-  
 9 ment in Microentrepreneurs Act of 1999, before the date of  
 10 enactment of this Act, and any such grant or assistance  
 11 shall be subject to the Program for Investment in Micro-  
 12 entrepreneurs Act of 1999, as in effect on the day before  
 13 the date of enactment of this Act.

## 14                   **Subtitle B—Women’s Small** 15                   **Business Ownership Programs**

### 16 **SEC. 311. OFFICE OF WOMEN’S BUSINESS OWNERSHIP.**

17       Section 29(g) of the Small Business Act (15 U.S.C.  
 18 656(g)) is amended—

19                   (1) in paragraph (2)—

20                               (A) in subparagraph (B)(i), by striking “in  
 21 the areas” and all that follows through the end  
 22 of subclause (I), and inserting the following: “to  
 23 address issues concerning operations, manufac-  
 24 turing, technology, finance, retail and product

1 sales, international trade, and other disciplines  
 2 required for—

3 “(I) starting, operating, and  
 4 growing a small business concern;”  
 5 and

6 (B) in subparagraph (C), by inserting “,  
 7 the National Women’s Business Council, and  
 8 any association of women’s business centers, as  
 9 defined in subsection (a)” before the period at  
 10 the end; and

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

12 “(3) PROGRAMS AND SERVICES FOR WOMEN-  
 13 OWNED SMALL BUSINESSES.—The Assistant Admin-  
 14 istrator, in consultation with the National Women’s  
 15 Business Council, the Interagency Committee on  
 16 Women’s Business Enterprise, and 1 or more asso-  
 17 ciations of women’s business centers, shall develop  
 18 programs and services for women-owned businesses  
 19 (as defined in section 408 of the Women’s Business  
 20 Ownership Act of 1988 (15 U.S.C. 631 note)) in  
 21 business areas, which may include—

22 “(A) manufacturing;

23 “(B) technology;

24 “(C) professional services;

25 “(D) retail and product sales;

1 “(E) travel and tourism;

2 “(F) international trade; and

3 “(G) Federal Government contract busi-  
4 ness development.

5 “(4) TRAINING.—The Administration shall pro-  
6 vide annual programmatic and financial oversight  
7 training for women’s business ownership representa-  
8 tives and district office technical representatives of  
9 the Administration to enable these representatives to  
10 carry out their responsibilities under this section.

11 “(5) GRANT PROGRAM IMPROVEMENT.—The  
12 Administration shall improve the women’s business  
13 center grant proposal process and the programmatic  
14 and financial oversight process by—

15 “(A) providing notice to the public of each  
16 women’s business center grant announcement  
17 for an initial and renewal grant, not later than  
18 6 months before awarding such grant;

19 “(B) providing notice to grant applicants  
20 and recipients of program evaluation criteria,  
21 not later than 12 months before any such eval-  
22 uation;

23 “(C) reducing paperwork and reporting re-  
24 quirements for grant applicants and recipients;



1           “(D) standardizing the oversight and re-  
2           view process of the Administration; and

3           “(E) providing to each women’s business  
4           center, not later than 30 days after the comple-  
5           tion of a site visit at that center, a copy of site  
6           visit reports and evaluation reports prepared by  
7           district office technical representatives or Ad-  
8           ministration officials.”.

9   **SEC. 312. WOMEN’S BUSINESS CENTER PROGRAM.**

10       (a) WOMEN’S BUSINESS CENTER GRANTS PRO-  
11   GRAM.—Section 29 of the Small Business Act (15 U.S.C.  
12   656) is amended—

13           (1) in subsection (a)—

14               (A) by redesignating paragraphs (2), (3),  
15               and (4), as paragraphs (3), (4), and (5), re-  
16               spectively; and

17               (B) by inserting after paragraph (1) the  
18               following:

19               “(2) the term ‘association of women’s business  
20               centers’ means an organization that represents not  
21               less than 30 percent of the women’s business centers  
22               that are participating in a program under this sec-  
23               tion and whose primary purpose is to represent  
24               women’s business centers;”; and

1           (2) by striking subsections (b) through (f) and  
2           inserting the following:

3           “(b) GRANTS AUTHORIZED.—

4           “(1) IN GENERAL.—The Administration may  
5           award initial and renewal grants of not more than  
6           \$150,000 per year, which shall be known as ‘wom-  
7           en’s business center grants’, to private nonprofit or-  
8           ganizations to conduct projects for the benefit of  
9           small business concerns owned and controlled by  
10          women. At the end of the initial 4-year grant period,  
11          and every 3 years thereafter, the grant recipient  
12          may apply to renew the grant in accordance with  
13          this subsection and subsection (e)(2). In the event  
14          that the Administration has insufficient funds to  
15          provide grants of \$150,000, for each eligible wom-  
16          en’s business center, available funds shall be allo-  
17          cated evenly to eligible centers, unless any center re-  
18          quests a lower amount than the allocable amount.

19          “(2) COOPERATIVE AGREEMENT AUTHORITY.—

20          “(A) IN GENERAL.—The Administration  
21          may enter into Federal cooperative agreements  
22          with grant recipients under this subsection to  
23          perform the services described under paragraph  
24          (3) only to the extent and in the amount pro-  
25          vided by appropriated funds.

1 “(B) TERMINATION.—

2 “(i) IN GENERAL.—If any grant re-  
3 cipient under this subsection does not ful-  
4 fill its grant obligations, after advanced no-  
5 tification, during the period of the grant,  
6 the Administration may terminate the  
7 grant.

8 “(ii) EXCEPTION.—Notwithstanding a  
9 grant recipient’s violation of a grant obli-  
10 gation under this section, the Administra-  
11 tion may continue to fund the grant if the  
12 grant recipient is making a good faith ef-  
13 fort to comply with such obligation.

14 “(3) USE OF FUNDS.—Grants awarded under  
15 paragraph (1) may be used to provide training and  
16 counseling in the areas of—

17 “(A) pre-business, business startup, and  
18 business operations;

19 “(B) financial planning assistance;

20 “(C) procurement assistance;

21 “(D) management assistance; and

22 “(E) marketing assistance.

23 “(4) MATCHING REQUIREMENT.—

24 “(A) WOMEN’S BUSINESS CENTER  
25 GRANTS.—As a condition of receiving financial

1 assistance under this section, the grant recipi-  
 2 ent shall agree to obtain, after its application  
 3 has been approved and notice of award has  
 4 been issued, cash contributions from non-Fed-  
 5 eral sources as follows:

6 “(i) In the first and second years, 1  
 7 non-Federal dollar for each 2 Federal dol-  
 8 lars provided under the 4-year grant.

9 “(ii) In the third and fourth years, 1  
 10 non-Federal dollar for each Federal dollar  
 11 provided under the 4-year grant.

12 “(iii) In each renewal period, 1 non-  
 13 Federal dollar for each Federal dollar pro-  
 14 vided under the 3-year grant.

15 “(B) FORM OF NON-FEDERAL CONTRIBU-  
 16 TIONS.—Not more than  $\frac{1}{2}$  of the non-Federal  
 17 sector matching assistance may be in the form  
 18 of in-kind contributions that are budget line  
 19 items only, including office equipment and of-  
 20 fice space.

21 “(C) FAILURE TO OBTAIN NON-FEDERAL  
 22 FUNDING.—

23 “(i) ADVANCE DISBURSEMENTS.—If  
 24 any grant recipient fails to obtain the re-  
 25 quired non-Federal contribution during

1           any project year, it shall not be eligible for  
2           advance disbursements pursuant to sub-  
3           paragraph (D) during the remainder of  
4           that project year.

5           “(ii) ABILITY TO OBTAIN NON-FED-  
6           ERAL FUNDING.—Before approving assist-  
7           ance to a grant recipient that has failed to  
8           obtain the required non-Federal contribu-  
9           tion for any other projects under this Act,  
10          the Administration shall require the grant  
11          recipient to certify that it will be able to  
12          obtain the requisite non-Federal funding  
13          and enter a written finding setting forth  
14          the reasons for making such determina-  
15          tion.

16          “(D) FORM OF FEDERAL CONTRIBU-  
17          TIONS.—The financial assistance authorized  
18          pursuant to this section may be made by grant  
19          or cooperative agreement and may contain such  
20          provision, as necessary, to provide for payments  
21          in lump sum or installments, and in advance or  
22          by way of reimbursement. The Administration  
23          may disburse up to 25 percent of each year’s  
24          Federal share awarded to a grant recipient  
25          after notice of the award has been issued and

1 before the non-Federal sector matching funds  
2 are obtained.

3 “(5) APPLICATION FOR AN INITIAL GRANT.—

4 Each organization desiring an initial grant under  
5 this subsection, shall submit to the Administration  
6 an application that contains—

7 “(A) a certification that the applicant—

8 “(i) is a private nonprofit organiza-  
9 tion;

10 “(ii) has designated an executive di-  
11 rector or program manager, who may be  
12 compensated from grant funds or other  
13 sources, to manage the center; and

14 “(iii) as a condition of receiving a  
15 grant under this subsection, agrees—

16 “(I) to receive a site visit as part  
17 of the final selection process;

18 “(II) to undergo an annual pro-  
19 grammatic and financial examination;  
20 and

21 “(III) to the maximum extent  
22 practicable, to remedy any problems  
23 identified pursuant to the site visit or  
24 examination under subclauses (I) and  
25 (II);

1 “(B) information demonstrating that the  
2 applicant has the ability and resources to meet  
3 the needs of the market to be served by the  
4 women’s business center site for which an ini-  
5 tial grant is sought, including the ability to  
6 comply with the matching requirement under  
7 paragraph (4);

8 “(C) information relating to assistance to  
9 be provided by the women’s business center site  
10 for which an initial grant is sought in the area  
11 in which the site is located;

12 “(D) information demonstrating the effec-  
13 tive experience of the applicant in—

14 “(i) conducting financial, manage-  
15 ment, and marketing assistance programs,  
16 as described under paragraph (3), which  
17 are designed to teach or upgrade the busi-  
18 ness skills of women who are business own-  
19 ers or potential business owners;

20 “(ii) providing training and services to  
21 a representative number of women who are  
22 both socially and economically disadvan-  
23 taged; and

1                   “(iii) using resource partners of the  
2                   Administration and other entities, such as  
3                   universities;

4                   “(E) a 4-year plan that projects the ability  
5                   of the women’s business center site for which  
6                   an initial grant is sought—

7                   “(i) to serve women business owners  
8                   or potential owners in the future by im-  
9                   proving training and counseling activities;  
10                  and

11                  “(ii) to provide training and services  
12                  to a representative number of women who  
13                  are both socially and economically dis-  
14                  advantaged; and

15                  “(F) any additional information that the  
16                  Administration may reasonably require.

17                  “(6) REVIEW AND APPROVAL OF APPLICATIONS  
18                  FOR AN INITIAL GRANT.—

19                  “(A) IN GENERAL.—The Administration  
20                  shall—

21                  “(i) review each application submitted  
22                  under paragraph (5) based on the informa-  
23                  tion provided in such paragraph and the  
24                  criteria set forth under subparagraph (B);  
25                  and



1           “(ii) as part of the final selection  
2 process, conduct a site visit at each wom-  
3 en’s business center for which an initial  
4 grant is sought.

5           “(B) SELECTION CRITERIA.—

6           “(i) IN GENERAL.—The Administra-  
7 tion shall evaluate applicants in accordance  
8 with predetermined selection criteria that  
9 shall be stated in terms of relative impor-  
10 tance. Such criteria and their relative im-  
11 portance shall be made publicly available  
12 and stated in each solicitation for applica-  
13 tions made by the Administration.

14           “(ii) REQUIRED CRITERIA.—The se-  
15 lection criteria for an initial grant under  
16 clause (i) shall include—

17           “(I) the experience of the appli-  
18 cant in conducting programs or ongo-  
19 ing efforts designed to teach or up-  
20 grade the business skills of women  
21 business owners or potential owners;

22           “(II) the ability of the applicant  
23 to commence a project within a min-  
24 imum amount of time;

1                   “(III) the ability of the applicant  
2                   to provide training and services to a  
3                   representative number of women who  
4                   are both socially and economically dis-  
5                   advantaged; and

6                   “(IV) the location for the wom-  
7                   en’s business center site proposed by  
8                   the applicant.

9                   “(C) RECORD RETENTION.—The Adminis-  
10                  tration shall maintain a copy of each applica-  
11                  tion submitted under this paragraph for not  
12                  less than 7 years.

13                  “(7) APPLICATION FOR A RENEWAL GRANT.—  
14                  Each organization desiring a renewal grant under  
15                  this subsection, shall submit to the Administration,  
16                  not later than 3 months before the expiration of an  
17                  existing grant under this subsection, an application  
18                  that contains—

19                         “(A) a certification that the applicant—

20                                 “(i) is a private nonprofit organiza-  
21                                 tion;

22                                 “(ii) has designated an executive di-  
23                                 rector or program manager to manage the  
24                                 center; and

1 “(iii) as a condition of receiving a  
2 grant under this subsection, agrees—

3 “(I) to receive a site visit as part  
4 of the final selection process;

5 “(II) to submit, for the preceding  
6 2 years, annual programmatic and fi-  
7 nancial examination reports or cer-  
8 tified copies of the applicant’s compli-  
9 ance supplemental audits under OMB  
10 Circular A–133; and

11 “(III) to the maximum extent  
12 practicable, to remedy any problems  
13 identified pursuant to the site visit or  
14 examination under subclauses (I) and  
15 (II);

16 “(B) information demonstrating that the  
17 applicant has the ability and resources to meet  
18 the needs of the market to be served by the  
19 women’s business center site for which a re-  
20 newal grant is sought, including the ability to  
21 comply with the matching requirement under  
22 paragraph (4);

23 “(C) information relating to assistance to  
24 be provided by the women’s business center site

1           for which a renewal grant is sought in the area  
2           in which the site is located;

3           “(D) information demonstrating the utili-  
4           zation of resource partners of the Administra-  
5           tion and other entities;

6           “(E) a 3-year plan that projects the ability  
7           of the women’s business center site for which a  
8           renewal grant is sought—

9           “(i) to serve women business owners  
10          or potential owners in the future by im-  
11          proving training and counseling activities;  
12          and

13          “(ii) to provide training and services  
14          to a representative number of women who  
15          are both socially and economically dis-  
16          advantaged; and

17          “(F) any additional information that the  
18          Administration may reasonably require.

19          “(8) REVIEW AND APPROVAL OF APPLICATIONS  
20          FOR A RENEWAL GRANT.—

21          “(A) IN GENERAL.—The Administration  
22          shall—

23          “(i) review each application submitted  
24          under paragraph (7) based on the informa-  
25          tion provided in such paragraph and the

1 criteria set forth under subparagraph (B);

2 and

3 “(ii) as part of the final selection  
4 process, conduct a site visit at each wom-  
5 en’s business center for which a renewal  
6 grant is sought.

7 “(B) SELECTION CRITERIA.—The Admin-  
8 istration shall evaluate applicants in accordance  
9 with predetermined selection criteria that shall  
10 be stated in terms of relative importance. Such  
11 criteria and their relative importance shall be  
12 made publicly available and stated in each solici-  
13 tation for applications made by the Adminis-  
14 tration.

15 “(C) CONDITIONS FOR CONTINUED FUND-  
16 ING.—In determining whether to renew a grant  
17 or cooperative agreement with a women’s busi-  
18 ness center, the Administration—

19 “(i) shall consider the results of the  
20 most recent evaluation of the center, and,  
21 to a lesser extent, previous evaluations;  
22 and

23 “(ii) may withhold such renewal, if  
24 the Administration determines that the  
25 center has failed to provide the information

1 required to be provided under this sub-  
2 section, or the information provided by the  
3 center is inadequate.

4 “(D) CONTINUING GRANT AND COOPERA-  
5 TIVE AGREEMENT AUTHORITY.—

6 “(i) IN GENERAL.—The authority of  
7 the Administrator to enter into grants or  
8 cooperative agreements under this sub-  
9 section shall be in effect for each fiscal  
10 year only to the extent and in the amounts  
11 as are provided in advance in appropria-  
12 tions Acts.

13 “(ii) RENEWAL.—After the Adminis-  
14 trator has entered into a grant or coopera-  
15 tive agreement with any women’s business  
16 center under this subsection, it shall not  
17 suspend, terminate, or fail to renew or ex-  
18 tend any such grant or cooperative agree-  
19 ment unless the Administrator provides the  
20 center with written notification setting  
21 forth the reasons therefore and affords the  
22 center an opportunity for a hearing, ap-  
23 peal, or other administrative proceeding  
24 under chapter 5 of title 5, United States  
25 Code.

1           “(E) RECORD RETENTION.—The Adminis-  
2           tration shall maintain a copy of each applica-  
3           tion submitted under this paragraph for not  
4           less than 7 years.

5           “(9) DATA COLLECTION.—Consistent with the  
6           annual report to Congress under subsection (g),  
7           each women’s business center site that is awarded  
8           an initial or renewal grant shall collect information  
9           relating to—

10           “(A) the number of individuals counseled  
11           or trained;

12           “(B) the number of hours of counseling  
13           provided;

14           “(C) the number of workshops conducted;

15           “(D) the number of startup small business  
16           concerns formed; and

17           “(E) the number of jobs created or main-  
18           tained at assisted small business concerns.

19           “(10) PRIVACY REQUIREMENTS.—

20           “(A) IN GENERAL.—A women’s business  
21           center may not disclose the name, address, or  
22           telephone number of any individual or small  
23           business concern receiving assistance under this  
24           section without the consent of such individual  
25           or small business concern unless—

1 “(i) the Administrator is ordered to  
 2 make such a disclosure by a court in any  
 3 civil or criminal enforcement action initi-  
 4 ated by a Federal or State agency; or

5 “(ii) the Administrator considers such  
 6 a disclosure to be necessary for the pur-  
 7 pose of conducting a financial audit of a  
 8 small business development center, but a  
 9 disclosure under this clause shall be limited  
 10 to the information necessary for such  
 11 audit.

12 “(B) ADMINISTRATION USE OF INFORMA-  
 13 TION.—This section shall not—

14 “(i) restrict Administration access to  
 15 program activity data; or

16 “(ii) prevent the Administration from  
 17 using client information (other than the in-  
 18 formation described in subparagraph (A))  
 19 to conduct client surveys.

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

24 “(11) TRANSITION RULES.—



1           “(A) IN GENERAL.—Notwithstanding any  
2           other provision of law, a grant or cooperative  
3           agreement that was awarded as an eligible sus-  
4           tainability grant, from amounts appropriated  
5           for fiscal year 2003, to operate a women’s busi-  
6           ness center, shall remain in full force and effect  
7           under the terms, and for the duration, of such  
8           agreement, subject to the grant limitation in  
9           paragraph (1).

10           “(B) EXTENSION.—If the sustainability  
11           grant under subparagraph (A) is scheduled to  
12           expire not later than June 30, 2005, a 1-year  
13           extension shall be granted without any interrup-  
14           tion of funding, subject to the grant limitation  
15           in paragraph (1).

16           “(C) EFFECT ON CERTAIN EXISTING  
17           PROJECTS AND RENEWAL AUTHORITY.—A  
18           project being conducted by a women’s business  
19           center under this subsection on the day before  
20           the date of enactment of the Small Business  
21           Administration 50th Anniversary Reauthoriza-  
22           tion Act of 2003—

23                   “(i) as a 5-year project, shall remain  
24                   in full force and effect under the terms

1 and for the duration of that agreement;

2 and

3 “(ii) shall be eligible to apply for a 3-

4 year renewal grant funded at a level equal

5 to not more than \$150,000 per year.

6 “(c) ASSOCIATIONS OF WOMEN’S BUSINESS CEN-

7 TERS.—

8 “(1) RECOGNITION.—The Administration shall

9 recognize the existence and activities of any associa-

10 tion of women’s business centers established to ad-

11 dress matters of common concern.

12 “(2) CONSULTATION.—The Administration

13 shall consult with each association of women’s busi-

14 ness centers (as defined in subsection (a)) to de-

15 velop—

16 “(A) a training program for the staff of

17 the women’s business centers and the Adminis-

18 tration; and

19 “(B) recommendations to improve the poli-

20 cies and procedures for governing the general

21 operations and administration of the Women’s

22 Business Center Program, including grant pro-

23 gram improvements under subsection (g)(5).”.

24 (b) CONFORMING AMENDMENTS.—Section 29 of the

25 Small Business Act (15 U.S.C. 656) is amended—

1           (1) by redesignating subsections (g), (h), (i),  
2           (j), and (k) as subsections (d), (e), (f), (g), and (h),  
3           respectively;

4           (2) in subsection (e)(2), as redesignated by  
5           paragraph (1) of this subsection, by striking “to  
6           award a contract (as a sustainability grant) under  
7           subsection (l) or”;

8           (3) in subsection (g)(1), as redesignated by  
9           paragraph (1) of this subsection, by striking “The  
10          Administration” and inserting “Not later than No-  
11          vember 1st of each year, the Administration”;

12          (4) in subsection (h), as redesignated by para-  
13          graph (1) of this subsection—

14                (A) by amending paragraph (1) to read as  
15                follows:

16                “(1) IN GENERAL.—There are authorized to be  
17                appropriated to carry out the provisions of this sec-  
18                tion, to remain available until expended—

19                       “(A) \$15,000,000 for fiscal year 2004, of  
20                       which \$500,000 may be used to provide supple-  
21                       mental sustainability grants to women’s busi-  
22                       ness centers, except that no such center may re-  
23                       ceive more than a total of \$125,000 in grant  
24                       funding for the grant period beginning on July  
25                       1, 2003 and ending on June 30, 2004;

1 “(B) \$16,000,000 for fiscal year 2005; and

2 “(C) \$17,500,000 for fiscal year 2006.”;

3 (B) by amending paragraph (2) to read as

4 follows:

5 “(2) USE OF AMOUNTS.—Amounts made avail-

6 able under this subsection may only be used for

7 grant awards and may not be used for costs incurred

8 by the Administration in connection with the man-

9 agement and administration of the program under

10 this section.”; and

11 (C) by striking paragraph (4); and

12 (5) by striking subsection (l).

13 **SEC. 313. NATIONAL WOMEN’S BUSINESS COUNCIL.**

14 (a) COSPONSORSHIP AUTHORITY.—Section 406 of

15 the Women’s Business Ownership Act of 1988 (15 U.S.C.

16 ~~631~~ <sup>note 7106</sup>) is amended by adding at the end the fol-

17 lowing:

18 “(f) COSPONSORSHIP AUTHORITY.—The Council is

19 authorized to enter into agreements as cosponsors with

20 public and private entities, in the same manner as is pro-

21 vided in section 8(b)(1)(A) of the Small Business Act (15

22 U.S.C. 637(b)(1)(A)), to carry out its duties under this

23 section.”.

24 (b) MEMBERSHIP.—Section 407(f) of the Women’s

25 Business Ownership Act of 1988 (15 U.S.C. ~~631~~

1 ~~note 7107(f)~~ is amended by adding at the end the fol-  
 2 lowing:

3           “(3) REPRESENTATION OF MEMBER ORGANIZA-  
 4           TIONS.—Notwithstanding subsection (b), a national  
 5           women’s business organization or small business  
 6           that is represented on the Council may, in consulta-  
 7           tion with the chairperson of the Council, replace its  
 8           representative member on the Council at any time  
 9           during the service term to which that member was  
 10          appointed.”.

11          (c) ESTABLISHMENT OF COMMITTEES.—~~The~~*Title IV*  
 12 *of the* Women’s Business Ownership Act of 1988 (15  
 13 U.S.C. ~~631~~ ~~note 7101 et seq.~~) is amended by inserting after  
 14 section ~~407~~*410*, the following new section:

15 **“SEC. ~~408~~*411*. COMMITTEES.**

16          “(a) ESTABLISHMENT.—There are established within  
 17 the Council—

18           “(1) the Committee on Manufacturing, Tech-  
 19 nology, and Professional Services;

20           “(2) the Committee on Travel, Tourism, Prod-  
 21 uct and Retail Sales, and International Trade; and

22           “(3) the Committee on Federal Procurement  
 23 and Contracting.

1       “(b) DUTIES.—The Committees established under  
2 subsection (a) shall perform such duties as the chairperson  
3 shall direct.”.

4       (d) CLEARINGHOUSE FOR HISTORICAL DOCU-  
5 MENTS.—Section 409 of the Women’s Business Owner-  
6 ship Act of 1988 (15 U.S.C. ~~631~~ *note 7109*) is amended  
7 by adding at the end the following:

8       “(c) CLEARINGHOUSE FOR HISTORICAL DOCU-  
9 MENTS.—The Council shall serve as a clearinghouse for  
10 information on small businesses owned and controlled by  
11 women, including research conducted by other organiza-  
12 tions and individuals relating to ownership by women of  
13 small businesses in the United States.”.

14       (e) AUTHORIZATION OF APPROPRIATIONS.—Section  
15 410(a) of the Women’s Business Ownership Act of 1988  
16 (15 U.S.C. ~~631~~ *note 7110(a)*) is amended by striking  
17 “2001 through 2003, of which \$550,000” and inserting  
18 “2004 through 2006, of which at least 30 percent”.

19 **SEC. 314. INTERAGENCY COMMITTEE ON WOMEN’S BUSI-**  
20 **NESS ENTERPRISE.**

21       (a) CHAIRPERSON.—Section 403(b) of the Women’s  
22 Business Ownership Act of 1988 (15 U.S.C. ~~631~~  
23 *note 7103(b)*) is amended—

24               (1) by striking “Not later” and inserting the  
25 following:

1 “(1) IN GENERAL.—Not later”; and

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

3 “(2) VACANCY.—In the event that a chair-  
4 person is not appointed under paragraph (1), the  
5 Deputy Administrator of the Small Business Admin-  
6 istration shall serve as acting chairperson of the  
7 Interagency Committee until a chairperson is ap-  
8 pointed under paragraph (1).”.

9 (b) POLICY ADVISORY GROUP.—Section 401 of the  
10 Women’s Business Ownership Act of 1988 (15 U.S.C. ~~631~~  
11 ~~note 7101~~) is amended—

12 (1) by striking “There” and inserting the fol-  
13 lowing:

14 “(a) IN GENERAL.—There”; and

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

16 “(b) POLICY ADVISORY GROUP.—

17 “(1) ESTABLISHMENT.—There is established a  
18 Policy Advisory Group to assist the chairperson in  
19 developing policies and programs under this Act.

20 “(2) MEMBERSHIP.—The Policy Advisory  
21 Group shall be composed of 7 policy making offi-  
22 cials, of whom—

23 “(A) 1 shall be a representative of the  
24 Small Business Administration;

1           “(B) 1 shall be a representative of the De-  
2           partment of Commerce;

3           “(C) 1 shall be a representative of the De-  
4           partment of Labor;

5           “(D) 1 shall be a representative of the De-  
6           partment of Defense;

7           “(E) 1 shall be a representative of the De-  
8           partment of the Treasury; and

9           “(F) 2 shall be representatives of the Na-  
10          tional Women’s Business Council.”.

11          (c) ESTABLISHMENT OF SUBCOMMITTEES.—Section  
12   401 of the Women’s Business Ownership Act of 1988 (15  
13   U.S.C. ~~631~~ <sup>note 7101</sup>), as amended by subsection (b), is  
14   further amended by adding at the end the following:

15          “(c) SUBCOMMITTEES.—

16               “(1) ESTABLISHMENT.—There are estab-  
17          lished—

18               “(A) the Subcommittee on Manufacturing,  
19          Technology, and Professional Services;

20               “(B) the Subcommittee on Travel, Tour-  
21          ism, Product and Retail Sales, and Inter-  
22          national Trade; and

23               “(C) the Subcommittee on Federal Pro-  
24          curement and Contracting.



1           “(2) DUTIES.—The Subcommittees established  
2           under paragraph (1) shall perform such duties as  
3           the chairperson shall direct.

4           “(3) MEETINGS.—The Interagency Committee  
5           shall meet not less frequently than 3 times each year  
6           to—

7                     “(A) plan activities for the new fiscal year;

8                     “(B) track year-to-date agency contracting  
9                     goals; and

10                    “(C) evaluate the progress during the fis-  
11                    cal year and prepare an annual report.”.

12 **SEC. 315. PRESERVING THE INDEPENDENCE OF THE NA-**  
13 **TIONAL WOMEN’S BUSINESS COUNCIL.**

14           (a) *SHORT TITLE.*—*This section may be cited as the*  
15 *“National Women’s Business Council Independence Preser-*  
16 *vation Act of 2003”.*

17           (b) *FINDINGS.*—*Congress finds the following:*

18                    (1) *The National Women’s Business Council pro-*  
19 *vides an independent source of advice and policy rec-*  
20 *ommendations regarding women’s business develop-*  
21 *ment and the needs of women entrepreneurs in the*  
22 *United States to—*

23                             (A) *the President;*

24                             (B) *Congress;*

1                   (C) the Interagency Committee on Women's  
2                   Business Enterprise; and

3                   (D) the Administrator of the Small Busi-  
4                   ness Administration.

5                   (2) The members of the National Women's Busi-  
6                   ness Council are small business owners, representa-  
7                   tives of business organizations, and representatives of  
8                   women's business centers.

9                   (3) The chair and ranking member of the Com-  
10                  mittee on Small Business and Entrepreneurship of  
11                  the Senate and the Committee on Small Business of  
12                  the House of Representatives make recommendations  
13                  to the Administrator to fill 8 of the positions on the  
14                  National Women's Business Council. Four of the posi-  
15                  tions are reserved for small business owners who are  
16                  affiliated with the political party of the President and  
17                  4 of the positions are reserved for small business own-  
18                  ers who are not affiliated with the political party of  
19                  the President. This method of appointment ensures  
20                  that the National Women's Business Council will pro-  
21                  vide Congress with nonpartisan, balanced, and inde-  
22                  pendent advice.

23                  (4) In order to maintain the independence of the  
24                  National Women's Business Council and to ensure  
25                  that the Council continues to provide Congress with

1       *advice on a nonpartisan basis, it is essential that the*  
 2       *Council maintain the bipartisan balance established*  
 3       *under section 407 of the Women’s Business Ownership*  
 4       *Act of 1988 (15 U.S.C. 7107).*

5       *(c) MAINTENANCE OF PARTISAN BALANCE.—Section*  
 6       *407(f) of the Women’s Business Ownership Act of 1988 (15*  
 7       *U.S.C. 7107(f)) is amended—*

8               *(1) by striking “A vacancy” and inserting the*  
 9       *following:*

10               *“(1) IN GENERAL.—A vacancy”; and*

11               *(2) by adding at the end the following:*

12               *“(2) PARTISAN BALANCE.—When filling vacan-*  
 13       *cies under paragraph (1), the Administrator shall, to*  
 14       *the extent practicable, ensure that there are an equal*  
 15       *number of members on the Council from each of the*  
 16       *2 major political parties.*

17               *“(3) ACCOUNTABILITY.—If a vacancy is not*  
 18       *filled within the 30-day period required under para-*  
 19       *graph (1) or if there exists an imbalance of party-af-*  
 20       *filiated members on the Council for a period exceed-*  
 21       *ing 30 days, the Administrator shall submit a report,*  
 22       *not later than 10 days after the respective 30-day*  
 23       *deadline, to the Committee on Small Business and*  
 24       *Entrepreneurship of the Senate and the Committee on*  
 25       *Small Business of the House of Representatives, that*

1 *explains why the respective deadline was not met and*  
 2 *provides an estimated date on which any vacancies*  
 3 *will be filled.’’.*

4 **Subtitle C—Office of Native**  
 5 **American Affairs**

6 **SEC. 321. SHORT TITLE.**

7 This subtitle may be cited as the “Native American  
 8 Small Business Development Act”.

9 **SEC. 322. NATIVE AMERICAN SMALL BUSINESS DEVELOP-**  
 10 **MENT PROGRAM.**

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

13 (1) by redesignating section 36 as section 37;  
 14 and

15 (2) by inserting after section 35 the following:  
 16 **“SEC. 36. NATIVE AMERICAN SMALL BUSINESS DEVELOP-**  
 17 **MENT PROGRAM.**

18 “(a) DEFINITIONS.—In this section—

19 “(1) the term ‘Alaska Native’ has the same  
 20 meaning as the term ‘Native’ in section 3(b) of the  
 21 Alaska Native Claims Settlement Act (43 U.S.C.  
 22 1602(b));

23 “(2) the term ‘Alaska Native corporation’ has  
 24 the same meaning as the term ‘Native Corporation’

1 in section 3(m) of the Alaska Native Claims Settle-  
2 ment Act (43 U.S.C. 1602(m));

3 “(3) the term ‘Assistant Administrator’ means  
4 the Assistant Administrator of the Office of Native  
5 American Affairs established under subsection (b);

6 “(4) the terms ‘center’ and ‘Native American  
7 business center’ mean a center established under  
8 subsection (c);

9 “(5) the term ‘Native American business devel-  
10 opment center’ means an entity providing business  
11 development assistance to federally recognized tribes  
12 and Native Americans under a grant from the Mi-  
13 nority Business Development Agency of the Depart-  
14 ment of Commerce;

15 “(6) the term ‘Native American small business  
16 concern’ means a small business concern that is  
17 owned and controlled by—

18 “(A) a member of an Indian tribe or tribal  
19 government;

20 “(B) an Alaska Native or Alaska Native  
21 corporation; or

22 “(C) a Native Hawaiian or Native Hawai-  
23 ian organization;

1           “(7) the term ‘Native Hawaiian’ has the same  
2 meaning as in section 625 of the Older Americans  
3 Act of 1965 (42 U.S.C. 3057k);

4           “(8) the term ‘Native Hawaiian organization’  
5 has the same meaning as in section 8(a)(15) of this  
6 Act;

7           “(9) the term ‘tribal college’ has the same  
8 meaning as the term ‘tribally controlled college or  
9 university’ has in section 2(a)(4) of the Tribally  
10 Controlled Community College Assistance Act of  
11 1978 (25 U.S.C. 1801(a)(4));

12           “(10) the term ‘tribal government’ has the  
13 same meaning as the term ‘Indian tribe’ has in sec-  
14 tion 7501(a)(9) of title 31, United States Code; and

15           “(11) the term ‘tribal lands’ means all lands  
16 within the exterior boundaries of any Indian reserva-  
17 tion.

18           “(b) OFFICE OF NATIVE AMERICAN AFFAIRS.—

19           “(1) ESTABLISHMENT.—There is established  
20 within the Administration the Office of Native  
21 American Affairs, which, under the direction of the  
22 Assistant Administrator, shall implement the Admin-  
23 istration’s programs for the development of business  
24 enterprises by Native Americans.

1           “(2) PURPOSE.—The purpose of the Office of  
2       Native American Affairs is to assist Native Amer-  
3       ican entrepreneurs to—

4                   “(A) start, operate, and grow small busi-  
5       ness concerns;

6                   “(B) develop management and technical  
7       skills;

8                   “(C) seek Federal procurement opportuni-  
9       ties;

10                  “(D) increase employment opportunities  
11       for Native Americans through the start and ex-  
12       pansion of small business concerns; and

13                  “(E) increase the access of Native Ameri-  
14       cans to capital markets.

15       “(3) ASSISTANT ADMINISTRATOR.—

16                  “(A) APPOINTMENT.—The Administrator  
17       shall appoint a qualified individual to serve as  
18       Assistant Administrator of the Office of Native  
19       American Affairs in accordance with this para-  
20       graph.

21                  “(B) QUALIFICATIONS.—The Assistant  
22       Administrator appointed under subparagraph  
23       (A) shall have—

24                          “(i) knowledge of the Native Amer-  
25       ican culture; and

1           “(ii) experience providing culturally  
2           tailored small business development assist-  
3           ance to Native Americans.

4           “(C) EMPLOYMENT STATUS.—The Assist-  
5           ant Administrator shall be a Senior Executive  
6           Service position under section 3132(a)(2) of  
7           title 5, United States Code, and shall serve as  
8           a noncareer appointee, as defined in section  
9           3132(a)(7) of title 5, United States Code.

10          “(D) RESPONSIBILITIES AND DUTIES.—  
11          The Assistant Administrator shall—

12               “(i) administer and manage the Na-  
13               tive American Small Business Development  
14               program established under this section;

15               “(ii) recommend the annual adminis-  
16               trative and program budgets for the Office  
17               of Native American Affairs;

18               “(iii) consult with Native American  
19               business centers in carrying out the pro-  
20               gram established under this section;

21               “(iv) recommend appropriate funding  
22               levels;

23               “(v) review the annual budgets sub-  
24               mitted by each applicant for the Native



1 American Small Business Development  
2 program;

3 “(vi) select applicants to participate in  
4 the program under this section;

5 “(vii) implement this section; and

6 “(viii) maintain a clearinghouse to  
7 provide for the dissemination and exchange  
8 of information between Native American  
9 business centers.

10 “(E) CONSULTATION REQUIREMENTS.—In  
11 carrying out the responsibilities and duties de-  
12 scribed in this paragraph, the Assistant Admin-  
13 istrator shall confer with and seek the advice  
14 of—

15 “(i) Administration officials working  
16 in areas served by Native American busi-  
17 ness centers and Native American business  
18 development centers;

19 “(ii) the Bureau of Indian Affairs of  
20 the Department of the Interior;

21 “(iii) tribal governments;

22 “(iv) tribal colleges;

23 “(v) Alaska Native corporations; and

24 “(vi) Native Hawaiian organizations.

1       “(c) NATIVE AMERICAN SMALL BUSINESS DEVELOP-  
2   MENT PROGRAM.—

3               “(1) AUTHORIZATION.—

4                       “(A) IN GENERAL.—The Administration,  
5                       through the Office of Native American Affairs,  
6                       shall provide financial assistance to tribal gov-  
7                       ernments, tribal colleges, Native Hawaiian or-  
8                       ganizations, and Alaska Native corporations to  
9                       create Native American business centers in ac-  
10                      cordance with this section.

11                     “(B) USE OF FUNDS.—The financial and  
12                     resource assistance provided under this sub-  
13                     section shall be used to overcome obstacles im-  
14                     peding the creation, development, and expan-  
15                     sion of small business concerns, in accordance  
16                     with this section, by—

17                               “(i) reservation-based American Indi-  
18                               ans;

19                               “(ii) Alaska Natives; and

20                               “(iii) Native Hawaiians.

21               “(2) 5-YEAR PROJECTS.—

22                       “(A) IN GENERAL.—Each Native Amer-  
23                       ican business center that receives assistance  
24                       under paragraph (1)(A) shall conduct 5-year

1 projects that offer culturally tailored business  
2 development assistance in the form of—

3 “(i) financial education, including  
4 training and counseling in—

5 “(I) applying for and securing  
6 business credit and investment cap-  
7 ital;

8 “(II) preparing and presenting fi-  
9 nancial statements; and

10 “(III) managing cash flow and  
11 other financial operations of a busi-  
12 ness concern;

13 “(ii) management education, including  
14 training and counseling in planning, orga-  
15 nizing, staffing, directing, and controlling  
16 each major activity and function of a small  
17 business concern; and

18 “(iii) marketing education, including  
19 training and counseling in—

20 “(I) identifying and segmenting  
21 domestic and international market op-  
22 portunities;

23 “(II) preparing and executing  
24 marketing plans;

1 “(III) developing pricing strate-  
2 gies;

3 “(IV) locating contract opportu-  
4 nities;

5 “(V) negotiating contracts; and

6 “(VI) utilizing varying public re-  
7 lations and advertising techniques.

8 “(B) BUSINESS DEVELOPMENT ASSIST-  
9 ANCE RECIPIENTS.—The business development  
10 assistance under subparagraph (A) shall be of-  
11 fered to prospective and current owners of small  
12 business concerns that are owned by—

13 “(i) American Indians or tribal gov-  
14 ernments, and located on or near tribal  
15 lands;

16 “(ii) Alaska Natives or Alaska Native  
17 corporations; or

18 “(iii) Native Hawaiians or Native Ha-  
19 waiian organizations.

20 “(3) FORM OF FEDERAL FINANCIAL ASSIST-  
21 ANCE.—

22 “(A) DOCUMENTATION.—

23 “(i) IN GENERAL.—The financial as-  
24 sistance to Native American business cen-  
25 ters authorized under this subsection may

1 be made by grant, contract, or cooperative  
2 agreement.

3 “(ii) EXCEPTION.—Financial assist-  
4 ance under this subsection to Alaska Na-  
5 tive corporations or Native Hawaiian orga-  
6 nizations may only be made by grant.

7 “(B) PAYMENTS.—

8 “(i) TIMING.—Payments made under  
9 this subsection may be disbursed in an an-  
10 nual lump sum or in periodic installments,  
11 at the request of the recipient.

12 “(ii) ADVANCE.—The Administration  
13 may disburse not more than 25 percent of  
14 the annual amount of Federal financial as-  
15 sistance awarded to a Native American  
16 small business center after notice of the  
17 award has been issued.

18 “(iii) NO MATCHING REQUIREMENT.—  
19 The Administration shall not require a  
20 grant recipient to match grant funding re-  
21 ceived under this subsection with non-Fed-  
22 eral resources as a condition of receiving  
23 the grant.

24 “(4) CONTRACT AND COOPERATIVE AGREE-  
25 MENT AUTHORITY.—A Native American business

1 center may enter into a contract or cooperative  
2 agreement with a Federal department or agency to  
3 provide specific assistance to Native American and  
4 other under-served small business concerns located  
5 on or near tribal lands, to the extent that such con-  
6 tract or cooperative agreement is consistent with the  
7 terms of any assistance received by the Native  
8 American business center from the Administration.

9 “(5) APPLICATION PROCESS.—

10 “(A) SUBMISSION OF A 5-YEAR PLAN.—

11 Each applicant for assistance under paragraph  
12 (1) shall submit a 5-year plan to the Adminis-  
13 tration on proposed assistance and training ac-  
14 tivities.

15 “(B) CRITERIA.—

16 “(i) IN GENERAL.—The Administra-  
17 tion shall evaluate and rank applicants in  
18 accordance with predetermined selection  
19 criteria that shall be stated in terms of rel-  
20 ative importance.

21 “(ii) PUBLIC NOTICE.—The criteria  
22 required by this paragraph and their rel-  
23 ative importance shall be made publicly  
24 available, within a reasonable time, and

1           stated in each solicitation for applications  
2           made by the Administration.

3           “(iii) CONSIDERATIONS.—The criteria  
4           required by this paragraph shall include—

5                   “(I) the experience of the appli-  
6                   cant in conducting programs or ongo-  
7                   ing efforts designed to impart or up-  
8                   grade the business skills of current or  
9                   potential owners of Native American  
10                  small business concerns;

11                  “(II) the ability of the applicant  
12                  to commence a project within a min-  
13                  imum amount of time;

14                  “(III) the ability of the applicant  
15                  to provide quality training and serv-  
16                  ices to a significant number of Native  
17                  Americans;

18                  “(IV) previous assistance from  
19                  the Small Business Administration to  
20                  provide services in Native American  
21                  communities; and

22                  “(V) the proposed location for  
23                  the Native American business center  
24                  site, with priority given based on the  
25                  proximity of the center to the popu-

1                   lation being served and to achieve a  
2                   broad geographic dispersion of the  
3                   centers.

4                   “(6) PROGRAM EXAMINATION.—

5                   “(A) IN GENERAL.—Each Native Amer-  
6                   ican business center established pursuant to  
7                   this subsection shall annually provide the Ad-  
8                   ministration with an itemized cost breakdown of  
9                   actual expenditures incurred during the pre-  
10                  ceding year.

11                  “(B) ADMINISTRATION ACTION.—Based on  
12                  information received under subparagraph (A),  
13                  the Administration shall—

14                   “(i) develop and implement an annual  
15                   programmatic and financial examination of  
16                   each Native American business center as-  
17                   sisted pursuant to this subsection; and

18                   “(ii) analyze the results of each exam-  
19                   ination conducted under clause (i) to deter-  
20                   mine the programmatic and financial via-  
21                   bility of each Native American business  
22                   center.

23                  “(C) CONDITIONS FOR CONTINUED FUND-  
24                  ING.—In determining whether to renew a grant,  
25                  contract, or cooperative agreement with a Na-



1           tive American business center, the Administra-  
2           tion—

3                   “(i) shall consider the results of the  
4                   most recent examination of the center  
5                   under subparagraph (B), and, to a lesser  
6                   extent, previous examinations; and

7                   “(ii) may withhold such renewal, if  
8                   the Administration determines that—

9                           “(I) the center has failed to pro-  
10                          vide adequate information required to  
11                          be provided under subparagraph (A),  
12                          or the information provided by the  
13                          center is inadequate; or

14                           “(II) the center has failed to pro-  
15                          vide adequate information required to  
16                          be provided by the center for purposes  
17                          of the report of the Administration  
18                          under subparagraph (E).

19                   “(D) CONTINUING CONTRACT AND COOP-  
20                   ERATIVE AGREEMENT AUTHORITY.—

21                           “(i) IN GENERAL.—The authority of  
22                          the Administrator to enter into contracts  
23                          or cooperative agreements in accordance  
24                          with this subsection shall be in effect for  
25                          each fiscal year only to the extent and in

1 the amounts as are provided in advance in  
2 appropriations Acts.

3 “(ii) RENEWAL.—After the Adminis-  
4 trator has entered into a contract or coop-  
5 erative agreement with any Native Amer-  
6 ican business center under this subsection,  
7 it shall not suspend, terminate, or fail to  
8 renew or extend any such contract or coop-  
9 erative agreement unless the Administrator  
10 provides the center with written notifica-  
11 tion setting forth the reasons therefore and  
12 affords the center an opportunity for a  
13 hearing, appeal, or other administrative  
14 proceeding under chapter 5 of title 5,  
15 United States Code.

16 “(E) MANAGEMENT REPORT.—

17 “(i) IN GENERAL.—The Administra-  
18 tion shall prepare and submit to the Com-  
19 mittee on Small Business and Entrepre-  
20 neurship of the Senate and the Committee  
21 on Small Business of the House of Rep-  
22 resentatives an annual report on the effec-  
23 tiveness of all projects conducted by Native  
24 American business centers under this sub-  
25 section and any pilot programs adminis-

1           tered by the Office of Native American Af-  
2           fairs.

3           “(ii) CONTENTS.—Each report sub-  
4           mitted under clause (i) shall include, with  
5           respect to each Native American business  
6           center receiving financial assistance under  
7           this subsection—

8                   “(I) the number of individuals re-  
9                   ceiving assistance from the Native  
10                  American business center;

11                  “(II) the number of startup busi-  
12                  ness concerns created;

13                  “(III) the number of existing  
14                  businesses seeking to expand employ-  
15                  ment;

16                  “(IV) jobs created or maintained,  
17                  on an annual basis, by Native Amer-  
18                  ican small business concerns assisted  
19                  by the center since receiving funding  
20                  under this Act;

21                  “(V) to the maximum extent  
22                  practicable, the capital investment and  
23                  loan financing utilized by emerging  
24                  and expanding businesses that were

1                   assisted by a Native American busi-  
2                   ness center; and

3                   “(VI) the most recent examina-  
4                   tion, as required under subparagraph  
5                   (B), and the subsequent determina-  
6                   tion made by the Administration  
7                   under that subparagraph.

8                   “(7) ANNUAL REPORT.—Each entity receiving  
9                   financial assistance under this subsection shall annu-  
10                  ally report to the Administration on the services pro-  
11                  vided with such financial assistance, including—

12                  “(A) the number of individuals assisted,  
13                  categorized by ethnicity;

14                  “(B) the number of hours spent providing  
15                  counseling and training for those individuals;

16                  “(C) the number of startup small business  
17                  concerns created or maintained;

18                  “(D) the gross receipts of assisted small  
19                  business concerns;

20                  “(E) the number of jobs created or main-  
21                  tained at assisted small business concerns; and

22                  “(F) the number of Native American jobs  
23                  created or maintained at assisted small business  
24                  concerns.

25                  “(8) RECORD RETENTION.—

1           “(A) APPLICATIONS.—The Administration  
 2           shall maintain a copy of each application sub-  
 3           mitted under this subsection for not less than  
 4           7 years.

5           “(B) ANNUAL REPORTS.—The Administra-  
 6           tion shall maintain copies of the information  
 7           collected under paragraph (6)(A) indefinitely.

8           “(d) AUTHORIZATION OF APPROPRIATIONS.—There  
 9           are authorized to be appropriated \$5,000,000 for each of  
 10          the fiscal years 2004 through 2008, to carry out the Na-  
 11          tive American Small Business Development Program, au-  
 12          thorized under subsection (c).”.

13   **SEC. 323. PILOT PROGRAMS.**

14          (a) DEFINITIONS.—In this section, the following defi-  
 15          nitions shall apply:

16               (1) INCORPORATION BY REFERENCE.—The  
 17               terms defined in section 36(a) of the Small Business  
 18               Act (as added by this Act) have the same meanings  
 19               as in that section 36(a) when used in this section.

20               (2) JOINT PROJECT.—The term “joint project”  
 21               means the combined resources and expertise of 2 or  
 22               more distinct entities at a physical location dedi-  
 23               cated to assisting the Native American community.

24          (b) NATIVE AMERICAN DEVELOPMENT GRANT PILOT  
 25          PROGRAM.—

1 (1) AUTHORIZATION.—

2 (A) IN GENERAL.—There is established a  
3 4-year pilot program under which the Adminis-  
4 tration is authorized to award Native American  
5 development grants to provide culturally tai-  
6 lored business development training and related  
7 services to Native Americans and Native Amer-  
8 ican small business concerns.

9 (B) ELIGIBLE ORGANIZATIONS.—The  
10 grants authorized under subparagraph (A) may  
11 be awarded to—

12 (i) any small business development  
13 center; or

14 (ii) any private, nonprofit organization  
15 that—

16 (I) has members of an Indian  
17 tribe comprising a majority of its  
18 board of directors;

19 (II) is a Native Hawaiian organi-  
20 zation; or

21 (III) is an Alaska Native cor-  
22 poration.

23 (C) AMOUNTS.—The Administration shall  
24 not award a grant under this subsection in an

1 amount which exceeds \$100,000 for each year  
2 of the project.

3 (D) GRANT DURATION.—Each grant under  
4 this subsection shall be awarded for not less  
5 than a 2-year period and not more than a 4-  
6 year period.

7 (2) CONDITIONS FOR PARTICIPATION.—Each  
8 entity desiring a grant under this subsection shall  
9 submit an application to the Administration that  
10 contains—

11 (A) a certification that the applicant—

12 (i) is a small business development  
13 center or a private, nonprofit organization  
14 under paragraph (1)(B)(i);

15 (ii) employs an executive director or  
16 program manager to manage the facility;  
17 and

18 (iii) agrees—

19 (I) to a site visit as part of the  
20 final selection process;

21 (II) to an annual programmatic  
22 and financial examination; and

23 (III) to the maximum extent  
24 practicable, to remedy any problems

1 identified pursuant to that site visit or  
2 examination;

3 (B) information demonstrating that the  
4 applicant has the ability and resources to meet  
5 the needs, including cultural needs, of the Na-  
6 tive Americans to be served by the grant;

7 (C) information relating to proposed assist-  
8 ance that the grant will provide, including—

9 (i) the number of individuals to be as-  
10 sisted; and

11 (ii) the number of hours of counseling,  
12 training, and workshops to be provided;

13 (D) information demonstrating the effec-  
14 tive experience of the applicant in—

15 (i) conducting financial, management,  
16 and marketing assistance programs de-  
17 signed to impart or upgrade the business  
18 skills of current or prospective Native  
19 American business owners;

20 (ii) providing training and services to  
21 a representative number of Native Ameri-  
22 cans;

23 (iii) using resource partners of the  
24 Administration and other entities, includ-



1           ing universities, tribal governments, or  
2           tribal colleges; and

3                 (iv) the prudent management of fi-  
4           nances and staffing;

5                 (E) the location where the applicant will  
6           provide training and services to Native Ameri-  
7           cans; and

8                 (F) a multiyear plan, corresponding to the  
9           length of the grant, that describes—

10                     (i) the number of Native Americans  
11           and Native American small business con-  
12           cerns to be served by the grant;

13                     (ii) in the continental United States,  
14           the number of Native Americans to be  
15           served by the grant; and

16                     (iii) the training and services to be  
17           provided to a representative number of Na-  
18           tive Americans.

19           (3) REVIEW OF APPLICATIONS.—The Adminis-  
20           tration shall—

21                 (A) evaluate and rank applicants under  
22           paragraph (2) in accordance with predeter-  
23           mined selection criteria that is stated in terms  
24           of relative importance;

1 (B) include such criteria in each solicita-  
2 tion under this subsection and make such infor-  
3 mation available to the public; and

4 (C) approve or disapprove each completed  
5 application submitted under this subsection not  
6 more than 60 days after submission.

7 (4) ANNUAL REPORT.—Each recipient of a Na-  
8 tive American development grant under this sub-  
9 section shall annually report to the Administration  
10 on the impact of the grant funding, including—

11 (A) the number of individuals assisted, cat-  
12 egorized by ethnicity;

13 (B) the number of hours spent providing  
14 counseling and training for those individuals;

15 (C) the number of startup small business  
16 concerns created or maintained with assistance  
17 from a Native American business center;

18 (D) the gross receipts of assisted small  
19 business concerns;

20 (E) the number of jobs created or main-  
21 tained at assisted small business concerns; and

22 (F) the number of Native American jobs  
23 created or maintained at assisted small business  
24 concerns.

25 (5) RECORD RETENTION.—

1 (A) APPLICATIONS.—The Administration  
2 shall maintain a copy of each application sub-  
3 mitted under this subsection for not less than  
4 7 years.

5 (B) ANNUAL REPORTS.—The Administra-  
6 tion shall maintain copies of the information  
7 collected under paragraph (4) indefinitely.

8 (c) AMERICAN INDIAN TRIBAL ASSISTANCE CENTER  
9 GRANT PILOT PROGRAM.—

10 (1) AUTHORIZATION.—

11 (A) IN GENERAL.—There is established a  
12 4-year pilot program, under which the Adminis-  
13 tration shall award not less than 3 American  
14 Indian Tribal Assistance Center grants to es-  
15 tablish joint projects to provide culturally tai-  
16 lored business development assistance to pro-  
17 spective and current owners of small business  
18 concerns located on or near tribal lands.

19 (B) ELIGIBLE ORGANIZATIONS.—

20 (i) CLASS 1.—Not fewer than 1 grant  
21 shall be awarded to a joint project per-  
22 formed by a Native American business cen-  
23 ter, a Native American business develop-  
24 ment center, and a small business develop-  
25 ment center.

1 (ii) CLASS 2.—Not fewer than 2  
 2 grants shall be awarded to joint projects  
 3 performed by a Native American business  
 4 center and a Native American business de-  
 5 velopment center.

6 (C) AMOUNTS.—The Administration shall  
 7 not award a grant under this subsection in an  
 8 amount which exceeds \$200,000 for each year  
 9 of the project.

10 (D) GRANT DURATION.—Each grant under  
 11 this subsection shall be awarded for a 3-year  
 12 period.

13 (2) CONDITIONS FOR PARTICIPATION.—Each  
 14 entity desiring a grant under this subsection shall  
 15 submit to the Administration a joint application that  
 16 contains—

17 (A) a certification that each participant of  
 18 the joint application—

19 (i) is either a Native American busi-  
 20 ness center, a Native American business  
 21 development center, or a small business de-  
 22 velopment center;

23 (ii) employs an executive director or  
 24 program manager to manage the center;  
 25 and

1 (iii) as a condition of receiving the  
2 American Indian Tribal Assistance Center  
3 grant, agrees—

4 (I) to an annual programmatic  
5 and financial examination; and

6 (II) to the maximum extent prac-  
7 ticable, to remedy any problems iden-  
8 tified pursuant to that examination;

9 (B) information demonstrating an historic  
10 commitment to providing assistance to Native  
11 Americans—

12 (i) residing on or near tribal lands; or

13 (ii) operating a small business concern  
14 on or near tribal lands;

15 (C) information demonstrating that each  
16 participant of the joint application has the abil-  
17 ity and resources to meet the needs, including  
18 the cultural needs of the Native Americans to  
19 be served by the grant;

20 (D) information relating to proposed as-  
21 sistance that the grant will provide, including—

22 (i) the number of individuals to be as-  
23 sisted; and

24 (ii) the number of hours of counseling,  
25 training, and workshops to be provided;

1 (E) information demonstrating the effective  
2 experience of each participant of the joint  
3 application in—

4 (i) conducting financial, management,  
5 and marketing assistance programs, as described  
6 above, designed to impart or upgrade the business  
7 skills of current or prospective Native American  
8 business owners;  
9 and

10 (ii) the prudent management of finances  
11 and staffing; and

12 (F) a plan for the length of the grant, that  
13 describes—

14 (i) the number of Native Americans  
15 and Native American small business concerns  
16 to be served by the grant; and

17 (ii) the training and services to be  
18 provided.

19 (3) REVIEW OF APPLICATIONS.—The Administration  
20 shall—

21 (A) evaluate and rank applicants under  
22 paragraph (2) in accordance with predetermined  
23 selection criteria that is stated in terms  
24 of relative importance;

1 (B) include such criteria in each solicita-  
2 tion under this subsection and make such infor-  
3 mation available to the public; and

4 (C) approve or disapprove each application  
5 submitted under this subsection not more than  
6 60 days after submission.

7 (4) ANNUAL REPORT.—Each recipient of an  
8 American Indian tribal assistance center grant  
9 under this subsection shall annually report to the  
10 Administration on the impact of the grant funding  
11 received during the reporting year, and the cumu-  
12 lative impact of the grant funding received since the  
13 initiation of the grant, including—

14 (A) the number of individuals assisted, cat-  
15 egorized by ethnicity;

16 (B) the number of hours of counseling and  
17 training provided and workshops conducted;

18 (C) the number of startup business con-  
19 cerns created or maintained with assistance  
20 from a Native American business center;

21 (D) the gross receipts of assisted small  
22 business concerns;

23 (E) the number of jobs created or main-  
24 tained at assisted small business concerns; and

1 (F) the number of Native American jobs  
2 created or maintained at assisted small business  
3 concerns.

4 (5) RECORD RETENTION.—

5 (A) APPLICATIONS.—The Administration  
6 shall maintain a copy of each application sub-  
7 mitted under this subsection for not less than  
8 7 years.

9 (B) ANNUAL REPORTS.—The Administra-  
10 tion shall maintain copies of the information  
11 collected under paragraph (4) indefinitely.

12 (d) AUTHORIZATION OF APPROPRIATIONS.—There  
13 are authorized to be appropriated—

14 (1) \$1,000,000 for each of the fiscal years 2004  
15 through 2007, to carry out the Native American De-  
16 velopment Grant Pilot Program, authorized under  
17 subsection (b); and

18 (2) \$1,000,000 for each of the fiscal years 2004  
19 through 2007, to carry out the American Indian  
20 Tribal Assistance Center Grant Pilot Program, au-  
21 thorized under subsection (c).



1       **Subtitle D—Office of Veterans**  
2               **Business Development**

3   **SEC. 331. ADVISORY COMMITTEE ON VETERANS BUSINESS**  
4               **AFFAIRS.**

5       (a) RETENTION OF DUTIES.—Section 33(h) of the  
6 Small Business Act (15 U.S.C. 657c(h)) is amended by  
7 striking “October 1, 2004” and inserting “October 1,  
8 2006”.

9       (b) EXTENSION OF AUTHORITY.—Section 203(h) of  
10 the Veterans Entrepreneurship and Small Business Devel-  
11 opment Act of 1999 (15 U.S.C. 657b note) is amended  
12 by striking “September 30, 2004” and inserting “Sep-  
13 tember 30, 2006”.

14   **SEC. 332. OUTREACH GRANTS FOR VETERANS.**

15       Section 8(b)(17) of the Small Business Act (15  
16 U.S.C. 637(b)(17)) is amended by inserting before the pe-  
17 riod at the end the following: “, veterans, and members  
18 of a reserve component of the Armed Forces”.

19   **SEC. 333. AUTHORIZATION OF APPROPRIATIONS.**

20       Section 32 of the Small Business Act (15 U.S.C.  
21 657b) is amended by adding at the end the following:

22       “(c) AUTHORIZATION OF APPROPRIATIONS.—There  
23 are authorized to be appropriated for carrying out the pro-  
24 visions of this section—

25               “(1) \$1,000,000 for fiscal year 2004;

1 “(2) \$1,500,000 for fiscal year 2005; and

2 “(3) \$2,000,000 for fiscal year 2006.”.

3 **TITLE IV—SMALL BUSINESS**  
4 **PROCUREMENT OPPORTUNITIES**

5 **SEC. 401. CONTRACT CONSOLIDATION.**

6 (a) DEFINITIONS.—Section 3(o) of the Small Busi-  
7 ness Act (15 U.S.C. 632(o)) is amended to read as follows:

8 “(o) DEFINITIONS RELATING TO CONSOLIDATION OF  
9 CONTRACT REQUIREMENTS.—In this Act—

10 “(1) the terms ‘consolidation of contract re-  
11 quirements’ and ‘consolidation’, with respect to con-  
12 tract requirements of a military department, De-  
13 fense Agency, Department of Defense Field Activity,  
14 or any other Federal department or agency having  
15 contracting authority mean a use of a solicitation to  
16 obtain offers for a single contract or a multiple  
17 award contract to satisfy 2 or more requirements of  
18 that department, agency, or activity for goods or  
19 services that—

20 “(A) have previously been provided to or  
21 performed for that department, agency, or ac-  
22 tivity under 2 or more separate contracts that  
23 are smaller in cost than the total cost of the  
24 contract for which the offers are solicited; or

1           “(B) are of a type capable of being pro-  
2           vided or performed by a small business concern  
3           for that department, agency, or activity under  
4           2 or more separate contracts that are smaller in  
5           cost than the total cost of the contract for  
6           which the offers are solicited;

7           “(2) the term ‘multiple award contract’  
8           means—

9           “(A) a contract that is entered into by the  
10          Administrator of General Services under the  
11          multiple award schedule program referred to in  
12          section 2302(2)(C) of title 10, United States  
13          Code;

14          “(B) a multiple award task order contract  
15          or delivery order contract that is entered into  
16          under the authority of sections 2304a through  
17          2304d of title 10, United States Code, or sec-  
18          tions 303H through 303K of the Federal Prop-  
19          erty and Administrative Services Act of 1949  
20          (41 U.S.C. 253h through 253k); and

21          “(C) any other indeterminate delivery, in-  
22          determinate quantity contract that is entered  
23          into by the head of a Federal agency with 2 or  
24          more sources pursuant to the same solicitation;  
25          and

1 “(3) the term ‘senior procurement executive’  
2 means—

3 “(A) with respect to a military department,  
4 the official designated under section 16(3) of  
5 the Office of Federal Procurement Policy Act  
6 (41 U.S.C. 414(3)) as the senior procurement  
7 executive for the military department;

8 “(B) with respect to a Defense Agency or  
9 a Department of Defense Field Activity, the of-  
10 ficial so designated for the Department of De-  
11 fense; and

12 “(C) with respect to a Federal department  
13 or agency other than those referred to in sub-  
14 paragraphs (A) and (B), the official so des-  
15 ignated by that department or agency.”.

16 (b) PROCUREMENT STRATEGIES.—Section 15(e) of  
17 the Small Business Act (15 U.S.C. 644(e)) is amended—

18 (1) in paragraph (2)—

19 (A) by striking “.—

20 “(A) IN GENERAL”; and

21 (B) by striking subparagraphs (B) and  
22 (C); and

23 (2) by striking paragraph (3) and inserting the  
24 following:

1           “(3) LIMITATION ON USE OF ACQUISITION  
2 STRATEGIES INVOLVING CONSOLIDATION.—

3           “(A) CERTAIN DEFENSE CONTRACT RE-  
4 QUIREMENTS.—An official of a military depart-  
5 ment, defense agency, or Department of De-  
6 fense Field Activity shall not execute an acqui-  
7 sition strategy that includes a consolidation of  
8 contract requirements of the military depart-  
9 ment, agency, or activity with a total value in  
10 excess of \$5,000,000, unless the senior procure-  
11 ment executive first—

12                   “(i) conducts market research;

13                   “(ii) identifies any alternative con-  
14 tracting approaches that would involve a  
15 lesser degree of consolidation of contract  
16 requirements; and

17                   “(iii) determines that the consolida-  
18 tion is necessary and justified.

19           “(B) CERTAIN CIVILIAN AGENCY CON-  
20 TRACT REQUIREMENTS.—The head of a Federal  
21 agency not described in subparagraph (A) that  
22 has contracting authority shall not execute an  
23 acquisition strategy that includes a consolida-  
24 tion of contract requirements of the agency with  
25 a total value in excess of \$2,000,000, unless the

1 senior procurement executive of the agency  
2 first—

3 “(i) conducts market research;

4 “(ii) identifies any alternative con-  
5 tracting approaches that would involve a  
6 lesser degree of consolidation of contract  
7 requirements; and

8 “(iii) determines that the consolida-  
9 tion is necessary and justified.

10 “(C) ADDITIONAL REQUIREMENTS FOR  
11 HIGHER VALUE CONSOLIDATED CONTRACTS.—

12 In addition to meeting the requirements under  
13 subparagraph (A) or (B), a procurement strat-  
14 egy by a civilian agency that includes a consoli-  
15 dated contract valued at more than \$5,000,000,  
16 or by a defense agency that includes a consoli-  
17 dated contract valued at more than \$7,000,000  
18 shall include—

19 “(i) an assessment of the specific im-  
20 pediments to participation by small busi-  
21 ness concerns as prime contractors that  
22 will result from the consolidation;

23 “(ii) actions designed to maximize  
24 small business participation as prime con-  
25 tractors, including provisions that encour-

age small business teaming for the consolidated requirement;

“(iii) actions designed to maximize small business participation as subcontractors (including suppliers) at any tier under the contract or contracts that may be awarded to meet the requirements; and

“(iv) the identification of the alternative strategies that would reduce or minimize the scope of the consolidation and the rationale for not choosing those alternatives.

“(D) NECESSARY AND JUSTIFIED.—A senior procurement executive may determine that an acquisition strategy involving a consolidation of contract requirements is necessary and justified for purposes of subparagraph (A), (B), or (C), if the benefits of the acquisition strategy substantially exceed the benefits of each of the possible alternative contracting approaches identified under clause (ii) of any of those subparagraphs, as applicable. However, savings in administrative or personnel costs alone do not constitute, for such purpose, a sufficient justification for a consolidation of contract require-

1           ments in a procurement, unless the total  
 2           amount of the cost savings is expected to be  
 3           substantial in relation to the total cost of the  
 4           procurement.

5           “(E) BENEFITS.—Benefits considered for  
 6           purposes of this paragraph may include cost  
 7           and, regardless of whether quantifiable in dollar  
 8           amounts—

9                     “(i) quality;

10                    “(ii) acquisition cycle;

11                    “(iii) terms and conditions; and

12                    “(iv) any other benefit directly related  
 13                   to national security or homeland defense.”.

14           (c) REPORT REQUIREMENTS.—Section 15(p)(4)(B)  
 15           of the Small Business Act (15 U.S.C. 644(p)(4)(B)) is  
 16           amended—

17                   (1) in clause (i), by striking “and” at the end;

18                   (2) in clause (ii), by striking the period at the  
 19           end and inserting the following: “; and”; and

20                   (3) by adding at the end the following:

21                             “(iii) a description of best practices  
 22                             for maximizing small business prime and  
 23                             subcontracting opportunities.”.



1 (d) PROCUREMENT CENTER REPRESENTATIVES.—

2 Section 15(*l*) of the Small Business Act (15 U.S.C. 644(*l*))

3 is amended—

4 (1) by striking “(1)(1)” and inserting “(2)”;

5 (2) by redesignating paragraphs (2) through

6 (7) as paragraphs (3) through (8), respectively;

7 (3) by inserting before paragraph (2), as so re-  
8 designated, the following:

9 “(*l*)(1) The Administration shall assign not fewer  
10 than 1 procurement center representative at each major  
11 procurement center, in addition to no less than 1 for each  
12 State.”;

13 (4) in paragraph (2), as redesignated, by strik-  
14 ing “to the representative referred to in subsection  
15 (k)(6)” and inserting “to the traditional procure-  
16 ment center representative and the commercial mar-  
17 ket representative, with each such position filled by  
18 a different individual, and each such representative  
19 having separate and distinct duties and responsibil-  
20 ities.”; and

21 (5) by striking “paragraph (2)” each place that  
22 term appears and inserting “paragraph (3)”.

23 (e) ADDITIONAL TO TECHNICAL ADVISERS.—Section

24 15(k)(~~8~~) of the Small Business Act (15 U.S.C. 644(k)(~~8~~))

25 is amended—

1           (1) *in paragraph (5), by striking “bundled con-*  
 2           *tract” and inserting “consolidated contract”; and*

3           (2) *in paragraph (8), by striking “representa-*  
 4           *tive—” and inserting “representative at each major*  
 5           *procurement center under subsection (l)(1)—”.*

6           (f) CONFORMING AMENDMENTS.—Section 15(p) of  
 7 the Small Business Act (15 U.S.C. 644(p)) is amended—

8           (1) in the subsection heading, by striking  
 9           “BUNDLED CONTRACTS” and inserting “CONSOLI-  
 10          DATED CONTRACTS”;

11          (2) in paragraph (1), in the paragraph heading,  
 12          by striking “BUNDLED CONTRACT” and inserting  
 13          “CONSOLIDATED CONTRACT”;

14          (3) in paragraph (4), in the paragraph heading,  
 15          by striking “CONTRACT BUNDLING” and inserting  
 16          “CONTRACT CONSOLIDATION”;

17          (4) by striking “bundled contracts” each place  
 18          that term appears and inserting “consolidated con-  
 19          tracts”;

20          (5) by striking “bundled contract” each place  
 21          that term appears and inserting “consolidated con-  
 22          tract”;

23          (6) by striking “bundling of contract require-  
 24          ments” each place that term appears and inserting  
 25          “consolidation of contract requirements”;

(7) in paragraph (4)(B)(ii), by striking “previously bundled” and inserting “previously consolidated”;

(8) in paragraph (4)(B)(ii)(I), by striking “were bundled” and inserting “were consolidated”;

(9) in paragraph (4)(B)(ii)(II)(bb), by striking “bundling the contract requirements” and inserting “the consolidation of contract requirements”; and

(10) in paragraph (4)(B)(ii)(II)(cc), by striking “bundled status” and inserting “consolidated status”.

*(g) GAO STUDY AND REPORT.—*

*(1) FEASIBILITY STUDY REQUIRED.—The Comptroller General of the United States shall conduct a study of the feasibility of setting thresholds, based on industry category, for permitting the consolidation of contract requirements to proceed without being subject to the additional benefit analyses required by the amendments made by this section.*

*(2) CONSIDERATIONS.—The study conducted under paragraph (1) shall include consideration of thresholds based on—*

*(A) the dollar value of the overall prime contract at issue (including the average dollar*

1           *value of a prime contract in each industry cat-*  
 2           *egory);*

3           *(B) the portion of such prime contract*  
 4           *amounts that could potentially include small*  
 5           *business participation as subcontractors;*

6           *(C) the availability of small business con-*  
 7           *cerns in each industry that have the capabilities*  
 8           *and resources to fulfill prime contract require-*  
 9           *ments; and*

10           *(D) such other criteria that the Comptroller*  
 11           *determines relevant.*

12           *(3) REPORT.—Not later than June 30, 2004, the*  
 13           *Comptroller General shall submit a report to Congress*  
 14           *and the Administration on the results of the study*  
 15           *conducted under this subsection, together with any*  
 16           *recommendations with legislative or regulatory ac-*  
 17           *tion.*

18 **SEC. 402. AGENCY ACCOUNTABILITY.**

19           (a) AGENCY RESPONSIBILITIES.—Section 15(g)(2) of  
 20 the Small Business Act (15 U.S.C. 644(g)(2)) is amend-  
 21 ed—

22           (1) by inserting “(A)” after “(2)”;

23           (2) by striking “shall, after consultation” and  
 24 inserting the following: “shall—

25           “(i) after consultation”;

1           (3) by striking “agency. Goals established” and  
2           inserting the following: “agency;

3           “(ii) identify a percentage of the procurement  
4           budget of the agency to be awarded to small busi-  
5           ness concerns, in consultation with the Office of  
6           Small and Disadvantaged Business Utilization of the  
7           agency, which information shall be included in the  
8           strategic plan required under section 306 of title 5,  
9           United States Code, and the annual budget submis-  
10          sion to Congress by that agency, and, upon request,  
11          in any testimony provided by that agency before ~~the~~  
12          Congress in connection with the budget process; and

13          “(iii) report, as part of its annual performance  
14          plan, required under section 1115 of title 31, United  
15          States Code, the extent to which the agency achieved  
16          the goals referred to in clause (ii), and appropriate  
17          justification for any failure to do so.

18          “(B) Goals established”;

19          (4) by striking “Whenever” and inserting the  
20          following:

21          “(C) Whenever”;

22          (5) by striking “For the purpose of” and insert-  
23          ing the following:

24          “(D) For the purpose of”;

25          (6) in the last sentence—

1 (A) by striking “(A) contracts” and insert-  
 2 ing “(i) contracts”; and

3 (B) by striking “(B) contracts” and insert-  
 4 ing “(ii) contracts”; and

5 (7) by adding at the end the following:

6 “(E)(i) Each procurement employee described in  
 7 clause (iii)—

8 ~~“(I) shall have as an annual performance eval-~~  
 9 ~~uation factor, where appropriate, the success of that~~  
 10 ~~procurement employee in small business utilization,~~  
 11 ~~in accordance with the goals established under this~~  
 12 ~~subsection; and~~

13 ~~“(H)(I) shall communicate to their subordinates~~  
 14 ~~the importance of achieving small business goals;~~  
 15 ~~and~~

16 ~~“(II) shall have as an annual performance eval-~~  
 17 ~~uation factor, where appropriate, the success of that~~  
 18 ~~procurement employee in small business utilization,~~  
 19 ~~in accordance with the goals established under this~~  
 20 ~~subsection.~~

21 “(ii) An appropriate percentage of any performance-  
 22 related bonus awarded to a procurement employee de-  
 23 scribed in clause (iii) shall be withheld, where appropriate,  
 24 for failure to achieve the goals established under this sub-  
 25 section.

1       “(iii) A procurement employee described in this  
 2 clause is a senior procurement executive, senior program  
 3 manager, or small and disadvantaged business utilization  
 4 manager of a Federal agency having contracting author-  
 5 ity.”.

6       (b) SMALL AND DISADVANTAGED BUSINESS UTILI-  
 7 ZATION.—Section 15(k)(3) of the Small Business Act (15  
 8 U.S.C. 644(k)(3)) is amended to read as follows:

9               “(3) be responsible only to, and report directly  
 10 to, the head of such agency, except that the Director  
 11 of Small and Disadvantaged Business Utilization for  
 12 the Department of Defense shall be responsible only  
 13 to, and report directly to, the Undersecretary of De-  
 14 fense for Acquisition, Technology, and Logistics,”.

15       (c) REPORTS ON SMALL BUSINESS UTILIZATION.—  
 16 Section 10(d) of the Small Business Act (15 U.S.C.  
 17 639(d)) is amended—

18               (1) by inserting “and each agency that is a  
 19 member of the President’s Management Council (or  
 20 any successor thereto)” after “Department of De-  
 21 fense” the first place that term appears; and

22               (2) by inserting “or that agency” after “De-  
 23 partment of Defense” the second place that term ap-  
 24 pears.

25       (d) TECHNICAL CORRECTION.—

1           (1) IN GENERAL.—Section 502(b) of the Vet-  
 2           erans Entrepreneurship and Small Business Devel-  
 3           opment Act of 1999 (Public Law 106–50, 113 Stat.  
 4           248) is amended by striking “Section 15” and in-  
 5           serting “Section 15(g)(2)”.

6           (2) EFFECT.—The amendment made by para-  
 7           graph (1) shall be deemed to have the same effective  
 8           date as section 502(b) of the Veterans Entrepre-  
 9           neurship and Small Business Development Act of  
 10          1999.

11 **SEC. 403. SMALL BUSINESS PARTICIPATION IN PRIME CON-**  
 12 **TRACTING.**

13          (a) PARTICIPATION IN MULTIPLE AWARD CON-  
 14 TRACTS.—Section 15(g) of the Small Business Act (15  
 15 U.S.C. 644(g)) is amended by adding at the end the fol-  
 16 lowing:

17          “(3) The governmentwide goal for participation by  
 18 small business concerns in any multiple award contract  
 19 shall be established at not less than 23 percent of the total  
 20 dollar value of all awards under that contract.”.

21          (b) RESERVED CONTRACTS.—Section 15(j) of the  
 22 Small Business Act (15 U.S.C. 644(j)) is amended—

23               (1) in paragraph (1), by inserting “, including  
 24 any order of 1 or more Federal Supply Schedule  
 25 items,” after “goods and services”; and



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

2 “(4) Any adjustment to the simplified acquisition  
3 threshold (as defined in section 4(11) of the Office of Fed-  
4 eral Procurement Policy Act (41 U.S.C. 403(11))), shall  
5 be immediately matched by an identical adjustment to the  
6 small business reserve for purposes of this subsection.”.

7 **SEC. 404. SMALL BUSINESS PARTICIPATION IN SUBCON-**  
8 **TRACTING.**

9 (a) CERTIFICATIONS REQUIRED.—Section 8(d)(6) of  
10 the Small Business Act (15 U.S.C. 637(d)(6)) is amend-  
11 ed—

12 (1) in subparagraph (E), by striking “and” at  
13 the end;

14 (2) in subparagraph (F), by striking the period  
15 at the end and inserting a semicolon; and

16 (3) by adding at the end the following:

17 “(G) the name and signature of the individual  
18 that is the president, chief executive officer, or head  
19 of the entity, certifying that subcontracting data  
20 provided are accurate and complete; and

21 “(H) certification that the offeror or bidder will  
22 acquire articles, equipment, supplies, services, or  
23 materials, or obtain the performance of construction  
24 work from small business concerns in the amount  
25 and quality used in preparing the bid or proposal,

1 unless such small business concerns *are* no longer in  
 2 business or can no longer meet the quality, quantity,  
 3 or delivery date.”.

4 (b) PENALTIES FOR FALSE CERTIFICATIONS.—Sec-  
 5 tion 16(f) of the Small Business Act (14 U.S.C. 645(f))  
 6 is amended by inserting “or 8(d)(6)(G))” before “of this  
 7 Act”.

8 **SEC. 405. EVALUATING SUBCONTRACT PARTICIPATION IN**  
 9 **AWARDING CONTRACTS.**

10 (a) SIGNIFICANT FACTORS.—Section 8(d)(4)(G) of  
 11 the Small Business Act (15 U.S.C. 637(d)(4)(G)) is  
 12 amended by striking “a bundled” and inserting “any”.

13 (b) EVALUATION REPORTS.—Section 8(d)(10) of the  
 14 Small Business Act (15 U.S.C. 637(d)(10)) is amended—

15 (1) by striking “is authorized to” and inserting  
 16 “shall”;

17 (2) in subparagraph (B), by striking “and” at  
 18 the end;

19 (3) in subparagraph (C), by striking the period  
 20 at the end and inserting “; and”; and

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

22 “(D) report the results of each evaluation under  
 23 subparagraph (C) to the appropriate contracting of-  
 24 ficers.”.

1       (c) CENTRALIZED DATABASE; PAYMENTS PENDING  
2 REPORTS.—Section 8(d) of the Small Business Act (15  
3 U.S.C. 637(d)) is amended—

4           (1) by redesignating paragraph (11) as para-  
5 graph (13); and

6           (2) by inserting after paragraph (10) the fol-  
7 lowing:

8       “(11) CENTRALIZED DATABASE.—The results of an  
9 evaluation under paragraph (10)(C) shall be included in  
10 a national centralized governmentwide database.

11       “(12) PAYMENTS PENDING REPORTS.—Each Federal  
12 agency having contracting authority shall ensure that the  
13 terms of each contract for goods and services includes a  
14 provision allowing the contracting officer of an agency to  
15 withhold an appropriate amount of payment with respect  
16 to a contract (depending on the size of the contract) until  
17 the date of receipt of complete, accurate, and timely sub-  
18 contracting reports in accordance with paragraph  
19 (6)(G).”.

20       (d) REFERRAL OF MATERIAL BREACH TO INSPEC-  
21 TORS GENERAL.—Section 8(d)(8) of the Small Business  
22 Act (15 U.S.C. 637(d)(8)) is amended by adding at the  
23 end the following: “A material breach described in this  
24 paragraph shall be referred for investigation to the Inspec-  
25 tor General (or the equivalent) of the affected agency.”.

1 **SEC. 406. DIRECT PAYMENTS TO SUBCONTRACTORS.**

2 (a) IN GENERAL.—Section 8(d) of the Small Busi-  
3 ness Act (15 U.S.C. 637(d)), as amended by section 405,  
4 is further amended by adding at the end the following:

5 “(14) TIMELY PAYMENT TO SMALL BUSINESS SUB-  
6 CONTRACTORS.—

7 “(A) IN GENERAL.—Subject to subparagraph  
8 (B), the failure of a civilian agency prime contractor,  
9 as defined in subparagraph (D), to make a timely  
10 payment, as determined by the contract with the  
11 subcontractor, to a subcontractor that is a small  
12 business concern shall be a material breach of the  
13 contract with the Federal agency.

14 “(B) CONSIDERATION OF PERFORMANCE.—Be-  
15 fore making a determination under subparagraph  
16 (A), the contracting officer shall consider all reason-  
17 able issues regarding the performance, or lack of  
18 performance, of the subcontractor.

19 “(C) WITHHOLDING OF PAYMENTS.—Not later  
20 than 30 days after the date on which a material  
21 breach under subparagraph (A) is determined by the  
22 contracting officer, the Federal agency may withhold  
23 any amounts due and owing the subcontractor from  
24 payments due to the prime contractor and pay such  
25 amounts directly to the subcontractor.

1           “(D) DEFINED TERM.—As used in this para-  
 2           graph, the term ‘civilian agency prime contractor’  
 3           means a prime contractor that offers any combina-  
 4           tion of services or manufactured goods to Federal  
 5           agencies other than the Department of Defense or  
 6           agencies with responsibility for homeland security or  
 7           national security.”.

8           (b) SUNSET.—The amendment made by this section  
 9           shall remain in effect during the period beginning on the  
 10          date of enactment of this Act and ending on September  
 11          30, 2006.

12   **SEC. 407. WOMEN-OWNED SMALL BUSINESS INDUSTRY**  
 13                           **STUDY.**

14          Section 8(m)(4) of the Small Business Act (15  
 15          U.S.C. 637(m)(4)) is amended to read as follows:

16               “(4) GAO IDENTIFICATION OF INDUSTRIES.—

17                       “(A) STUDY.—The Comptroller General of  
 18                       the United States shall conduct a study to iden-  
 19                       tify industries in which small business concerns  
 20                       owned and controlled by women are underrep-  
 21                       resented with respect to Federal procurement  
 22                       contracting.

23                       “(B) REPORT TO CONGRESS.—Not later  
 24                       than December 31, 2003, the Comptroller Gen-  
 25                       eral shall submit a report to Congress on the

1 results of the study conducted under subpara-  
 2 graph (A), together with any recommendations  
 3 for legislative action.

4 “(C) ASSISTANCE FROM OTHER AGEN-  
 5 CIES.—The Comptroller General may request of  
 6 any Federal agency, and such agency shall pro-  
 7 vide, such information as the Comptroller Gen-  
 8 eral determines necessary in carrying out this  
 9 paragraph, to the extent otherwise permitted by  
 10 law.”.

11 **SEC. 408. HUBZONE AUTHORIZATIONS.**

12 Section 31(d) of the Small Business Act (15 U.S.C.  
 13 657a(d)) is amended—

14 (1) by striking “2001” and inserting “2004”;  
 15 and

16 (2) by striking “2003” and inserting “2006”.

17 **SEC. 409. DEFINITION OF HUBZONE; TREATMENT OF CER-**  
 18 **TAIN FORMER MILITARY INSTALLATION**  
 19 **LANDS AS HUBZONES.**

20 (a) BASE CLOSURE AREAS.—Section 3(p)(1) of the  
 21 Small Business Act (15 U.S.C. 632(p)(1)) is amended—

22 (1) in subparagraph (C), by striking “or” at  
 23 the end;

24 (2) in subparagraph (D), by striking the period  
 25 at the end and inserting “; or”; and

1 (3) by adding at the end the following:

2 “(E) base closure areas.”.

3 (b) DEFINITION.—Section 3(p)(4) of the Small Busi-  
4 ness Act (15 U.S.C. 632(p)(4)) is amended by adding at  
5 the end the following:

6 “(D) BASE CLOSURE AREA.—The term  
7 ‘base closure area’ means lands within the ex-  
8 ternal boundaries of a military installation that  
9 were closed through a privatization process  
10 under the authority of—

11 “(i) the Defense Base Closure and  
12 Realignment Act of 1990 (part A of title  
13 XXIX of Division B of Public Law 101–  
14 510; 10 U.S.C. 2687 note);

15 “(ii) title II of the Defense Authoriza-  
16 tion Amendments and Base Closure and  
17 Realignment Act (Public Law 100–526; 10  
18 U.S.C. 2687 note);

19 “(iii) section 2687 of title 10, United  
20 States Code; or

21 “(iv) any other provision of law au-  
22 thorizing or directing the Secretary of De-  
23 fense or the Secretary of a military depart-  
24 ment to dispose of real property at the  
25 military installation for purposes relating

1 to base closures of redevelopment, while re-  
 2 taining the authority to enter into a lease-  
 3 back of all or a portion of the property for  
 4 military use.”.

5 **SEC. 410. DEFINITION OF HUBZONE SMALL BUSINESS CON-**  
 6 **CERN.**

7 Section 3(p) of the Small Business Act (15 U.S.C.  
 8 632(p)) is amended—

9 (1) by redesignating paragraphs (4) through  
 10 (7) as paragraphs (5) through (8), respectively; and  
 11 (2) by inserting after paragraph (3) the fol-  
 12 lowing:

13 “(4) **RULE OF CONSTRUCTION RELATING TO**  
 14 **OWNERSHIP.**—For purposes of paragraph (3)(A),  
 15 the term ‘person’ includes any small business invest-  
 16 ment company, specialized small business investment  
 17 company, New Markets Venture Capital company  
 18 (as those terms are defined in sections 103 and 351,  
 19 respectively, of the Small Business Investment Act  
 20 of 1958 (15 U.S.C. 662, 689), or other similar in-  
 21 vestment company, as determined by the Adminis-  
 22 trator, if any such company comprises not more  
 23 than 15 percent of the ownership of the subject  
 24 small business concern.”.



1 **SEC. 411. ACQUISITION REGULATIONS.**

2 Not later than 180 days after the date of enactment  
 3 of this Act, the Governmentwide procurement regulations  
 4 issued under sections 6(a) and 25(c) of the Office of Fed-  
 5 eral Procurement Policy Act (41 U.S.C. 405(a) and  
 6 421(c)) and the procurement regulations described in sec-  
 7 tion 25(c)(2) of the Office of Federal Procurement Policy  
 8 Act (41 U.S.C. 421(c)(2)) that are issued by the Depart-  
 9 ment of Defense shall be amended as necessary to carry  
 10 out this title and the amendments made by this title.

11 **TITLE V—MISCELLANEOUS**

12 **SEC. 501. MINORITY SMALL BUSINESS AND CAPITAL OWN-**  
 13 **ERSHIP DEVELOPMENT PROGRAM.**

14 (a) NAME CHANGE.—Sections 4(b), 7(j), and 8(a) of  
 15 the Small Business Act (15 U.S.C. 633(b), 636(j), and  
 16 637(a)) are amended by striking “Minority Small Busi-  
 17 ness and Capital Ownership Development” each place it  
 18 appears and inserting “Business Development”.

19 (b) CONFORMING AMENDMENTS.—The Small Busi-  
 20 ness Act (15 U.S.C. 631 et seq.) is amended—

21 (1) in section 2(d)(2)(B)(ii), by striking “small  
 22 business and capital ownership development pro-  
 23 gram” and inserting “small business development  
 24 program”;

25 (2) in section 7(j)(10), by striking “small busi-  
 26 ness and capital ownership development program”

1 and inserting “small business development pro-  
2 gram”;

3 (3) in section 7(j)(12)(A), by striking “Capital  
4 Ownership Development Program” and inserting  
5 “Business Development Program”; and

6 (4) in section 8(a)(21)(B)(v)(I), by striking  
7 “Capital Ownership Development Program” and in-  
8 serting “Business Development Program.

9 (c) ANNUAL REPORT.—Section 8(a)(20)(A) of the  
10 Small Business Act (15 U.S.C. 637(a)(20)(A)) is amended  
11 by striking “semiannually report to their assigned Busi-  
12 ness Opportunity Specialist” and inserting “annually sub-  
13 mit, to their assigned Business Opportunity Specialist, a  
14 report, which shall include”.

15 **SEC. 502. EXTENSION OF ~~PROGRAM~~ AUTHORITY FOR TECH-**  
16 ***NOLOGY ASSISTANCE PROGRAM.***

17 (a) RURAL OUTREACH.—Section 9(s)(2) of the Small  
18 Business Act (15 U.S.C. 638(s)(2)) is amended by strik-  
19 ing “2005” and inserting “2006”.

20 (b) FAST PROGRAM.—Section 34 of the Small Busi-  
21 ness Act (15 U.S.C. 657d) is amended—

22 (1) in subsection (h), by striking “2005” each  
23 place it appears and inserting “2006”; and

24 (2) by striking “September 30, 2005” and in-  
25 serting “September 30, 2006”.

1 **SEC. 503. *BUSINESSLINC* REPORT TO CONGRESS.**

2 Section 8(n) of the Small Business Act (15 U.S.C.  
3 637(n)) is amended by adding at the end the following:

4 “(4) ANNUAL REPORT.—

5 “(A) IN GENERAL.—The Associate Admin-  
6 istrator of Business Development shall collect  
7 data on the BusinessLINC program and submit  
8 an annual report by April 30 of each year on  
9 the effectiveness of the program to the Com-  
10 mittee on Small Business and Entrepreneurship  
11 of the Senate and the Committee on Small  
12 Business of the House.

13 “(B) CONTENTS.—The report submitted  
14 under subparagraph (A) shall include—

15 “(i) the number of programs adminis-  
16 tered in each State;

17 “(ii) the corresponding grant awards  
18 and the date of each award;

19 “(iii) the dollar amount of the con-  
20 tracts in effect in each State as a result of  
21 the BusinessLINC program; and

22 “(iv) the number of teaming arrange-  
23 ments or partnerships created as a result  
24 of the BusinessLINC program.”.

**Calendar No. 248**

108TH CONGRESS  
1ST SESSION

**S. 1375**

**[Report No. 108-124]**

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**A BILL**

To provide for the reauthorization of programs administered by the Small Business Administration, and for other purposes.

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AUGUST 26, 2003

Reported with amendments