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109TH CONGRESS
2D SESSION

S. 3778

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

IN THE SENATE OF THE UNITED STATES

AUGUST 2, 2006

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

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A BILL

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

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

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Small Business Reauthorization and Improvements Act of 2006".

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

★(Star Print)

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

TITLE I—REAUTHORIZATION OF PROGRAMS

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

TITLE II—NATIONAL PREFERRED LENDERS PROGRAM

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

TITLE III—SMALL BUSINESS INVESTMENT ACT OF 1958

Subtitle A—Debentures and Securities

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

Subtitle B—Development Companies

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

TITLE IV—DISASTER RESPONSE

Subtitle A—Private Disaster Loans

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

Subtitle B—Disaster Relief and Reconstruction

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

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

Subtitle C—Disaster Response

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

Subtitle D—Energy Emergencies

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

TITLE V—VETERANS AND MEMBERS OF THE GUARD AND RESERVE

Sec. 501. Definitions.

Subtitle A—Veterans

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

Subtitle B—Guard and Reserve

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

Subtitle C—Veterans Corporation

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

TITLE VI—ENERGY LOANS FOR SMALL BUSINESS CONCERNS

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

TITLE VII—HEALTH INSURANCE

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

TITLE VIII—WOMEN'S SMALL BUSINESS OWNERSHIP PROGRAMS

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

TITLE IX—INTERNATIONAL TRADE

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

TITLE X—CONTRACT BUNDLING

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

TITLE XI—SUBCONTRACTING INTEGRITY

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

TITLE XII—SMALL BUSINESS PROCUREMENT PROGRAMS IMPROVEMENT

Sec. 1201. Definitions.

Subtitle A—HUBZone Program

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

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

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

Subtitle C—Women-Owned Small Business Program

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

Subtitle D—Small Disadvantaged Business Program

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

Subtitle E—BusinessLINC Program

Sec. 1251. BusinessLINC Program.

TITLE XIII—ACQUISITION PROCESS

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

TITLE XIV—SMALL BUSINESS SIZE AND STATUS INTEGRITY

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

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

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

Subtitle A—Small Business Innovation Leadership

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

Subtitle B—Fair Access to Federal Innovations Investments

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

Subtitle C—Acquisition of Small Business Innovations

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

Subtitle D—Technical and Financial Assistance for Small Business Innovation

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

Subtitle E—Implementation

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

TITLE XVI—NATIVE AMERICAN SMALL BUSINESS DEVELOPMENT PROGRAM

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

TITLE XVII—NATIONAL SMALL BUSINESS REGULATORY ASSISTANCE

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

TITLE XVIII—INTERMEDIARY LENDING PILOT PROGRAM

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

TITLE XIX—OTHER PROVISIONS

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

SEC. 2. DEFINITIONS.

In this Act—

(1) the terms ''Administration'' and ''Administrator'' mean the Small Business Administration and the Administrator thereof, respectively;

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

(3) the term ''small business concern owned and controlled by socially and economically disadvantaged individuals'' has the same meaning as in section 8 of the Small Business Act (15 U.S.C. 637).

TITLE I—REAUTHORIZATION OF PROGRAMS

SEC. 101. REAUTHORIZATION OF PROGRAMS IN SMALL BUSINESS ACT.

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

(1) in section 7—

(A) in subsection (b)(1)(C), by striking ''fiscal years 2000 through 2004'' and inserting ''fiscal years 2007 through 2009''; and

(B) in subsection (m)—

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

ing "not more than 30 grantees in each of fiscal years 2007 through 2009, each of whom may receive a grant under this subparagraph in an amount not to exceed $200,000 per year."; and

(ii) in paragraph (12), in the matter preceding subparagraph (A), by striking "during fiscal years 1998 through 2000" and inserting "during fiscal years 2007 through 2009";

(2) in section 9—

(A) by striking subsection (m);

(B) in subsection (n)(1), by striking "through fiscal year 2009"; and

(C) in subsection (s)(2), by striking "fiscal years 2000 through 2005" and inserting "fiscal years 2007 through 2009";

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

"(d) FISCAL YEAR 2007.—

"(1) PROGRAM LEVELS.—The following program levels are authorized for fiscal year 2007:

"(A) For the programs authorized by this Act, the Administration is authorized to make—

"(i) $80,000,000 in technical assistance grants, as provided in section 7(m); and

"(ii) $110,000,000 in direct loans, as provided in 7(m).

"(B) For the programs authorized by this Act, the Administration is authorized to make $27,050,000,000 in deferred participation loans and other financings, and of such sum, the Administrator is authorized to make—

"(i) $18,000,000,000 in general business loans, as provided in section 7(a);

"(ii) $8,500,000,000 in certified development company financings, as provided in section 7(a)(13) and as provided in section 504 of the Small Business Investment Act of 1958;

"(iii) $500,000,000 in loans, as provided in section (7)(a)(21); and

"(iv) $50,000,000 in loans, as provided in section 7(m).

"(C) For the programs authorized by title III of the Small Business Investment Act of 1958, the Administrator is authorized to make—

"(i) $500,000,000 in purchases of participating securities; and

"(ii) $4,000,000,000 in guarantees of debentures.

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

"(E) The Administrator is authorized to make grants or enter into cooperative agreements for a total of $7,000,000 for the Service Corps of Retired Executives program authorized by section 8(b)(1).

"(2) ADDITIONAL AUTHORIZATIONS.—

"(A) IN GENERAL.—There are authorized to be appropriated to the Administrator for fiscal year 2007, such sums as may be necessary to carry out the provisions of this Act not elsewhere provided for, including administrative expenses and necessary loan capital for disaster pursuant to section 7(b), and to carry out the

Small Business Investment Act of 1958, including salaries and expenses of the Administration.

"(B) LIMITATIONS.—Notwithstanding any other provision of this paragraph, for fiscal year 2007—

"(i) no funds are authorized to be used as loan capital for the loan program authorized by section 7(a)(21), except by transfer from another Federal department or agency to the Administration, unless the program level authorized for general business loans under paragraph (1)(B)(I) is fully funded; and

"(ii) the Administration may not approve loans on its own behalf or on behalf of any other Federal department or agency, by contract or otherwise, under terms and conditions other than those specifically authorized under this Act or the Small Business Investment Act of 1958, except that it may approve loans under section 7(a)(21) in gross amounts of not more than $2,000,000.

"(e) FISCAL YEAR 2008.—

"(1) PROGRAM LEVELS.—The following program levels are authorized for fiscal year 2008:

"(A) For the programs authorized by this Act, the Administration is authorized to make—

"(i) $80,000,000 in technical assistance grants, as provided in section 7(m); and

"(ii) $110,000,000 in direct loans, as provided in 7(m).

"(B) For the programs authorized by this Act, the Administration is authorized to make $29,550,000,000 in deferred participation loans and other financings, and of such sum, the Administrator is authorized to make—

"(i) $19,500,000,000 in general business loans, as provided in section 7(a);

"(ii) $9,500,000,000 in certified development company financings, as provided in section 7(a)(13) and as provided in section 504 of the Small Business Investment Act of 1958;

"(iii) $500,000,000 in loans, as provided in section (7)(a)(21); and

"(iv) $50,000,000 in loans, as provided in section 7(m).

"(C) For the programs authorized by title III of the Small Business Investment Act of 1958, the Administrator is authorized to make—

"(i) $600,000,000 in purchases of participating securities; and

"(ii) $4,000,000,000 in guarantees of debentures.

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

"(E) The Administrator is authorized to make grants or enter into cooperative agreements for a total of $8,000,000 for the Service Corps of Retired Executives program authorized by section 8(b)(1).

"(2) ADDITIONAL AUTHORIZATIONS.—

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

cal year 2008, such sums as may be necessary to carry out the provisions of this Act not elsewhere provided for, including administrative expenses and necessary loan capital for disaster pursuant to section 7(b), and to carry out the Small Business Investment Act of 1958, including salaries and expenses of the Administration.

"(B) LIMITATIONS.—Notwithstanding any other provision of this paragraph, for fiscal year 2008—

"(i) no funds are authorized to be used as loan capital for the loan program authorized by section 7(a)(21) except by transfer from another Federal department or agency to the Administration, unless the program level authorized for general business loans under paragraph (1)(B)(I) is fully funded; and

"(ii) the Administration may not approve loans on its own behalf or on behalf of any other Federal department or agency, by contract or otherwise, under terms and conditions other than those specifically authorized under this Act or the Small Business Investment Act of 1958, except

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

"(f) FISCAL YEAR 2009.—

"(1) PROGRAM LEVELS.—The following program levels are authorized for fiscal year 2009:

"(A) For the programs authorized by this Act, the Administration is authorized to make—

"(i) $80,000,000 in technical assistance grants, as provided in section 7(m); and

"(ii) $110,000,000 in direct loans, as provided in 7(m).

"(B) For the programs authorized by this Act, the Administration is authorized to make $32,050,000,000 in deferred participation loans and other financings, and of such sum, the Administrator is authorized to make—

"(i) $21,000,000,000 in general business loans, as provided in section 7(a);

"(ii) $10,500,000,000 in certified development company financings, as provided in section 7(a)(13) and as provided in sec-

tion 504 of the Small Business Investment Act of 1958;

"(iii) $500,000,000 in loans, as provided in section (7)(a)(21); and

"(iv) $50,000,000 in loans, as provided in section 7(m).

"(C) For the programs authorized by title III of the Small Business Investment Act of 1958, the Administrator is authorized to make—

"(i) $700,000,000 in purchases of participating securities; and

"(ii) $4,000,000,000 in guarantees of debentures.

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

"(E) The Administrator is authorized to make grants or enter into cooperative agreements for a total of $9,000,000 for the Service

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

"(2) ADDITIONAL AUTHORIZATIONS.—

"(A) IN GENERAL.—There are authorized to be appropriated to the Administrator for fiscal year 2009, such sums as may be necessary to carry out the provisions of this Act not elsewhere provided for, including administrative expenses and necessary loan capital for disaster pursuant to section 7(b), and to carry out the Small Business Investment Act of 1958, including salaries and expenses of the Administration.

"(B) LIMITATIONS.—Notwithstanding any other provision of this paragraph, for fiscal year 2009—

"(i) no funds are authorized to be used as loan capital for the loan program authorized by section 7(a)(21) except by transfer from another Federal department or agency to the Administration, unless the program level authorized for general business loans under paragraph (1)(B)(I) is fully funded; and

"(ii) the Administration may not approve loans on its own behalf or on behalf

of any other Federal department or agency, by contract or otherwise, under terms and conditions other than those specifically authorized under this Act or the Small Business Investment Act of 1958, except that it may approve loans under section 7(a)(21) in gross amounts of not more than $2,000,000.";

(4) in section 21—

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

"(vii) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subparagraph—

"(I) $135,000,000 for fiscal year 2007;

"(II) $140,000,000 for fiscal year 2008; and

"(III) $145,000,000 for fiscal year 2009."; and

(B) in subsection (c)(3)(T), by striking "October 1, 2006" and inserting "October 1, 2009";

(5) in section 27(g)—

(A) in paragraph (1), by striking ''fiscal years 2005 and 2006'' and inserting ''fiscal years 2007 through 2009''; and

(B) in paragraph (2), by striking ''fiscal years 2005 and 2006'' and inserting ''fiscal years 2007 through 2009'';

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

(7) in section 34(i), by striking ''September 30, 2005'' and inserting ''September 30, 2009''.

SEC. 102. OTHER REAUTHORIZATIONS.

(a) NEW MARKETS VENTURE CAPITAL PROGRAM.—Section 368(a) of the Small Business Investment Act of 1958 (15 U.S.C. 689q(a)) is amended, in the matter preceding paragraph (1), by striking ''fiscal years 2001 through 2006'' and inserting ''fiscal years 2007 through 2009''.

(b) GIFT ACCEPTANCE AND COSPONSORSHIP AUTHORITY.—Section 132(c) of the Small Business Reauthorization and Manufacturing Assistance Act of 2004 (15 U.S.C. 633 note) is amended by striking ''October 1, 2006'' and inserting ''October 1, 2009''.

SEC. 103. CONFORMING TECHNICAL CHANGE IN AVERAGE SMALLER LOAN SIZE.

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

SEC. 104. ACCURATE SUBSIDY MODEL.

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

''(14) IMPROVED SUBSIDY MODEL.—The Administrator shall develop a subsidy model for the microloan program under this subsection, to be used in the fiscal year 2008 budget, that is more accurate than the subsidy model in effect on the day before the date of enactment of this paragraph.''.

SEC. 105. INCLUSION OF PERSONS WITH DISABILITIES.

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

TITLE II—NATIONAL PREFERRED LENDERS PROGRAM

SEC. 201. NATIONAL PREFERRED LENDERS PROGRAM.

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

''(E) NATIONAL PREFERRED LENDERS PROGRAM.—

"(i) IN GENERAL.—The Administrator shall establish a National Preferred Lenders Program by regulation.

"(ii) EXISTING PREFERRED LENDERS.—Any preferred lender authorized by the Administrator to operate as a preferred lender on a national basis prior to the date of enactment of the Small Business Reauthorization and Improvements Act of 2006, shall continue that status to the extent that the lender continues to meet the qualifications for preferred lender status under this section.".

SEC. 202. MAXIMUM LOAN AMOUNT.

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

SEC. 203. ALTERNATIVE SIZE STANDARD.

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

(1) by striking "When establishing" and inserting the following: "ESTABLISHMENT OF SIZE STANDARDS.—

"(A) IN GENERAL.—When establishing"; and

(2) by adding at the end the following:

"(B) ALTERNATIVE SIZE STANDARD.—

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

"(ii) CRITERIA.—The alternative size standard established under clause (i) shall utilize the maximum net worth and maximum net income of the prospective borrower as an alternative to the use of industry standards.

"(iii) INTERIM RULE.—Until the Administrator establishes an alternative size standard under clause (i), the Administrator shall use the alternative size standard in section 121.301(b) of title 13, Code of Federal Regulations, for loan applicants under section 7(a) of this Act or under title V of the Small Business Investment Act of 1958 (15 U.S.C. 695 et seq.).".

SEC. 204. MINORITY SMALL BUSINESS DEVELOPMENT.

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

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

(2) by inserting after section 36 the following:

"SEC. 37. MINORITY SMALL BUSINESS DEVELOPMENT.

"(a) OFFICE OF MINORITY SMALL BUSINESS DEVELOPMENT.—There is established in the Administration an Office of Minority Small Business Development, which shall be administered by the Associate Administrator for Minority Small Business Development (in this section referred to as the 'Associate Administrator') appointed under section 4(b)(1).

"(b) ASSOCIATE ADMINISTRATOR FOR MINORITY SMALL BUSINESS DEVELOPMENT.—The Associate Administrator—

"(1) shall be either—

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

"(B) an employee in the competitive service;

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

business concerns owned and controlled by minorities;

"(3) shall act as an ombudsman for full consideration of minorities in all programs of the Administration (including those under section 7(j) and 8(a));

"(4) shall work with the Associate Deputy Administrator for Capital Access to increase the proportion of loans and loan dollars, and investments and investment dollars, going to minorities through the finance programs under this Act and the Small Business Investment Act of 1958 (including subsections (a), (b), and (m) of section 7 of this Act and the programs under part A and B of title III and title V of the Small Business Investment Act of 1958);

"(5) shall work with the Associate Deputy Administrator for Entrepreneurial Development to increase the proportion of counseling and training that goes to minorities through the entrepreneurial development programs of the Administration;

"(6) shall work with the Associate Deputy Administrator for Government Contracting and Minority Enterprise Development to increase the proportion of contracts, including through the Small Business Innovation Research Program and the Small

Business Technology Transfer Program, to minorities;

"(7) shall work with the partners of the Administration, trade associations, and business groups to identify and carry out policies and procedures to more effectively market the resources of the Administration to minorities;

"(8) shall work with the Office of Field Operations to ensure that district offices and regional offices have adequate staff, funding, and other resources to market the programs of the Administration to meet the objectives described in paragraphs (4) through (7); and

"(9) shall report to and be responsible directly to the Administrator.

"(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section—

"(1) $5,000,000 for fiscal year 2007;

"(2) $5,000,000 for fiscal year 2008; and

"(3) $5,000,000 for fiscal year 2009.".

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

through the end of the sentence and inserting ''Minority Small Business Development.''.

SEC. 205. LOWERING OF FEES.

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

''(C) LOWERING OF FEES.—

''(i) IN GENERAL.—For loan guarantees made or approved in each full fiscal year after the date of enactment of the Small Business Reauthorization and Improvements Act of 2006, if the fees paid by all small business borrowers and by lenders for guarantees under this subsection, or the sum of such fees plus any funds made available for the purpose of reducing fees for loans under this subsection, as applicable, is more than the amount necessary to equal the cost to the Administration of making such guarantees, the Administrator shall reduce fees paid by small business borrowers and lenders under clauses (i) through (iv) of paragraph (18)(A) and subparagraph (A) of this paragraph.

"(ii) MAXIMUM.—The fees paid by small business borrowers and lenders for guarantees under this subsection may not be increased above the maximum level authorized under the amendments made by division K of the Consolidated Appropriations Act, 2005 (Public Law 108–447; 118 Stat. 3441).".

TITLE III—SMALL BUSINESS INVESTMENT ACT OF 1958

Subtitle A—Debentures and Securities

SEC. 301. PARTICIPATING DEBENTURE COMPANIES.

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

"SEC. 321. PARTICIPATING DEBENTURE COMPANIES.

"(a) DEFINITIONS.—In this section:

"(1) EQUITY CAPITAL.—In this paragraph, the term 'equity capital' means common or preferred stock or a similar instrument, including subordinated debt with equity features which is not amortized and which provides for interest payments from appropriate sources, as determined by the Administrator.

"(2) GENERAL PARTNER.—The term 'general partner' means an investor in a small business investment company that participates in the daily management of the small business investment company, and may include a managing partner in a limited liability company.

"(3) GROSS RECEIPTS.—The term 'gross receipts' means any cash received by a small business investment company, including investment proceeds (both return of capital and profit), interest, dividends, and fees, other than capital contributed by a partner, the proceeds of the issuance of participating debentures, and other money (if any) borrowed by the small business investment company.

"(4) INTERIM FUNDING PROVIDER.—The term 'interim funding provider' means any entity that provides funding guaranteed by the Administrator to a licensed company in between the periodic pools created by any trustee.

"(5) LICENSED COMPANY.—The term 'licensed company' means a small business investment company authorized to issue participating debentures by a license issued under section 301 for that purpose.

"(6) LIMITED PARTNER.—The term 'limited partner' means an investor in a small business in-

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

"(7) PARTICIPATING DEBENTURE.—The term 'participating debenture' means a debt security that is—

"(A) in a form prescribed by the Administrator that obligates the issuing company to pay—

"(i) on the seventh anniversary of the date of issuance of the debenture, all accrued interest on that debenture that has not previously been paid;

"(ii) semiannually thereafter, interest accruing after the seventh anniversary of the date of issuance of the debenture; and

"(iii) any other amount required by this section; and

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

"(8) PRIVATE COLLATERAL.—The term 'private collateral' means any money that any private part-

ner has contractually committed to invest in a licensed company during the most recent licensing of the licensed company, but that has not yet been paid to the licensed company.

"(9) TRUSTEE.—The term 'trustee' means an entity that combines any securities, interests, or obligations from licensed companies in the participating debenture program under subsection (b) into pools and issues trust certificates.

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

"(11) TRUST CERTIFICATE HOLDER.—The term 'trust certificate holder' means an investor that purchases a trust certificate.

"(b) PARTICIPATING DEBENTURES PROGRAM.—

"(1) GUARANTEE OF PARTICIPATING DEBENTURES.—

"(A) REDEMPTION PRICE AND INTEREST.—The Administrator may guarantee the payment of the redemption price and interest on a participating debenture issued by a licensed company to the interim funding provider

under such terms and conditions as the Administrator shall establish, by regulation.

"(B) REPAYMENT IN DEFAULT.—The Administrator may guarantee the repayment to the interim funding provider in the event of a default by a licensed company of the funds advanced by the interim funding provider to the licensed company under the agreement between the Administrator and the licensed company, under such terms and conditions as the Administrator shall establish, by regulation.

"(C) TRUST CERTIFICATES.—The Administrator may guarantee the payment of the redemption price and interest on a trust certificate issued by the trustee to the trust certificate holders under such terms and conditions as the Administrator shall establish, by regulation.

"(2) GUARANTEE FEE.—The Administrator may charge a separate fee—

"(A) under paragraph (1)(A), to the interim funding provider;

"(B) under paragraph (1)(B), to the licensed company; and

"(C) under paragraph (1)(C), to the trustee.

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

"(4) MATCHING PAYMENT STREAMS.—With respect to any participating debenture issued by a licensed company, or with respect to any security issued representing an interest in a pool of such securities, the amount and schedule of—

"(A) the interest payment obligations of the Administrator to the trust certificate holders shall be equal to the amount and schedule of the interest obligations of the licensed company to the trust certificate holders; and

"(B) the principal redemption obligations of the Administrator to the trust certificate holders shall be equal to the amount and schedule of the licensed company's principal redemption obligations to the trust certificate holders.

"(5) INTEREST TO INTERIM FUNDING PROVIDER.—

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

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

"(B) AMOUNTS.—The interest authorized under subparagraph (A) shall be calculated based on the time period beginning on the date on which the interim funding provider advances the funding, and ending on the date on which the interim funding provider provides the securities of the licensed company to a trustee for the purpose of pooling those securities and selling interests in that pool.

"(C) COLLECTION OF INTEREST.—The interim funding provider may collect interest referred to in this paragraph by withholding money from the money advanced to the licensed company by the interim funding provider.

"(6) MAXIMUM LEVERAGE.—Notwithstanding any other provision of this subsection, the Administrator may not guarantee a new participating debenture to be issued by a small business investment company, and the company shall not make any distribution to its private investors, if immediately after such issuance or distribution the aggregate unpaid principal balance of the participating debentures

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

"(7) PURCHASE OF PARTICIPATING DEBENTURES.—The Administrator may authorize a trust or pool acting on behalf of the Administrator to purchase participating debentures issued by a small business investment company, under such terms and conditions as the Administrator shall establish, by regulation.

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

"(9) INTEREST.—

"(A) IN GENERAL.—For purposes of this subparagraph, interest on a participating debenture—

"(i) is preferred and cumulative;

"(ii) is prepayable out of any gross receipts available for distribution; and

"(iii) in any event, is payable at the scheduled or accelerated maturity of the participating debenture.

"(B) INTEREST ON PRINCIPAL BALANCE.—Interest on the principal balance outstanding of a participating debenture shall accrue on a daily basis, and unpaid accrued interest shall compound semiannually from the date of issuance of the debenture, at a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities on such securities, adjusted to the nearest ⅛ of 1 percent, plus an additional charge, in an amount established annually by the Administrator, as necessary, when added to other fees, to reduce to zero the cost (as defined in section 502 of the Federal Credit Reform Act of 1990 (2 U.S.C. 661a)) to the Administration of purchasing and guaranteeing participating debentures under this subsection, which may not exceed 1.5 percent per annum, and which shall be paid to and retained by the Administration.

"(10) PAYMENT DEFAULTS.—

"(A) IN GENERAL.—In the event of a failure of a small business investment company to

pay any principal or interest on a participating debenture when due (including any mandatory prepayment out of gross receipts), the licensed company shall be in default, and shall be subject to the provisions of subparagraphs (B) through (D).

"(B) ACCELERATION.—The Administrator, in addition to any other remedies, may demand immediate payment of the principal balance and accrued interest on any or all participating debentures issued by the defaulting company.

"(C) DEFAULT RATE OF INTEREST.—The interest rate on the participating debenture with respect to which the payment default occurred may increase, at the discretion of the Administrator, by not greater than 50 basis points from the date of the payment default, and by not greater than an additional 50 basis points on each 6-month anniversary of that date, up to a maximum total increase of 300 basis points, until all of the payment defaults of the defaulting company have been cured or waived.

"(D) PRIVATE COLLATERAL.—The Administrator may apply the private collateral of the

licensed company to pay any interest or principal payment that has not been paid on time according to the payment schedule for the licensed company.

"(11) LIQUIDATION OF LICENSED COMPANY.—In the event of the liquidation of a licensed company issuing participating debentures under this subsection, a participating debenture shall be senior in priority for all purposes to any interest in the issuing company, whenever created. In liquidation, the private collateral of the licensed company may, at the option of the Administrator, be applied to pay accrued interest and principal of outstanding participating debentures.

"(12) DEFAULT OF A LICENSED COMPANY.—In the event of the default of a licensed company issuing participating debentures under this subsection—

"(A) a participating debenture shall be senior in priority for all purposes to any interest in the issuing company, whenever created; and

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

principal on outstanding participating debentures.

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

"(14) OTHER DEBT.—A licensed company issuing a participating debenture under this subsection shall have no debt other than leverage obtained in accordance with this Act, and temporary debt in an amount equal to not more than 50 percent of the private capital of the company.

"(15) USE OF PROCEEDS.—Unless otherwise determined by the Administrator, a licensed company may use the proceeds of a participating debenture issued by the company to pay the principal amount and accrued interest due on outstanding participating debentures issued by that company, if the company has outstanding equity capital invested in an amount equal to the amount being refinanced.

"(16) DISTRIBUTION OF GROSS RECEIPTS.—

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

accepted accounting principles or tax accounting purposes, shall be utilized first for the payment of accrued interest on participating debentures, then for repayment of participating debenture principal and contributed private capital, and finally for profit distributions, as provided in subparagraphs (B) through (G).

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

"(i) to pay any past due interest on participating debentures issued by the licensed company; and

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

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

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

"(D) AMORTIZATION DISTRIBUTIONS.—

"(i) IN GENERAL.—Except as provided in paragraph (17), if no unpaid accrued interest or past due principal is outstanding on any participating debenture issued by a licensed company, the company shall distribute its gross receipts—

"(I) to the Administration to amortize outstanding participating debenture leverage; and

"(II) to its private investors.

"(ii) PRO RATA DISTRIBUTION.—A distribution under clause (i) shall be pro rata according to the ratio of outstanding participating debenture leverage to outstanding leverageable capital at the time of distribution.

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

"(i) shall be distributed to the Administration in an amount equal to the profit participation percentage of the total amount being distributed, with the remaining gross receipts distributed to the private investors; and

"(ii) in the case of any post-amortization distributions to the Administration under this subparagraph, shall be deemed to constitute 'additional' interest (not 'accrued' interest).

"(F) MANAGEMENT EXPENSES.—For purposes of calculating the amount to be distributed to the Administration under subparagraph (E), except as otherwise prescribed by the Administration, the management expenses of any company which issues participating debentures under this subsection shall not be greater than 2.5 percent of the combined capital of the com-

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

"(G) DEFINITIONS.—In this paragraph—

"(i) the term 'combined capital' means the aggregate amount of private capital and outstanding leverage;

"(ii) the term 'profit participation percentage' means 50 percent of the leverage ratio, reduced by the weighted average interest rate on the financing commitments issued by the company;

"(iii) the term 'leverage ratio' means the ratio of the aggregate amount of financing commitment leverage previously drawn by the company (including leverage that has been repaid, and not solely the maximum amount at any one time outstanding, if different) to the aggregate amount of capital previously contributed to the company by private investors (not solely the maximum amount at any one time outstanding, if different);

"(iv) the term 'management expenses' includes management fees and any addi-

tional salaries, office expenses, travel, business development costs, office and equipment rental, bookkeeping, and the development, investigation, and monitoring of investments paid by the licensed company, but does not include the cost of services provided by specialized outside consultants, outside lawyers, and outside auditors, who perform services not generally expected of a venture capital company nor does such term include the cost of services provided by any affiliate of the company which are not part of the normal process of making and monitoring venture capital investments; and

"(v) the term 'outstanding leverageable capital' means any aggregate capital contributions received by a licensed company from private investors which exceed aggregate distributions received by the private investors from the company.

"(17) EXCEPTIONS TO ORDER OF DISTRIBUTIONS.—

"(A) IN GENERAL.—Notwithstanding paragraph (16)(D), if no unpaid accrued interest

(whether or not past due) and no past due principal is outstanding on any participating debenture issued by the licensed company, subparagraph (B) through (D) of this paragraph shall apply.

"(B) TAX DISTRIBUTIONS.—

"(i) IN GENERAL.—The company may make a special distribution of gross receipts or other cash to its private investors without a corresponding distribution to the Administration while principal is outstanding on participating debentures issued by the company, if—

"(I) the licensed company has an investment in a business (referred to in this subparagraph as the 'portfolio company') organized as a limited liability company (referred to in this subparagraph as an 'LLC') or as a partnership;

"(II) the portfolio company has income which will be taxable to its members or partners;

"(III) the portfolio company makes a distribution to its members

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

"(IV) the small business investment company is itself a partnership or an LLC, so that any portfolio company income allocated to it is reallocated to the private investors, and it is those private investors who are liable for payment of tax on that income as if it was their own income, whether or not they receive any cash in respect of that income.

"(ii) AUTHORITY TO MAKE DISTRIBUTION.—In circumstances described in clause (i), the issuing company may, quarterly, distribute to its private investors up to an amount equal to the difference between—

"(I) the estimated aggregate maximum tax liability of the private investors on the income of portfolio companies organized as LLCs or part-

nerships during the preceding calendar year; and

"(II) the aggregate amount distributed to the private investors (other than under this subparagraph) since April 15 of the preceding calendar year, but in no event more than the aggregate amount of tax distributions that the issuing company received from all of its portfolio companies during the preceding calendar year.

"(C) EXPENSES.—A small business investment company may use its gross receipts to pay previously incurred expenses (including management fees) and other liabilities and it may, in addition, retain additional gross receipts in an expense reserve account in an amount which, added to any existing expense reserve, does not exceed such reasonably anticipated expenses and other liabilities for the following 12-month period, provided such expenses and other liabilities are not prohibited under regulations established by the Administrator or other applicable law.

"(D) PREPAYMENT.—Subject to any applicable State law requirements, a small business investment company may use gross receipts or other cash to prepay outstanding participating debenture leverage and interest in whole or in part without penalty at any time.

"(18) RESTRICTIONS ON DISTRIBUTIONS.—

"(A) LIQUIDITY AND OTHER ADMINISTRATIVE OR STATE LAW RESTRICTIONS.—A distribution under this subsection may not violate liquidity requirements or other applicable restrictions on distributions in regulations issued by the Administrator or under applicable State law.

"(B) CAPITAL IMPAIRMENT OR REGULATORY VIOLATION.—If a small business investment company is in restricted operations or liquidation by reason of capital impairment or regulatory violation, the maturity date of the participating debentures issued by that company, including both principal and accrued interest, is subject to acceleration at the option of the Administrator, and, regardless of whether there has been such an acceleration, not more than 100 percent of all gross receipts and the private

collateral of the licensed company may, at the option of the Administrator, be required to be distributed to the Administration until accrued interest and principal on the participating debentures issued by the company have been paid in full, in accordance with any terms and conditions that the Administrator may establish by regulation.

''(19) DISTRIBUTIONS IN-KIND.—

''(A) ELECTION OF IN-KIND DISTRIBUTION OF SECURITIES.—

''(i) IN GENERAL.—A small business investment company that issues participating debentures, has no accrual but unpaid interest, and has no outstanding leverage, may elect to make an in-kind distribution of securities at any time, subject to applicable securities laws and regulations, if such securities are publicly traded and marketable (referred to in this subsection as 'marketable securities').

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

be subject to the priorities and restrictions applicable to gross receipts under this subsection and to applicable regulations issued by the Administrator.

"(B) TREATMENT OF ADMINISTRATION SHARE.—The licensed company shall either deposit the Administration share of such securities with a trustee designated by the Administrator, or retain the Administration share, if the Administrator so directs and with the agreement of the company.

"(C) RETENTION OF ADMINISTRATION SHARE.—If the company retains the Administration share, it shall sell such share and promptly remit the proceeds to the Administration.

"(D) VALUE OF ADMINISTRATION'S SHARE.—For purposes of this paragraph—

"(i) the value of the Administration share is the value of the securities, as of the date of distribution to the Administration under subparagraph (B), or as of the initial date of retention under subparagraph (C); and

"(ii) the Administration may receive a greater or lesser amount upon its ultimate sale of such share or upon the ultimate sale by the company of such share on behalf of the Administration.

"(20) TIMING OF DISTRIBUTIONS.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), and subject to paragraphs (15) and (17), any gross receipts received by a small business investment company issuing participating debentures under this subsection that are not placed in an expense reserve under paragraph (17)(C) shall be distributed not later than the last day of the fiscal quarter in which such gross receipts were received by the company.

"(B) EXCEPTIONS TO TIMING OF DISTRIBUTIONS.—

"(i) END OF QUARTER.—Gross receipts received within 15 days before the end of a fiscal quarter shall be distributed by the last day of the subsequent fiscal quarter.

"(ii) MARKETABLE SECURITIES.—Gross receipts consisting of marketable se-

curities shall be distributed within 6 months of the date of receipt, unless the small business investment company has obtained the prior consent of the Administrator.

"(21) REINVESTMENT OF GROSS RECEIPTS.—Subject to such regulations and restrictions as may be prescribed by the Administrator, and by the agreement of the private investors in a small business investment company, any gross receipts that exceed the amount needed to make payments required to be made to the Administration under this subsection, may at the option of the company be reinvested in qualified small business concerns.

"(c) MAXIMUM.—Participating debentures guaranteed under this section may not exceed 100 percent of the regulatory capital of the licensed company, as determined by the Administrator.

"(d) POST-DISTRIBUTION COMPUTATION.—After distributions have been made under this section, the Administration share of such distributions shall not be reduced or recomputed.

"(e) NO OWNERSHIP INTEREST TO ADMINISTRATION.—This section shall not be construed as creating in the Administration any ownership interest in any small

business investment company which issues participating debentures.

"(f) CONFLICT WITH OTHER PROVISIONS.—

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

"(2) SPECIFIC PROVISIONS.—The provisions of this section supersede subsections (g) and (h) of section 303 in their entirety with respect to all matters pertaining to participating debentures issued by a licensed company covered by this section.".

SEC. 302. PARTICIPATING SECURITIES.

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

(1) in paragraph (2), by striking "Subject to approval in appropriations Acts," and inserting "Except as provided in paragraph (5), and subject to approval in appropriations Acts,"; and

(2) by adding at the end the following:

"(5) PARTICIPATING SECURITIES.—

"(A) DEFINITIONS.—In this paragraph—

"(i) the term 'applicable 60-day period' means the 60-day period ending on the date on which the commitment made by the Adminis-

trator for a covered participating security expires;

"(ii) the term 'covered participating security' means a participating security under title III of the Small Business Investment Act of 1958—

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

"(II) on the date that is 60 days prior to the date on which such commitment expires, for which the Administrator has not disbursed all of the funds committed; and

"(iii) the term 'small business investment company' has the same meaning as in section 103 of the Small Business Investment Act of 1958.

"(B) DISBURSAL OF FUNDS.—Notwithstanding any other provision of law, and subject to subparagraph (C), during the applicable 60-day period, the Administrator shall, upon request, disburse funds to a small business investment company for a covered participating security, up to the full amount committed by the Administrator, but not disbursed to the company.

"(C) CONDITIONS.—A small business investment company receiving funds under subparagraph (B) shall—

"(i) be in compliance with all regulations under title III of the Small Business Investment Act of 1958, relating to small business investment companies;

"(ii) pay a fee to the Administrator (in addition to any other applicable fee) in an amount equal to 0.5 percent of any funds disbursed under subparagraph (B); and

"(iii) deposit any funds disbursed under subparagraph (B) that are not reasonably required for imminent investment purposes, as determined by the Administrator, in an interest bearing account approved by the Administrator.

"(D) WITHDRAWAL OF FUNDS.—

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

"(ii) CRITERIA.—The Administrator shall grant approval for a withdrawal under clause (i) in accordance with the same criteria applicable to the disbursal of funds for a participating

security under title III of the Small Business Investment Act of 1958.''.

Subtitle B—Development Companies

SEC. 321. DEVELOPMENT COMPANY LOAN PROGRAMS.

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

''SEC. 511. PROGRAM TITLE.

''(a) IN GENERAL.—Except as provided in subsection (b), the programs authorized by this title shall be known collectively as the 'Local Development Business Loan Program'. The Administrator may refer to such program as the '504 Loan Program', until such usage is no longer necessary.

''(b) EXISTING NAME.—Participants in the Local Development Business Loan Program may continue to refer to such program as 'the 504 loan program'.''.

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

(c) NEW MATERIALS.—Any informational materials created by the Administrator on or after the date of enactment of this Act shall refer to any program under title V of the Small Business Investment Act of 1958 (15 U.S.C. 695 et seq.) as the ''Local Development Business Loan Program'', except that informational materials may refer to such program as the ''504 Loan Program'', until such usage is no longer necessary.

SEC. 322. LOAN LIQUIDATIONS.

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

(1) by redesignating subsection (e) as subsection (g); and

(2) by inserting after subsection (d) the following:

''(e) PARTICIPATION.—

''(1) IN GENERAL.—Any qualified State or local development company which elects not to apply for authority to foreclose and liquidate defaulted loans under this section, or which the Administrator determines to be ineligible for such authority, shall contract with a qualified third-party to perform foreclosure and liquidation of defaulted loans in its portfolio. The contract shall be contingent upon approval by the Administrator with respect to the qualifica-

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

"(2) COMMENCEMENT.—This subsection does not require any development company to liquidate defaulted loans until the Administrator has adopted and implemented a program to compensate and reimburse development companies, as provided under subsection (f).

"(f) COMPENSATION AND REIMBURSEMENT.—

"(1) REIMBURSEMENT OF EXPENSES.—The Administrator shall reimburse each qualified State or local development company for all expenses paid by such company as part of the foreclosure and liquidation activities, if the expenses—

"(A) were approved in advance by the Administrator, either specifically or generally; or

"(B) were incurred by the development company on an emergency basis without prior approval from the Administrator, if the Administrator determines that the expenses were reasonable and appropriate.

"(2) COMPENSATION FOR RESULTS.—

"(A) DEVELOPMENT.—The Administrator shall develop a schedule to compensate and provide an incentive to qualified State or local de-

velopment companies that foreclose and liquidate defaulted loans.

"(B) CRITERIA.—The schedule required under this paragraph shall—

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

"(ii) not apply to any foreclosure which is conducted under a contract between a development company and a qualified third party to perform the foreclosure and liquidation.".

SEC. 323. ADDITIONAL EQUITY INJECTIONS.

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

"(ii) FUNDING FROM INSTITUTIONS.—If a small business concern—

"(I) provides the minimum contribution required under subparagraph (C), not less than 50 percent of the total cost of any project financed under clause (i), (ii), or (iii) of subparagraph (C) shall come from the in-

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

"(II) provides more than the minimum contribution required under subparagraph (C), any excess contribution may be used to reduce the amount required from the institutions described in subclauses (I), (II), and (III) of clause (i), except that the amount from such institutions may not be reduced to an amount that is less than the amount of the loan made by the Administrator.".

SEC. 324. BUSINESSES IN LOW-INCOME AREAS.

Section 501(d)(3)(A) of the Small Business Investment Act of 1958 (15 U.S.C. 695(d)(3)(A)) is amended by inserting after "business district revitalization," the following: "or expansion of businesses in low-income communities which would be eligible for a new markets tax credit under section 45D(a) of the Internal Revenue Code of 1986, or implementing regulations issued thereunder,".

SEC. 325. COMBINATIONS OF CERTAIN GOALS.

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

"(7) A small business concern that is unconditionally owned by more than 1 individual, or a corporation, the stock of which is owned by more than 1 individual, shall be deemed to have achieved a public policy goal required under subsection (d)(3) if a combined ownership share of not less than 51 percent is held by individuals who are in 1 of, or a combination of, the groups described in subparagraph (C) or (E) of subsection (d)(3).".

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

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

"(C) COMBINATION FINANCING.—Notwithstanding any other provision of law, financing under this title may be provided to a borrower in the maximum amount provided in this subsection, and a loan guarantee under section 7(a) of the Small Business Act may be provided to the same borrower in the maximum amount provided in section 7(a)(3)(A) of such Act, to the extent that the borrower otherwise qualifies for such assistance.".

SEC. 327. REFINANCING UNDER THE LOCAL DEVELOPMENT BUSINESS LOAN PROGRAM.

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

"(7) PERMISSIBLE DEBT REFINANCING.—

"(A) IN GENERAL.—Any financing approved under this title may include a limited amount of debt refinancing.

"(B) EXPANSIONS.—If the project involves expansion of a small business concern which has existing indebtedness collateralized by fixed assets, any amount of existing indebtedness that does not exceed ½ of the project cost of the expansion may be refinanced and added to the expansion cost, if—

"(i) the proceeds of the indebtedness were used to acquire land, including a building situated thereon, to construct a building thereon, or to purchase equipment;

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

"(iii) the financing under section 504 will provide better terms or rate of interest than exists on the debt at the time of refinancing.".

SEC. 328. TECHNICAL CORRECTION.

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

SEC. 329. DEFINITIONS FOR THE SMALL BUSINESS INVESTMENT ACT OF 1958.

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

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

"(6) the term 'development company' means an entity incorporated under State law with the authority to promote and assist the growth and development of small business concerns in the areas in which it is authorized to operate by the Administrator;";

(2) in paragraph (16), by striking "and" at the end;

(3) in paragraph (17), by striking the period at the end and inserting "; and"; and

(4) by adding at the end the following:

"(18) the term 'certified development company' means a development company that the Administrator has certified meets the criteria of section 506.".

SEC. 330. REPEAL OF SUNSET ON RESERVE REQUIREMENTS FOR PREMIER CERTIFIED LENDERS.

Section 508(c)(6)(B) of the Small Business Investment Act of 1958 (15 U.S.C. 697e(c)(6)(B)) is amended—

(1) in the subparagraph heading, by striking "TEMPORARY REDUCTION" and inserting "REDUCTION"; and

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

SEC. 331. CERTIFIED DEVELOPMENT COMPANIES.

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

(1) in the section heading, by striking "**RESTRICTIONS ON DEVELOPMENT COMPANY ASSISTANCE**" and inserting "**CERTIFIED DEVELOPMENT COMPANIES**"; and

(2) by inserting before "Notwithstanding any other provision of law" the following:

"(a) AUTHORITY TO ISSUE DEBENTURES.—A development company may issue debentures under this title if the Administrator certifies that the company meets the following criteria:

"(1) SIZE.—

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

"(B) EXCEPTION.—Any development company that was certified by the Administrator before December 31, 2005, may continue to issue debentures under this title.

"(2) PRIMARY PURPOSE.—A primary purpose of the development company shall be to benefit the community by fostering economic development to create and preserve jobs and stimulate private investment.

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

ment Business Loan Program. The development company may also provide or support other local economic development activities to assist the community.

"(4) NONPROFIT STATUS.—

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

"(B) EXCEPTION.—A development company certified by the Administrator before January 1, 1987, may continue to issue debentures under this title and retain its status as a for-profit enterprise.

"(5) GOOD STANDING.—The development company—

"(A) shall be in good standing in the State in which such company is incorporated and in any other State in which it conducts business; and

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

"(6) MEMBERSHIP OF DEVELOPMENT COMPANY.—There shall be—

"(A) not fewer than 25 members of the development company (or owners or stockholders, if the corporation is a for-profit entity), none of whom may own or control more than 10 percent of the voting membership of the company; and

"(B) at least 1 member of the development company (none of whom is in a position to control the development company) from each of the following:

"(i) Government organizations that are responsible for economic development.

"(ii) Financial institutions that provide commercial long-term fixed asset financing.

"(iii) Community organizations that are dedicated to economic development.

"(iv) Businesses.

"(7) BOARD OF DIRECTORS.—

"(A) IN GENERAL.—The development company shall have a board of directors.

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

"(i) a member of the development company; and

"(ii) elected by a majority of the members of the development company.

"(C) REPRESENTATION OF ORGANIZATIONS AND INSTITUTIONS.—

"(i) IN GENERAL.—There shall be at least 1 member of the board of directors from not fewer than 3 of the 4 organizations and institutions described in paragraph (6)(B), none of whom is in a position to control the development company.

"(ii) MAXIMUM PERCENTAGE.—Not more than 50 percent of the members of the board of directors shall be from any 1 of the organizations and institutions described in paragraph (6)(B).

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

"(8) PROFESSIONAL MANAGEMENT AND STAFF.—

"(A) IN GENERAL.—The development company shall have full-time professional management, including a chief executive officer to manage daily operations and a full-time professional

staff qualified to market the Local Development Business Loan Program and handle all aspects of loan approval and servicing, including liquidation, if appropriate.

"(B) INDEPENDENT MANAGEMENT AND OPERATION.—Except as provided in paragraph (9), the development company shall be independently managed and operated to pursue the economic development purpose of the company and shall employ directly the chief executive officer.

"(9) MANAGEMENT AND OPERATION EXCEPTIONS.—

"(A) AFFILIATION.—A development company may be an affiliate of another local nonprofit service corporation (other than a development company), a purpose of which is to support economic development in the area in which the development company operates.

"(B) STAFFING.—A development company may satisfy the requirement for full-time professional staff under paragraph (8)(A) by contracting for the required staffing with—

"(i) a local nonprofit service corporation;

"(ii) a nonprofit affiliate of a local nonprofit service corporation;

"(iii) an entity wholly or partially operated by a governmental agency; or

"(iv) another entity approved by the Administrator.

"(C) DIRECTORS.—A development company and a local nonprofit service corporation with which it is affiliated may have in common some, but not all, members of their respective board of directors.

"(D) RURAL AREAS.—A development company in a rural area may satisfy the requirements of a full-time professional staff and professional management ability under paragraph (8)(A) by contracting for such services with another certified development company that—

"(i) has such staff and management ability; and

"(ii) is located in the same State as the development company or in a State that is contiguous to the State in which the development company is located.

"(E) PREVIOUSLY CERTIFIED.—A development company that, on or before December 31,

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

"(b) USE OF EXCESS FUNDS.—Any funds generated by a certified development company from making loans under section 503 or 504 that remain unexpended after payment of staff, operating, and overhead expenses shall be retained by the certified development company as a reserve for—

"(1) future operations;

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

"(3) investment in other local economic development activity or community development in the State from which such funds were generated.

"(c) ETHICAL REQUIREMENTS.—

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

"(2) PROHIBITED CONFLICT IN PROJECT LOANS.—

"(A) IN GENERAL.—No certified development company may—

"(i) recommend or approve a guarantee of a debenture by the Administrator under the Local Business Development Loan Program that is collateralized by a second lien position on the property being constructed or acquired; and

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

"(B) EXCEPTION.—During the 2-year period beginning on the date of enactment of the Small Business Reauthorization and Improvements Act of 2006, a certified development company that was participating as a first mortgage lender for the Local Business Development Loan Program in either of fiscal years 2004 or 2005 may continue to do so.

"(3) OTHER ECONOMIC DEVELOPMENT ACTIVITIES.—It shall not be a conflict of interest for a certified development company to operate multiple programs to assist small business concerns as part of carrying out its economic development purpose.

"(d) MULTISTATE OPERATIONS.—

"(1) AUTHORIZATION.—Notwithstanding any other provision of law, the Administrator shall permit a certified development company to make loans in any State that is contiguous to the State of incorporation of that certified development company, only if such company—

"(A) is—

"(i) an accredited lender under section 507; or

"(ii) a premier certified lender under section 508;

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

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

"(D) maintains not fewer than 1 loan committee, which shall have not fewer than 1 member from each State in which the company makes loans; and

"(E) submits to the Administrator, in writing—

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

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

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

"(2) REVIEW.—The Administrator shall verify whether a certified development company satisfies the requirements of paragraph (1) on an expedited basis and, not later than 30 days after the date on which the Administrator receives the statement described in paragraph (1)(E)(iii), the Administrator shall determine whether such company satisfies such criteria and provide notice to such company.

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

"(4) AGGREGATE ACCOUNTING.—A company described in paragraph (1) may maintain an aggregate accounting of all revenue and expenses of the company for purposes of this title.

"(5) SERVICE TO CERTIFIED DEVELOPMENT COMPANIES.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), an associate of a certified development company may not be an officer, director, or manager of more than 1 certified development company.

"(B) EXCEPTION.—

"(i) IN GENERAL.—Notwithstanding any other provision of law, a person who is serving on the board of directors of a certified development company may serve on the board of directors, but not as an officer, of not more than 1 additional certified development company, if—

"(I) such companies are not located in the same State;

"(II) each board of directors determines that the service by such person on such board does not constitute a conflict of interest; and

"(III) there is not a contractual relationship between—

"(aa) the person and such additional certified development

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

"(bb) the certified development companies of which such person is a member of the board of directors.

"(ii) MAXIMUM NUMBER OF MEMBERS.—A certified development company may not have more than 1 member of the board of directors of such company in common with any other board of directors of a certified development company.

"(C) DEFINITION.—As used in this paragraph, the term 'associate of a certified development company' has the meaning given the term 'Associate of a CDC' in section 120.10 of title 13, Code of Federal Regulations (or any corresponding similar regulation or ruling).

"(6) LOCAL JOB CREATION REQUIREMENTS.—Any certified development company making loans in multiple States shall satisfy any applicable job creation or retention requirements separately for each such State. Such a company shall not count jobs

created or retained in 1 State towards any applicable job creation or retention requirement in another State.

"(7) CONTIGUOUS STATES.—For purposes of this subsection, the States of Alaska and Hawaii shall be deemed to be contiguous to any State abutting the Pacific Ocean.

"(8) LOCAL ECONOMIC AREA REQUIREMENT AND EXEMPTION.—

"(A) DEFINITION.—In this paragraph, the term 'local economic area' means an area, as determined by the Administrator, that—

"(i) is in a State other than the State in which a development company is incorporated;

"(ii) shares a border with the area of operations of the development company; and

"(iii) is a part of a local trade area (including a city that is bisected by a State line and a metropolitan statistical area that is bisected by a State line) that is contiguous to the area of operations of the development company.

"(B) EXEMPTION.—An applicant operating in a local economic area shall not be considered to be operating in a multistate area, and shall not be required to comply with the requirements for multistate operation.

"(e) RESTRICTIONS ON DEVELOPMENT COMPANY ASSISTANCE.—".

SEC. 332. CONFORMING AMENDMENTS.

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

(1) in subsection (a)(1), by striking "qualified State or local development company" and inserting "certified development company"; and

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

"(e) SECTION 7(a) LOANS.—Notwithstanding any other provision of law, a certified development company is authorized to prepare applications for deferred participation loans under section 7(a) of the Small Business Act, to service such loans, and to charge a reasonable fee for servicing such loans.".

SEC. 333. CLOSING COSTS.

Section 503(b) of the Small Business Investment Act of 1958 (15 U.S.C. 697(b)) is amended by striking paragraph (4) and inserting the following:

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

SEC. 334. DEFINITION OF RURAL.

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) As used in this title, the term 'rural' includes any area that is not—

"(1) a city or town that has a population greater than 50,000 inhabitants; or

"(2) the urbanized area contiguous and adjacent to a city or town described in paragraph (1).".

SEC. 335. REGULATIONS AND EFFECTIVE DATE.

(a) IN GENERAL.—Except as provided in subsection (b), the Administrator shall—

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

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

(b) MULTISTATE OPERATIONS.—As soon as is practicable after the date of enactment of this Act, the Administrator shall promulgate regulations to implement section 506(d) of the Small Business Investment Act of 1958, as added by this subtitle. Such regulations shall become effective not later than 120 days after the date of enactment of this Act.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise specifically provided this subtitle, this subtitle and the amendments made by this subtitle shall become effective 240 days after the date of enactment of this Act, regardless of whether the Administrator has promulgated the regulations required under subsection (a).

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

SEC. 336. LOW-INCOME GEOGRAPHIC AREAS.

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

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

(A) by striking paragraph (2);

(B) in paragraph (3), by striking ''(3)'' and all that follows through the end of subparagraph (A) and inserting the following:

''(2) LOW-INCOME GEOGRAPHIC AREA.—The term 'low-income geographic area' means—

''(A) any 'low-income community', as that term is defined in section 45D of the Internal Revenue Code of 1986 (relating to the new markets tax credit); and''; and

(C) by redesignating paragraphs (4) through (8) as paragraphs (3) through (7), respectively.

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

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

(b) STUDY ON AVAILABILITY OF EQUITY CAPITAL.—

(1) STUDY REQUIRED.—Not later than the end of the 180-day period beginning on the date of enactment of this Act, the Chief Counsel for Advocacy of the Administration shall conduct a study on the availability of equity capital in low-income geographic areas.

(2) REPORT.—Not later than 90 days after the completion of the study under paragraph (1), the Administrator shall submit to Congress a report containing the findings of the study required under paragraph (1) and any recommendations of the Administrator based on such study.

SEC. 337. LIMITATION ON TIME FOR FINAL APPROVAL OF COMPANIES.

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

TITLE IV—DISASTER RESPONSE

Subtitle A—Private Disaster Loans

SEC. 401. PRIVATE DISASTER LOANS.

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

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

(2) by inserting after subsection (b) the following:

''(c) PRIVATE DISASTER LOANS.—

''(1) DEFINITIONS.—In this subsection—

''(A) the term 'disaster area' means a county, parish, or similar unit of general local government in which a disaster was declared under subsection (b);

''(B) the term 'eligible small business concern' means a business concern that is—

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

''(ii) is a small business concern, as defined in section 103 of the Small Business Investment Act of 1958; and

''(C) the term 'qualified private lender' means any privately-owned bank or other lending institution that the Administrator deter-

mines meets the criteria established under paragraph (10).

"(2) AUTHORIZATION.—The Administrator may guarantee timely payment of all principal and interest as scheduled on any loan issued—

"(A) by a qualified private lender to an eligible small business concern located in a disaster area; and

"(B) during the 24-month period beginning on the date on which the disaster area is designated.

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

"(A) any purpose authorized under subsection (a) or (b); and

"(B) acquiring or developing real estate for the purpose of selling or renting such real estate.

"(4) ONLINE APPLICATIONS.—

"(A) IN GENERAL.—

"(i) ESTABLISHMENT.—The Administrator may establish, directly or through an agreement with another entity, an on-

line application process for loans guaranteed under this subsection.

"(ii) OTHER FEDERAL ASSISTANCE.—The Administrator may coordinate with the head of any other appropriate Federal agency so that any application submitted through an online application process established under clause (i) may be considered for any other Federal assistance program for disaster relief.

"(B) CONTENTS.—

"(i) IN GENERAL.—An online application process established under subparagraph (A) shall allow an applicant for a guarantee under this subsection to specify the qualified private lender from which the applicant seeks to obtain a loan.

"(ii) OFFERS FOR LOANS.—

"(I) IN GENERAL.—If an applicant does not specify a qualified private lender under clause (i), any qualified private lender may be selected to or opt to consider the application.

"(II) PROCESS.—The Administrator may, via the online process or another predetermined and objective process, determine a means of distributing or otherwise making available for consideration applications where a qualified private lender has not been specified by the applicant.

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

"(6) MAXIMUM AMOUNTS.—

"(A) GUARANTEE PERCENTAGE.—The Administrator may guarantee not more than 85 percent of a loan under this subsection.

"(B) LOAN AMOUNTS.—The maximum amount of a loan guaranteed under this subsection shall be $3,000,000.

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

"(A) 15 years for any loan that is issued without collateral; and

"(B) 25 years for any loan that is issued with collateral.

"(8) FEES.—

"(A) IN GENERAL.—The Administrator may not collect a guarantee fee under this subsection.

"(B) ORIGINATION FEE.—The Administrator shall pay a qualified private lender an origination fee for a loan guaranteed under this subsection equal to 15/100 of 1 percent of the amount of the loan.

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

"(10) IMPLEMENTATION.—

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

"(i) establish interim criteria for qualified private lenders; and

"(ii) begin accepting applications from banks and lending institutions.

"(B) REGULATIONS.—

"(i) IN GENERAL.—Not later than 90 days after the date of enactment of the Small Business Reauthorization and Improvements Act of 2006, the Administrator shall promulgate regulations establishing permanent criteria for qualified private lenders.

"(ii) EXISTING QUALIFIED PRIVATE LENDERS.—A bank or lending institution that the Administrator determined met the criteria established under subparagraph (A)(i) may continue to operate as a qualified private lender if the Administrator determines that such bank or lending institution meets the criteria established under clause (i).

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

"(12) AUTHORIZATION OF APPROPRIATIONS.—

"(A) IN GENERAL.—Amounts necessary to carry out this subsection shall be made available from amounts appropriated to the Administration under subsection (b).

"(B) AUTHORITY TO REDUCE INTEREST RATES.—Funds appropriated to the Administration to carry out this subsection, may be used by the Administrator, to the extent available, to reduce the applicable rate of interest for a loan guaranteed under this subsection by not more than 3 percentage points.".

(b) EFFECTIVE DATE.—

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

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

SEC. 402. TECHNICAL AND CONFORMING AMENDMENTS.

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

(1) in section 4(c)—

(A) in paragraph (1), by striking ''7(c)(2)'' and inserting ''7(d)(2)''; and

(B) in paragraph (2)—

(i) by striking ''7(c)(2)'' and inserting ''7(d)(2)''; and

(ii) by striking ''7(e),''; and

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

(A) by striking ''That the provisions of paragraph (1) of subsection (c)'' and inserting ''That the provisions of paragraph (1) of subsection (d)''; and

(B) by striking ''Notwithstanding the provisions of any other law the interest rate on the Administration's share of any loan made under subsection (b) except as provided in subsection (c),'' and inserting ''Notwithstanding any other provision of law, and except as provided in subsection (d), the interest rate on the Administration's share of any loan made under subsection (b)''.

Subtitle B—Disaster Relief and Reconstruction

SEC. 421. DEFINITION OF DISASTER AREA.

In this subtitle, the term ''disaster area'' means an area affected by a natural or other disaster, as determined for purposes of paragraph (1) or (2) of section 7(b) of the Small Business Act, during the period of such declaration.

SEC. 422. DISASTER LOANS TO NONPROFITS.

Section 7(b) of the Small Business Act (15 U.S.C. 636(b)) is amended by inserting immediately after paragraph (3) the following:

''(4) LOANS TO NONPROFITS.—In addition to any other loan authorized by this subsection, the Administrator may make such loans (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis) as the Administrator determines appropriate to a nonprofit organization located or operating in an area affected by a natural or other disaster, as determined under paragraph (1) or (2), or providing services to persons who have evacuated from any such area.''.

SEC. 423. DISASTER LOAN AMOUNTS.

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

"(5) INCREASED LOAN CAPS.—

"(A) AGGREGATE LOAN AMOUNTS.—Except as provided in clause (ii), and notwithstanding any other provision of law, the aggregate loan amount outstanding and committed to a borrower under this subsection may not exceed $5,000,000.

"(B) WAIVER AUTHORITY.—The Administrator may, at the discretion of the Administrator, waive the aggregate loan amount established under clause (i).".

(b) DISASTER MITIGATION.—

(1) IN GENERAL.—Section 7(b)(1)(A) of the Small Business Act (15 U.S.C. 636(b)(1)(A)) is amended by inserting "of the aggregate costs of such damage or destruction (whether or not compensated for by insurance or otherwise)" after "20 per centum".

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

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

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

(1) in the matter preceding paragraph (1), by striking ''the, Administration'' and inserting ''the Administration'';

(2) in paragraph (2)(A), by striking ''Disaster Relief and Emergency Assistance Act'' and inserting ''Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.)''; and

(3) in the undesignated matter at the end—

(A) by striking '', (2), and (4)'' and inserting ''and (2)''; and

(B) by striking '', (2), or (4)'' and inserting ''(2)''.

SEC. 424. SMALL BUSINESS DEVELOPMENT CENTER PORTABILITY GRANTS.

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

(1) in the first sentence, by striking ''as a result of a business or government facility down sizing or closing, which has resulted in the loss of jobs or small business instability'' and inserting ''due to

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

(2) by adding at the end ''At the discretion of the Administrator, the Administrator may make an award greater than $100,000 to a recipient to accommodate extraordinary occurrences having a catastrophic impact on the small business concerns in a community.''.

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

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

(1) by striking ''At the discretion'' and inserting the following: ''SMALL BUSINESS DEVELOPMENT CENTERS.—

''(A) IN GENERAL.—At the discretion''; and

(2) by adding at the end the following:

''(B) DURING DISASTERS.—

''(i) IN GENERAL.—At the discretion of the Administrator, the Administrator may authorize a small business development center to provide such assistance to small business concerns located outside of the State, without regard to geographic proximity, if the small business concerns

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

"(ii) CONTINUITY OF SERVICES.—A small business development center that provides counselors to an area described in clause (i) shall, to the maximum extent practicable, ensure continuity of services in any State in which such small business development center otherwise provides services.

"(iii) ACCESS TO DISASTER RECOVERY FACILITIES.—For purposes of providing disaster recovery assistance under this subparagraph, the Administrator shall, to the maximum extent practicable, permit small business development center personnel to use any site or facility designated by the Administrator for use to provide disaster recovery assistance.".

SEC. 426. OUTREACH PROGRAMS.

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

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

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

(1) the Administration;

(2) the Federal agency small business officials designated under section 15(k)(1) of the Small Business Act (15 U.S.C. 644(k)(1)); or

(3) any Federal, State, or local government entity, higher education institution, procurement technical assistance center, or private nonprofit organization that the Administrator may determine appropriate, upon conclusion of a memorandum of understanding or assistance agreement, as appropriate, with the Administrator.

SEC. 427. SMALL BUSINESS BONDING THRESHOLD.

(a) IN GENERAL.—Except as provided in subsection (b), and notwithstanding any other provision of law, for any procurement related to a major disaster (as that term is defined in section 102 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5122)), the Administrator may, upon such terms and conditions as the Administrator may prescribe, guarantee and enter into commitments to guarantee any surety against

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

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

SEC. 428. SMALL BUSINESS PARTICIPATION.

In order to facilitate the maximum practicable participation of small business concerns in activities related to relief and recovery from an event for which a disaster area was declared, the Administrator and the head of any Federal agency making procurements related to the aftermath of the disaster, may, at the discretion of the Administrator, set a goal of awarding to small business concerns not less than 30 percent of amounts expended for prime contracts and not less than 40 percent of amounts expended for subcontracts on procurements by such agency related to the aftermath of the disaster.

SEC. 429. EMERGENCY PROCUREMENT AUTHORITY.

(a) SMALL BUSINESS RESERVATION OFFSET.—Section 15(j) of the Small Business Act (15 U.S.C. 644(j)) is amended by adding at the end the following:

''(4) For any contract involving the use of the special emergency procurement authority under section 32A(c) of the Office of Federal Procurement Policy Act (41 U.S.C. 428a(c)), the dollar ceiling of the small business reservation established in paragraph (1) shall be adjusted to match the applicable amount of the simplified acquisition threshold.''.

(b) RETENTION OF SMALL BUSINESS SUBCONTRACTING.—Section 8(d)(4)(D) of the Small Business Act (15 U.S.C. 637(d)(4)(D)) is amended—

(1) by striking ''(D) No contract'' and inserting the following:

''(D) SMALL BUSINESS PARTICIPATION.—

''(i) IN GENERAL.—No contract''; and

(2) by adding at the end the following:

''(ii) EMERGENCY PROCUREMENTS.—

''(I) IN GENERAL.—For any contract which otherwise meets the requirements of this subsection, and which involves the use of special emergency procurement authority under section 32A(c) of the Office of Federal Procurement Policy Act (41

U.S.C. 428a(c)), the subcontracting plan required under this subsection shall be negotiated as soon as practicable, but not later than 30 days after the date on which the contract is awarded.

"(II) PAYMENT.—Not greater than 50 percent of the amounts due under any contract described in subclause (I) may be paid, unless a subcontracting plan compliant with this subsection is negotiated by the contractor.".

SEC. 430. PAPERWORK RECIPROCITY FOR SMALL DISASTER CONTRACTORS.

Not later than 30 days after the date of enactment of this Act, the Administrator shall ensure that all eligible small business concerns receive the full benefit of reciprocity in certifications between Federal and federally funded contracting programs for small business concerns owned and controlled by socially and economically disadvantaged individuals.

SEC. 431. SMALL BUSINESS MULTIPLE AWARD DISASTER CONTRACTS.

(a) IN GENERAL.—The Administrator and the Administrator for Federal Procurement Policy shall work with other Federal agencies to ensure that the Federal

Government establishes and maintains multiple award contracts with small business concerns of all categories on a nationwide and regional basis for the purpose of conducting or supporting Federal disaster recovery efforts.

(b) REPORT.—At the end of each fiscal year, the Administrator and the Administrator for Federal Procurement Policy shall submit to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives a report describing the terms, conditions, and status of the contracts described in subsection (a) awarded during the preceding fiscal year.

SEC. 432. CONTRACTING PRIORITY FOR LOCAL SMALL BUSINESSES.

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

(1) by striking ''(d) For purposes'' and inserting the following:

''(d) CONTRACTING PRIORITIES.—

''(1) IN GENERAL.—For purposes''; and

(2) by adding at the end the following:

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

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

"(3) LOCAL SMALL BUSINESSES.—

"(A) IN GENERAL.—The head of each executive agency shall give priority in the awarding of contracts and the placement of subcontracts for disaster relief to local small business concerns, by using, as appropriate—

"(i) preferential factors in evaluations of contract bids and proposals;

"(ii) competitions restricted to local small business concerns, where there is a reasonable expectation of receiving competitive, reasonably priced bids or proposals from not fewer than 2 local small business concerns;

"(iii) requirements of preference for local small business concerns in subcontracting plans; and

"(iv) assessments of liquidated damages and other contractual penalties, including contract termination.

"(B) OTHER DISASTER ASSISTANCE.—Priority shall be given to local small business concerns in the awarding of contracts and the

placement of subcontracts for disaster relief in any Federal procurement and any procurement by a State or local government made with Federal disaster assistance funds.

"(4) DEFINITIONS.—In this subsection—

"(A) the term 'declared disaster' means a disaster, as designated by the Administrator;

"(B) the term 'disaster area' means any State or area affected by a declared disaster, as determined by the Administrator;

"(C) the term 'executive agency' has the same meaning as in section 105 of title 5, United States Code; and

"(D) the term 'local small business concern' means a small business concern that—

"(i) on the date immediately preceding the date on which a declared disaster occurred—

"(I) had a principal office in the disaster area for such declared disaster; and

"(II) employed a majority of the workforce of such small business concern in the disaster area for such declared disaster; and

"(ii) is capable of performing a substantial proportion of any contract or subcontract for disaster relief within the disaster area for such declared disaster, as determined by the Administrator.".

SEC. 433. TERMINATION OF PROGRAM.

Section 711(c) of the Small Business Competitive Demonstration Program Act of 1988 (15 U.S.C. 644 note) is amended by inserting after "January 1, 1989" the following: ", and shall terminate on the date of enactment of the Small Business Reauthorization and Improvements Act of 2006".

SEC. 434. INCREASING COLLATERAL REQUIREMENTS.

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

Subtitle C—Disaster Response

SEC. 451. DEFINITIONS.

In this subtitle—

(1) the term "approved State Bridge Loan Program" means a State Bridge Loan Program approved under section 452(b);

(2) the term "catastrophic national disaster" has the meaning given the term in section 7(b)(6)

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

(3) the term ''declared disaster'' means a major disaster or a catastrophic national disaster;

(4) the term ''disaster loan program of the Administration'' means assistance under section 7(b) of the Small Business Act (15 U.S.C. 636(b));

(5) the term ''disaster update period'' means the period beginning on the date on which the President declares a major disaster or a catastrophic national disaster and ending on the date on which such declaration terminates;

(6) the term ''major disaster'' has the meaning given the term in section 102 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5122); and

(7) the term ''State'' means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Northern Mariana Islands, the Virgin Islands, Guam, American Samoa, and any territory or possession of the United States.

SEC. 452. STATE BRIDGE LOAN GUARANTEE.

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

(b) APPROVAL.—

(1) APPLICATION.—A State desiring approval of a State Bridge Loan Program shall submit an application to the Administrator at such time, in such manner, and accompanied by such information as the Administrator may require.

(2) CRITERIA.—The Administrator may approve an application submitted under paragraph (1) based on such criteria as the Administrator may establish under this section.

(c) GUIDELINES.—

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

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

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

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

(C) address whether—

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

(ii) loans under an approved State Bridge Loan Program shall be disbursed through local banks and other financial institutions; and

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

SEC. 453. CATASTROPHIC NATIONAL DISASTERS.

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

''(6) CATASTROPHIC NATIONAL DISASTERS.—

''(A) DEFINITION.—In this paragraph the term 'catastrophic national disaster' means a disaster, natural or other, that the President determines has caused significant adverse economic conditions outside of the geographic reach of the disaster.

''(B) AUTHORIZATION.—The Administrator may make such loans under this paragraph (either directly or in cooperation with

banks or other lending institutions through agreements to participate on an immediate or deferred basis) as the Administrator determines appropriate to small business concerns located anywhere in the United States that are economically adversely impacted as a result of a catastrophic national disaster.

"(C) LOAN TERMS.—A loan under this paragraph shall be made on the same terms as a loan under paragraph (2).".

SEC. 454. PUBLIC AWARENESS OF DISASTER DECLARATION AND APPLICATION PERIODS.

(a) IN GENERAL.—Section 7(b) of the Small Business Act (15 U.S.C. 636(b)) is amended by inserting immediately after paragraph (6), as added by this Act, the following:

"(7) COORDINATION WITH FEMA.—

"(A) IN GENERAL.—Notwithstanding any other provision of law, for any disaster (including a catastrophic national disaster) declared under this subsection or major disaster (as that term is defined in section 102 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5122)), the Administrator, in consultation with the Director of the Federal

Emergency Management Agency, shall ensure, to the maximum extent practicable, that all application periods for disaster relief under this Act and the Robert T. Stafford Disaster Relief and Emergency Assistance Act begin on the same date and end on the same date.

"(B) DEADLINE EXTENSIONS.—Notwithstanding any other provision of law—

"(i) not later than 10 days before the closing date of an application period for disaster relief under this Act for any disaster (including a catastrophic national disaster) declared under this subsection, the Administrator, in consultation with the Director of the Federal Emergency Management Agency, shall notify the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives as to whether the Administrator intends to extend such application period; and

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

ford Disaster Relief and Emergency Assistance Act for any major disaster (as that term is defined in section 102 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5122)) for which the President has declared a catastrophic national disaster under paragraph (6), the Director of the Federal Emergency Management Agency, in consultation with the Administrator, shall notify the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives as to whether the Director intends to extend such application period.

"(8) PUBLIC AWARENESS OF DISASTERS.—If a disaster (including a catastrophic national disaster) is declared under this subsection, the Administrator shall make every effort to communicate through radio, television, print, and web-based outlets, all relevant information needed by disaster loan applicants, including—

"(A) the date of such declaration;

"(B) cities and towns within the area of such declaration;

"(C) loan application deadlines related to such disaster;

"(D) all relevant contact information for victim services available through the Administration (including links to small business development center websites);

"(E) links to relevant Federal and State disaster assistance websites;

"(F) information on eligibility criteria for Federal Emergency Management Agency disaster assistance applications, as well as for Administration loan programs, including where such applications can be found; and

"(G) application materials that clearly state the function of the Administration as the Federal source of disaster loans for homeowners and renters.".

(b) COORDINATION OF AGENCIES AND OUTREACH.—Not later than 90 days after the date of enactment of this Act, the Administrator and the Director of the Federal Emergency Management Agency shall enter into an agreement that ensures adequate lodging and transportation for employees of the Administration, contract employees, and

volunteers during a major disaster, if such staff are needed to assist businesses, homeowners, or renters in recovery.

(c) MARKETING AND OUTREACH.—Not later than 90 days after the date of enactment of this Act, the Administrator shall create a marketing and outreach plan that—

(1) encourages a proactive approach to the disaster relief efforts of the Administration;

(2) distinguishes between disaster services provided by the Administration and disaster services provided by the Federal Emergency Management Agency, including contact information, application information, and timelines for submitting applications, the review of applications, and the disbursement of funds;

(3) describes the different disaster loan programs of the Administration, including how they are made available and what eligibility requirements exist for each loan program;

(4) provides for regional marketing, focusing on disasters occurring in each region before the date of enactment of this Act, and likely scenarios for disasters in each such region; and

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

SEC. 455. CONSISTENCY BETWEEN ADMINISTRATION REGULATIONS AND STANDARD OPERATING PROCEDURES.

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

(b) REPORT.—Not later than 180 days after the date of enactment of this Act, the Administration shall submit to Congress a report containing all findings and recommendations of the study conducted under subsection (a).

SEC. 456. PROCESSING DISASTER LOANS.

(a) AUTHORITY FOR QUALIFIED PRIVATE CONTRACTORS TO PROCESS DISASTER LOANS.—Section 7(b) of the Small Business Act (15 U.S.C. 636(b)) is amended by inserting immediately after paragraph (8), as added by this Act, the following:

"(9) AUTHORITY FOR QUALIFIED PRIVATE CONTRACTORS.—

"(A) DISASTER LOAN PROCESSING.—The Administrator may enter into an agreement with a qualified private contractor, as determined by the Administrator, to process loans under this subsection in the event of a major disaster (as defined in section 102 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5122)) or a catastrophic national disaster declared under paragraph (6), under which the Administrator shall pay the contractor a fee for each loan processed.

"(B) LOAN LOSS VERIFICATION SERVICES.—The Administrator may enter into an agreement with a qualified lender or loss verification professional, as determined by the Administrator, to verify losses for loans under this subsection in the event of a major disaster (as defined in section 102 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5122)) or a catastrophic national disaster declared under paragraph (6), under which the Administrator shall pay the

lender or verification professional a fee for each loan for which such lender or verification professional verifies losses.''.

(b) COORDINATION OF EFFORTS BETWEEN THE ADMINISTRATOR AND THE INTERNAL REVENUE SERVICE TO EXPEDITE LOAN PROCESSING.—The Administrator and the Commissioner of Internal Revenue shall, to the maximum extent practicable, ensure that all relevant and allowable tax records for loan approval are shared with loan processors in an expedited manner, upon request by the Administrator.

(c) REPORT ON LOAN APPROVAL RATE.—

(1) IN GENERAL.—Not later than 6 months after the date of enactment of this Act, the Administrator shall submit a report to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives detailing how the Administration can improve the processing of applications under the disaster loan program of the Administration.

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

(A) recommendations, if any, regarding—

(i) staffing levels during a major disaster;

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

(iii) the viability of using alternative methods for assessing the ability of an applicant to repay a loan, included the credit score of the applicant on the day before the date on which the disaster for which the applicant is seeking assistance was declared; and

(iv) methods for the Administration to expedite loss verification and loan processing of disaster loans during a major disaster for businesses affected by, and located in the area for which the President declared, the major disaster that are a major source of employment in the area or are vital to recovery efforts in the region (including providing debris removal services, manufactured housing, or building materials); and

(B) the plans of the Administrator for implementing any recommendation made under subparagraph (A).

SEC. 457. DEVELOPMENT AND IMPLEMENTATION OF MAJOR DISASTER RESPONSE PLAN.

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

(1) by rule, amend the 2006 Atlantic hurricane season disaster response plan of the Administration (in this section referred to as the ''disaster response plan'') to apply to major disasters and catastrophic national disasters, consistent with this Act and the amendments made by this Act; and

(2) submit a report to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives detailing the amendments to the disaster response plan.

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

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

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

sonnel of the Administration in the response to a major disaster, including information on the utilization of personnel for loan processing and loan disbursement;

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

(4) a description of how the agency-wide Disaster Oversight Council is structured, which offices comprise its membership, and whether the Associate Deputy Administrator for Entrepreneurial Development of the Administration is a member;

(5) a description of how the Administrator plans to coordinate the disaster efforts of the Administration with State and local government officials, including recommendations on how to better incorporate State initiatives or programs, such as State-administered bridge loan programs, into the disaster response of the Administration;

(6) recommendations, if any, on how the Administrator can better coordinate its disaster response operations with the operations of the Department of Commerce and the Department of Agriculture;

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

(8) a description of the findings and recommendations of the Administrator, if any, based on a review of the response of the Administration to Hurricane Katrina of 2005, Hurricane Rita of 2005, and Hurricane Wilma of 2005; and

(9) a plan for how the Administrator, in cooperation with the Director of the Federal Emergency Management Agency, will secure accommodations and necessary resources for disaster assistance personnel to effectively perform their responsibilities in the aftermath of a major disaster.

(c) EXERCISES.—Not later than May 31, 2007, the Administrator shall develop and execute simulation exercises to demonstrate the effectiveness of the amended disaster response plan required under this section.

SEC. 458. CONGRESSIONAL OVERSIGHT.

(a) MONTHLY ACCOUNTING REPORT TO CONGRESS.—

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

House of Representatives a report on the disaster loan program of the Administration for the preceding month.

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

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

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

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

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

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

(F) the amount of funding spent over the month for staff, along with the number of staff, and the percent by which each category has increased or decreased since the previous report under paragraph (1);

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

(H) the amount of funding available for salaries and expenses combined, and the percent by which funding has increased or decreased, noting the source of any additional funding; and

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

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

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

mittee on Small Business and Entrepreneurship of the Senate and to the Committee on Small Business of the House of Representatives a report on the operation of the disaster loan program of the Administration for the area in which the President declared a major disaster or a catastrophic national disaster, as the case may be.

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

(A) the allocations of loan processing, loss verification, and additional field staff at Administration offices nationwide, as well as the allocations of such staff at the various disaster field offices, disaster recovery centers, and workshops in each State in the relevant area;

(B) the daily number of applications received from applicants in the relevant area, as well as a breakdown of such figures by State;

(C) the daily number of applications pending application entry from applicants in the relevant area, as well as a breakdown of such figures by State;

(D) the daily number of applications withdrawn by applicants in the relevant area, as well as a breakdown of such figures by State;

(E) the daily number of applications summarily declined by the Administrator from applicants in the relevant area, as well as a breakdown of such figures by State;

(F) the daily number of applications declined by the Administrator from applicants in the relevant area, as well as a breakdown of such figures by State;

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

(H) the daily number of applications approved by the Administrator from applicants in the relevant area, as well as a breakdown of such figures by State;

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

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

(K) the daily dollar amount of loans dispersed, both partially and fully, from the rel-

evant area, as well as a breakdown of such figures by State;

(L) the number of applications approved, including dollar amount approved, as well as applications partially and fully dispersed, including dollar amounts, since the last report under paragraph (1); and

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

(c) REPORT ON NEED FOR SUPPLEMENTAL FUNDS.—Not later than 3 months before the date on which the Administrator estimates funding will no longer be available for the disaster loan program of the Administration in any fiscal year, the Administrator shall submit a report to the Committee on Small Business and Entrepreneurship of the Senate and to the Committee on Small Business of the House of Representatives regarding the need for supplemental funds for such loan program, including the amount needed to sustain such loan program at current funding rates through the end of the fiscal year in which the Administrator submits such report.

(d) REPORT ON CONTRACTING.—

(1) IN GENERAL.—Not later than 6 months after the date on which a declared disaster is declared, and every 6 months thereafter until the date that is 18 months after the date on which the declared disaster was declared, the Administrator shall submit a report to the Committee on Small Business and Entrepreneurship of the Senate and to the Committee on Small Business of the House of Representatives regarding Federal contracts awarded as a result of the declared disaster.

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

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

(B) the total number of contracts awarded to small business concerns as a result of the declared disaster;

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

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

Subtitle D—Energy Emergencies

SEC. 471. FINDINGS.

Congress finds that—

(1) a significant number of small business concerns in the United States, nonfarm as well as agricultural producers, use heating oil, natural gas, propane, or kerosene to heat their facilities and for other purposes;

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

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

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

(B) can negatively affect the national economy and regional economies;

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

(D) can be caused by a host of factors, including international conflicts, global or regional supply difficulties, weather conditions, insufficient inventories, refinery capacity, transportation, and competitive structures in the markets, causes that are often unforeseeable to, and beyond the control of, those who own and operate small business concerns.

SEC. 472. SMALL BUSINESS ENERGY EMERGENCY DISASTER LOAN PROGRAM.

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

"(10) ENERGY EMERGENCIES.—

"(A) DEFINITIONS.—In this paragraph—

"(i) the term 'base price index' means the moving average of the closing unit price on the New York Mercantile Exchange for heating oil, natural gas, or propane for the 10 days, in each of the most recent 2 preceding years, which correspond to the trading days described in clause (ii);

"(ii) the term 'current price index' means the moving average of the closing unit price on the New York Mercantile Ex-

change, for the 10 most recent trading days, for contracts to purchase heating oil, natural gas, or propane during the subsequent calendar month, commonly known as the 'front month';

"(iii) the term 'heating fuel' means heating oil, natural gas, propane, or kerosene; and

"(iv) the term 'significant increase' means—

"(I) with respect to the price of heating oil, natural gas, or propane, any time the current price index exceeds the base price index by not less than 40 percent; and

"(II) with respect to the price of kerosene, any increase which the Administrator, in consultation with the Secretary of Energy, determines to be significant.

"(B) AUTHORIZATION.—The Administration may make such loans, either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis, to assist a small

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

"(C) INTEREST RATE.—Any loan or guarantee extended under this paragraph shall be made at the same interest rate as economic injury loans under paragraph (2).

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

"(E) DECLARATIONS.—For purposes of assistance under this paragraph—

"(i) a declaration of a disaster area based on conditions specified in this paragraph shall be required, and shall be made by the President or the Administrator; or

"(ii) if no declaration has been made under clause (i), the Governor of a State in which a significant increase in the price of heating fuel has occurred may certify to the Administration that small business concerns have suffered economic injury as a result of such increase and are in need of financial assistance which is not otherwise available on reasonable terms in that State, and upon receipt of such certification, the Administration may make such loans as would have been available under this paragraph if a disaster declaration had been issued.

"(F) USE OF FUNDS.—Notwithstanding any other provision of law, loans made under this paragraph may be used by a small business concern described in subparagraph (B) to convert from the use of heating fuel to a renewable or alternative energy source, including agriculture and urban waste, geothermal energy, co-

generation, solar energy, wind energy, or fuel cells.''.

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

(1) by inserting '', significant increase in the price of heating fuel'' after ''civil disorders''; and

(2) by inserting ''other'' before ''economic''.

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

SEC. 473. AGRICULTURAL PRODUCER EMERGENCY LOANS.

(a) IN GENERAL.—Section 321(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961(a)) is amended—

(1) in the first sentence—

(A) by striking ''operations have'' and inserting ''operations (i) have''; and

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

nomic injury on or after October 1, 2004, as the result of a significant increase in energy costs or input costs from energy sources occurring on or after October 1, 2004, in connection with an energy emergency declared by the President or the Secretary'';

(2) in the third sentence, by inserting before the period at the end the following: ''or by an energy emergency declared by the President or the Secretary''; and

(3) in the fourth sentence—

(A) by inserting ''or energy emergency'' after ''natural disaster'' each place that term appears; and

(B) by inserting ''or declaration'' after ''emergency designation''.

(b) FUNDING.—Funds available on the date of enactment of this Act for emergency loans under subtitle C of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961 et seq.) shall be available to carry out the amendments made by subsection (a) to meet the needs resulting from energy emergencies.

(c) EFFECTIVE PERIOD.—The amendments made by this section shall apply during the 4-year period beginning

on the date on which guidelines are published by the Secretary of Agriculture under section 474.

SEC. 474. GUIDELINES AND RULEMAKING.

(a) GUIDELINES.—Not later than 30 days after the date of enactment of this Act, the Administrator and the Secretary of Agriculture shall each issue such guidelines as the Administrator or the Secretary, as applicable, determines to be necessary to carry out this subtitle and the amendments made by this subtitle.

(b) RULEMAKING.—Not later than 30 days after the date of enactment of this Act, the Administrator, after consultation with the Secretary of Energy, shall promulgate regulations specifying the method for determining a significant increase in the price of kerosene under section 7(b)(10)(A)(iv)(II) of the Small Business Act, as added by this Act.

SEC. 475. REPORTS.

(a) SMALL BUSINESS ADMINISTRATION.—Not later than 12 months after the date on which the Administrator issues guidelines under section 474, and annually thereafter until the date that is 12 months after the end of the effective period of section 7(b)(10) of the Small Business Act, as added by this Act, the Administrator shall submit to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Busi-

ness of the House of Representatives, a report on the effectiveness of the assistance made available under section 7(b)(10) of the Small Business Act, as added by this Act, including—

(1) the number of small business concerns that applied for a loan under such section and the number of those that received such loans;

(2) the dollar value of those loans;

(3) the States in which the small business concerns that received such loans are located;

(4) the type of heating fuel or energy that caused the significant increase in the cost for the participating small business concerns; and

(5) recommendations for ways to improve the assistance provided under such section 7(b)(10), if any.

(b) DEPARTMENT OF AGRICULTURE.—Not later than 12 months after the date on which the Secretary of Agriculture issues guidelines under section 474, and annually thereafter until the date that is 12 months after the end of the effective period of the amendments made to section 321(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961(a)) by this subtitle, the Secretary shall submit to the Committee on Small Business and Entrepreneurship and the Committee on Agriculture, Nutrition,

and Forestry of the Senate and the Committee on Small Business and the Committee on Agriculture of the House of Representatives, a report that—

(1) describes the effectiveness of the assistance made available under section 321(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961(a)); and

(2) contains recommendations for ways to improve the assistance provided under such section 321(a), if any.

TITLE V—VETERANS AND MEMBERS OF THE GUARD AND RESERVE

SEC. 501. DEFINITIONS.

In this title—

(1) the terms ''active duty'' and ''military department'' have the meaning given the terms in section 101 of title 10, United States Code;

(2) the term ''member of the Guard or Reserve'' means a member of a reserve component of the Armed Forces, as defined in section 10101 of title 10, United States Code;

(3) the term ''Secretary'' means the Secretary of Defense; and

(4) the term ''veteran'' has the same meaning as in section 101(2) of title 38, United States Code.

Subtitle A—Veterans

SEC. 521. FINDINGS.

Congress finds the following:

(1) From September 2001 through November 2004, approximately 410,000 members of the Guard or Reserve, have been mobilized in support of United States military operations.

(2) According to 2004 data from the Manpower Data Center of the Department of Defense, an estimated 35 percent of members of the Guard or Reserve are either self-employed or own or are employed by a small business concern.

(3) The majority of privately employed members of the Guard or Reserve either work for a small business concern or are self-employed.

(4) As a result of activations, many small business concerns have been forced to go without their owners and key personnel for months, and sometimes years, on end.

(5) The effects have been devastating to such patriotic small business concerns.

(6) The Office of Veterans Business Development of the Administration has made a concerted ef-

fort to reach out to small business concerns affected by deployments, but given the sheer numbers of those deployed, their resources have been stretched thin.

(7) In addition, the Office of Veterans Business Development has been required to broaden its delivery of services, as directed by Executive Order 13360, to provide procurement training programs for service-disabled veterans.

(8) The purpose of this subtitle is to stem the effects of deployments of members of the Guard or Reserve on small business concerns, and better assist veterans and service-disabled veterans with their business needs.

SEC. 522. INCREASED FUNDING FOR THE OFFICE OF VETERANS BUSINESS DEVELOPMENT.

There is authorized to be appropriated to the Office of Veterans Business Development of the Administration, and to remain available until expended—

(1) $2,000,000 for fiscal year 2007;

(2) $2,100,000 for fiscal year 2008; and

(3) $2,200,000 for fiscal year 2009.

SEC. 523. EXTENSION OF ADVISORY COMMITTEE ON VETERANS BUSINESS AFFAIRS.

Section 203(h) of the Veterans Entrepreneurship and Small Business Development Act of 1999 (15 U.S.C. 657b note) is amended by striking ''September 30, 2006'' and inserting ''September 30, 2009''.

SEC. 524. RELIEF FROM TIME LIMITATIONS FOR VETERAN-OWNED SMALL BUSINESSES.

Section 3(q) of the Small Business Act (15 U.S.C. 632(q)) is amended by adding at the end the following:

''(5) RELIEF FROM TIME LIMITATIONS.—

''(A) IN GENERAL.—Any time limitation on any qualification, certification, or period of participation imposed under this Act on any program available to small business concerns shall be extended for a small business concern that—

''(i) is owned and controlled by—

''(I) a veteran who was called or ordered to active duty under a provision of law specified in section 101(a)(13)(B) of title 10, United States, on or after September 11, 2001; or

''(II) a service-disabled veteran who became such a veteran due to an

injury or illness incurred or aggravated in the active military, naval, or air service during a period of active duty under a call or order to active duty under a provision of law referred to in subclause (I) on or after September 11, 2001; and

''(ii) was subject to the time limitation during such period of active duty.

''(B) DURATION.—Upon submission of proper documentation to the Administrator, the extension of a time limitation under subparagraph (A) shall be equal to the period of time that such veteran who owned or controlled such a concern was on active duty as described in that subparagraph.''.

Subtitle B—Guard and Reserve

SEC. 541. GUARD AND RESERVE LOANS.

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

(1) in subparagraph (E), by striking ''$1,500,000'' each place such term appears and inserting ''$2,000,000''; and

(2) by adding at the end the following:

"(G) Notwithstanding any other provision of law, a loan not greater than $25,000 may be made under this paragraph without collateral.

"(H) The Administrator shall give priority to any application for a loan under this paragraph, and shall process and make a determination regarding such applications prior to processing or making a determination on other loan applications under this subsection, on a rolling basis.".

(b) LOAN INFORMATION.—

(1) IN GENERAL.—The Administrator and the Secretary shall develop a joint website and printed materials providing information regarding the program under section 7(b)(3) of the Small Business Act.

(2) MARKETING.—The Administrator is authorized—

(A) to advertise and promote the program under section 7(b)(3) of the Small Business Act jointly with the Secretary and veteran's service organizations; and

(B) to advertise and promote participation by lenders in such program jointly with trade

associations for banks or other lending institutions.

SEC. 542. STUDY OF INSURANCE PROGRAM FOR MEMBERS OF THE GUARD AND RESERVE.

(a) IN GENERAL.—The Administrator and the Secretary shall jointly conduct a study of the feasibility of—

(1) creating a business mobilization and interruption insurance program for members of the Guard or Reserve who own or operate small business concerns;

(2) creating an insurance program to repay debts to the Administrator in the event of the death or significant injury of a member of the Guard or Reserve who is on active duty; and

(3) increasing the use of credit unions affiliated with the Department of Defense in programs administered by the Administrator.

(b) REPORT.—Not later than 6 months after the date of enactment of this Act, the Administrator and the Secretary shall submit a joint report to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives regarding the study conducted under subsection (a).

SEC. 543. GRANT ASSISTANCE FOR MILITARY RESERVISTS' SMALL BUSINESS CONCERNS.

(a) AUTHORIZATION OF GRANTS.—Section 7(b)(3)(B) of the Small Business Act (15 U.S.C. 636(b)(3)(B)) is amended by inserting ''or grants'' after ''or deferred basis)''.

(b) GRANT SPECIFICATIONS.—Section 7(b)(3) of the Small Business Act (15 U.S.C. 636(b)(3)), as amended by this Act, is amended by adding at the end the following:

''(I) Grants made under subparagraph (B)—

''(i) may be awarded in addition to any loan made under subparagraph (B);

''(ii) shall not exceed $25,000; and

''(iii) shall be made only to a small business concern—

''(I) that provides a business plan demonstrating viability for not less than 3 future years;

''(II) with 10 or fewer employees;

''(III) that has not received another grant under subparagraph (B) in the previous 2 years.''.

(c) AUTHORIZATION OF APPROPRIATIONS.—Section 20(e)(2) of the Small Business Act (15 U.S.C. 631 note),

as amended by this Act, is amended by inserting after subparagraph (B) the following:

"(C) GRANT ASSISTANCE FOR MILITARY RESERVISTS' SMALL BUSINESSES.—There are authorized to be appropriated for grants under section 7(b)(3)(B) for each of fiscal years 2007 through 2009.".

Subtitle C—Veterans Corporation

SEC. 561. PURPOSES OF THE CORPORATION.

(a) PURPOSES.—Section 33(b) of the Small Business Act (15 U.S.C. 657c(b)) is amended—

(1) by striking paragraph (1) and inserting the following:

"(1) to establish and maintain a national network of information and assistance centers for use by veterans and the public, by—

"(A) providing information regarding small business oriented employment or development programs;

"(B) providing access to studies and research concerning the management, financing, and operation of small business enterprises, small business participation in international markets, export promotion, and technology transfer;

"(C) providing referrals to business analysts who can provide direct counseling to veteran small business concern owners regarding the subjects described in this section;

"(D) serving as an information clearinghouse for business development and entrepreneurial assistance materials, as well as other veteran assistance materials, as determined necessary, that are provided by Federal, State and local governments; and

"(E) providing assistance to veterans and service-disabled veterans in efforts to gain access to Federal prime contracts and subcontracts; and"; and

(2) in paragraph (2), by striking "including service-disabled veterans" and inserting "particularly service-disabled veterans".

SEC. 562. MANAGEMENT OF THE CORPORATION.

(a) APPOINTMENTS TO THE BOARD.—Section 33(c)(2) of the Small Business Act (15 U.S.C. 657c(c)(2)) is amended to read as follows:

"(2) APPOINTMENT OF VOTING MEMBERS.—

"(A) IN GENERAL.—The President shall, after considering recommendations proposed under subparagraph (B), appoint the 9 voting

members of the Board, all of whom shall be United States citizens, and not more than 5 of whom shall be members of the same political party.

"(B) RECOMMENDATIONS.—Recommendations shall be submitted to the President for appointments under this paragraph by the chairman or ranking member of the Committee on Small Business and Entrepreneurship or the Committee on Veterans Affairs of the Senate or the Committee on Small Business or the Committee on Veterans Affairs of the House of Representatives.

"(C) CONSULTATION WITH VETERAN ORGANIZATIONS.—Recommendations under subparagraph (B) shall be made after consultation with such veteran service organizations as are determined appropriate by the member of Congress making the recommendation.

"(D) CONSIDERATIONS.—Consideration for eligibility for membership on the Board shall include business experience, knowledge of veterans' issues, and ability to raise funds for the Corporation.

"(E) LIMITATION ON INTERNAL RECOMMENDATIONS.—No member of the Board may recommend an individual for appointment to another position on the Board.".

(b) TERMS.—Section 33(c)(6) of the Small Business Act (15 U.S.C. 657c(c)(6)) is amended to read as follows:

"(6) TERMS OF APPOINTED MEMBERS.—

"(A) IN GENERAL.—Each member of the Board of Directors appointed under paragraph (2) shall serve for a term of 4 years.

"(B) UNEXPIRED TERMS.—Any member of the Board of Directors appointed to fill a vacancy occurring before the expiration of the term for which the member's predecessor was appointed shall be appointed only for the remainder of the term. A member of the Board of Directors may not serve beyond the expiration of the term for which the member is appointed.".

(c) REMOVAL OF BOARD MEMBERS.—Section 33(c) of the Small Business Act (15 U.S.C. 657c(c)) is amended by adding at the end the following:

"(12) REMOVAL OF MEMBERS.—With the approval of a majority of the Board of Directors and the approval of the chairmen and ranking members

of the Committee on Small Business and Entrepreneurship and the Committee on Veterans Affairs of the Senate, the Corporation may remove a member of the Board of Directors that is deemed unable to fulfill his or her duties, as established under this section.''.

SEC. 563. TIMING OF TRANSFER OF ADVISORY COMMITTEE DUTIES.

Section 33(h) of the Small Business Act (15 U.S.C. 657c(h)) is amended by striking ''October 1, 2006'' and inserting ''October 1, 2009''.

SEC. 564. AUTHORIZATION OF APPROPRIATIONS.

Section 33(k) of the Small Business Act (15 U.S.C. 657c(k)(1)) is amended—

(1) in paragraph (1)—

(A) by inserting '', through the Office of Veteran's Business Development of the Administration,'' after ''to the Corporation''; and

(B) by striking subparagraphs (A) through (D) and inserting the following:

''(A) $2,000,000 for fiscal year 2007;

''(B) $2,000,000 for fiscal year 2008; and

''(C) $2,000,000 for fiscal year 2009.'';

(2) by striking paragraph (2) and inserting the following:

"(2) MATCHING REQUIREMENTS.—

"(A) IN GENERAL.—The Administration shall require, as a condition of any grant (or amendment or modification thereto) made to the Corporation under this section, that a matching amount (excluding any fees collected from recipients of such assistance) equal to the amount of such grant be provided from sources other than the Federal Government.

"(B) LIMITATION.—Not more than 33 percent of the total revenue of the Corporation, including the funds raised for use at the Veteran's Business Resource Centers, may be acquired from fee-for-service tools or direct charge to the veteran receiving services, as described in this section, except that the amount of any such fee or charge may not exceed the amount of such fee or charge in effect on the date of enactment of the Small Business Reauthorization and Improvements Act of 2006.

"(C) MISSION-RELATED LIMITATION.—The Corporation may not engage in revenue producing programs, services, or related business ventures that are not intended to carry out the mission and activities described in section (b).

"(D) RETURN TO TREASURY.—Funds appropriated under this section that have not been expended at the end of the fiscal year for which they were appropriated shall revert back to the Treasury."; and

(3) by striking paragraph (3).

SEC. 565. PRIVATIZATION.

Section 33 of the Small Business Act (15 U.S.C. 657c) is amended—

(1) by striking subsections (f) and (i); and

(2) by redesignating subsections (g), (h), (j), and (k) as subsections (f) through (i), respectively; and

(3) by adding at the end the following:

"(j) PRIVATIZATION.—

"(1) DEVELOPMENT OF PLAN.—Not later than 6 months after the date of enactment of the Small Business Reauthorization and Improvements Act of 2006, the Corporation shall develop, institute, and implement a plan to raise private funds and become a self-sustaining corporation.

"(2) GAO AUDIT AND REPORT.—

"(A) AUDIT.—The Comptroller General of the United States shall conduct an audit of the Corporation, in accordance with generally ac-

cepted accounting principles and generally accepted audit standards.

"(B) INCLUSIONS.—The audit required by this paragraph shall include—

"(i) an evaluation of the efficacy of the Corporation in carrying out the purposes under section (b); and

"(ii) an analysis of the feasibility of the sustainability plan developed by the Corporation.

"(C) REPORT.—Not later than 1 year after the date of enactment of the Small Business Reauthorization and Improvements Act of 2006, the Comptroller General shall submit a report on the audit conducted under this paragraph to the Committee on Small Business and Entrepreneurship and the Committee on Veterans Affairs of the Senate and to the Committee on Small Business and the Committee on Veterans Affairs of the House of Representatives.".

TITLE VI—ENERGY LOANS FOR SMALL BUSINESS CONCERNS

SEC. 601. EXPRESS LOANS FOR RENEWABLE ENERGY AND ENERGY EFFICIENCY.

Section 7(a)(31) of the Small Business Act (15 U.S.C. 636(a)(31)) is amended by adding at the end the following:

"(F) EXPRESS LOANS FOR RENEWABLE ENERGY AND ENERGY EFFICIENCY.—

"(i) DEFINITIONS.—In this subparagraph—

"(I) the term 'biomass'—

"(aa) means any organic material that is available on a renewable or recurring basis, including—

"(AA) agricultural crops;

"(BB) trees grown for energy production;

"(CC) wood waste and wood residues;

"(DD) plants (including aquatic plants and grasses);

"(EE) residues;

"(FF) fibers;

"(GG) animal wastes and other waste materials; and

"(HH) fats, oils, and greases (including recycled fats, oils, and greases); and

"(bb) does not include—

"(AA) paper that is commonly recycled; or

"(BB) unsegregated solid waste;

"(II) the term 'energy efficiency project' means the installation or upgrading of equipment that results in a significant reduction in energy usage; and

"(III) the term 'renewable energy system' means a system of energy derived from—

"(aa) a wind, solar, biomass, or geothermal source; or

"(bb) hydrogen derived from biomass or water using an energy source described in item (aa).

"(ii) LOANS.—Loans may be made under the 'Express Loan Program' for the purpose of—

"(I) purchasing a renewable energy system; or

"(II) an energy efficiency project for an existing business.".

TITLE VII—HEALTH INSURANCE

SEC. 701. PURPOSE.

The purpose of this title is to establish a 4-year pilot program to provide information and educational materials to small business concerns regarding health insurance options, including coverage options within the small group market.

SEC. 702. DEFINITIONS.

In this title:

(1) ASSOCIATION.—The term "association" means an association established under section 21(a)(3)(A) of the Small Business Act (15 U.S.C. 648(a)(3)(A)) representing a majority of small business development centers.

(2) PARTICIPATING SMALL BUSINESS DEVELOPMENT CENTER.—The term ''participating small business development center'' means a small business development center described in section 21 of the Small Business Act (15 U.S.C. 648) that—

(A) is certified under section 21(k)(2) of the Small Business Act (15 U.S.C. 648(k)(2)); and

(B) receives a grant under the pilot program.

(3) PILOT PROGRAM.—The term ''pilot program'' means the small business health insurance information pilot program established under this title.

(4) STATE.—The term ''State'' means each of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, American Samoa, and Guam.

SEC. 703. SMALL BUSINESS HEALTH INSURANCE INFORMATION PILOT PROGRAM.

(a) AUTHORITY.—The Administrator shall establish a pilot program to make grants to small business development centers to provide neutral and objective information and educational materials regarding health insurance options, including coverage options within the small group market, to small business concerns.

(b) APPLICATIONS.—

(1) POSTING OF INFORMATION.—Not later than 90 days after the date of enactment of this Act, the Administrator shall post on the website of the Administration and publish in the Federal Register a guidance document describing—

(A) the requirements of an application for a grant under the pilot program; and

(B) the types of informational and educational materials regarding health insurance options to be created under the pilot program, including by referencing materials and resources developed by the National Association of Insurance Commissioners, the Kaiser Family Foundation, and the Healthcare Leadership Council.

(2) SUBMISSION.—A small business development center desiring a grant under the pilot program shall submit an application at such time, in such manner, and accompanied by such information as the Administrator may reasonably require.

(c) SELECTION OF PARTICIPATING SMALL BUSINESS DEVELOPMENT CENTERS.—

(1) IN GENERAL.—The Administrator shall select not more than 20 small business development centers to receive a grant under the pilot program.

(2) SELECTION OF PROGRAMS.—In selecting small business development centers under paragraph (1), the Administrator may not select—

(A) more than 2 programs from each of the groups of States described in paragraph (3); and

(B) more than 1 program in any State.

(3) GROUPINGS.—The groups of States described in this paragraph are the following:

(A) GROUP 1.—Group 1 shall consist of Maine, Massachusetts, New Hampshire, Connecticut, Vermont, and Rhode Island.

(B) GROUP 2.—Group 2 shall consist of New York, New Jersey, Puerto Rico, and the Virgin Islands.

(C) GROUP 3.—Group 3 shall consist of Pennsylvania, Maryland, West Virginia, Virginia, the District of Columbia, and Delaware.

(D) GROUP 4.—Group 4 shall consist of Georgia, Alabama, North Carolina, South Carolina, Mississippi, Florida, Kentucky, and Tennessee.

(E) GROUP 5.—Group 5 shall consist of Illinois, Ohio, Michigan, Indiana, Wisconsin, and Minnesota.

(F) GROUP 6.—Group 6 shall consist of Texas, New Mexico, Arkansas, Oklahoma, and Louisiana.

(G) GROUP 7.—Group 7 shall consist of Missouri, Iowa, Nebraska, and Kansas.

(H) GROUP 8.—Group 8 shall consist of Colorado, Wyoming, North Dakota, South Dakota, Montana, and Utah.

(I) GROUP 9.—Group 9 shall consist of California, Guam, American Samoa, Hawaii, Nevada, and Arizona.

(J) GROUP 10.—Group 10 shall consist of Washington, Alaska, Idaho, and Oregon.

(4) DEADLINE FOR SELECTION.—The Administrator shall make selections under this subsection not later than 6 months after the later of the date on which the information described in subsection (b)(1) is posted on the website of the Administration and the date on which the information described in subsection (b)(1) is published in the Federal Register.

(d) USE OF FUNDS.—

(1) IN GENERAL.—A participating small business development center shall use funds provided under the pilot program to—

(A) create and distribute informational materials; and

(B) conduct training and educational activities.

(2) CONTENT OF MATERIALS.—

(A) IN GENERAL.—In creating materials under the pilot program, a participating small business development center shall evaluate and incorporate relevant portions of existing informational materials regarding health insurance options, including materials and resources developed by the National Association of Insurance Commissioners, the Kaiser Family Foundation, and the Healthcare Leadership Council.

(B) HEALTH INSURANCE OPTIONS.—In incorporating information regarding health insurance options under subparagraph (A), a participating small business development center shall provide neutral and objective information regarding health insurance options in the geographic area served by the participating small business development center, including tradi-

tional employer sponsored health insurance for the individual and group insurance markets, such as the health insurance options defined in section 2791 of the Public Health Services Act (42 U.S.C. 300gg–91) or section 125 or 223(d) of the Internal Revenue Code of 1986, and Federal and State health insurance programs.

(e) GRANT AMOUNTS.—Each participating small business development center program shall receive a grant in an amount equal to—

(1) not less than $150,000 per fiscal year; and

(2) not more than $300,000 per fiscal year.

(f) MATCHING REQUIREMENT.—Subparagraphs (A) and (B) of section 21(a)(4) of the Small Business Act (15 U.S.C. 648(a)(4)) shall apply to assistance made available under the pilot program.

SEC. 704. REPORTS.

Each participating small business development center shall transmit to the Administrator and the Chief Counsel for Advocacy of the Administration, as the Administrator may direct, a quarterly report that includes—

(1) a summary of the information and educational materials regarding health insurance options provided by the participating small business development center under the pilot program; and

(2) the number of small business concerns assisted under the pilot program.

SEC. 705. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—There are authorized to be appropriated to carry out this title—

(1) $5,000,000 for the first fiscal year beginning after the date of enactment of this Act; and

(2) $5,000,000 for each of the 3 fiscal years following the fiscal year described in paragraph (1).

(b) LIMITATION ON USE OF OTHER FUNDS.—The Administrator may carry out the pilot program only with amounts appropriated in advance specifically to carry out this title.

TITLE VIII—WOMEN'S SMALL BUSINESS OWNERSHIP PROGRAMS

SEC. 801. OFFICE OF WOMEN'S BUSINESS OWNERSHIP.

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

(1) in paragraph (2)—

(A) in subparagraph (B)(i), by striking ''in the areas'' and all that follows through the end of subclause (I), and inserting the following: ''to address issues concerning management, operations, manufacturing, technology, finance, re-

tail and product sales, international trade, and other disciplines required for—

"(I) starting, operating, and growing a small business concern;"; and

(B) in subparagraph (C), by inserting before the period at the end the following: ", the National Women's Business Council, and any association of women's business centers"; and

(2) by adding at the end the following:

"(3) PROGRAMS AND SERVICES FOR WOMEN-OWNED SMALL BUSINESSES.—The Assistant Administrator, in consultation with the National Women's Business Council, the Interagency Committee on Women's Business Enterprise, and 1 or more associations of women's business centers, shall develop programs and services for women-owned businesses (as defined in section 408 of the Women's Business Ownership Act of 1988 (15 U.S.C. 631 note)) in business areas, which may include—

"(A) manufacturing;

"(B) technology;

"(C) professional services;

"(D) retail and product sales;

"(E) travel and tourism;

"(F) international trade; and

"(G) Federal Government contract business development.

"(4) TRAINING.—The Administrator shall provide annual programmatic and financial oversight training for women's business ownership representatives and district office technical representatives of the Administration to enable representatives to carry out their responsibilities under this section.

"(5) GRANT PROGRAM IMPROVEMENT.—The Administrator shall improve the women's business center grant proposal process and the programmatic and financial oversight process by—

"(A) providing notice to the public of each women's business center grant announcement for an initial and renewal grant, not later than 6 months before awarding such grant;

"(B) providing notice to grant applicants and recipients of program evaluation criteria, not later than 12 months before any such evaluation;

"(C) reducing paperwork and reporting requirements for grant applicants and recipients;

"(D) standardizing the oversight and review process of the Administration; and

"(E) providing to each women's business center, not later than 30 days after the completion of a site visit at that center, a copy of site visit reports and evaluation reports prepared by district office technical representatives or Administration officials.".

SEC. 802. WOMEN'S BUSINESS CENTER PROGRAM.

(a) WOMEN'S BUSINESS CENTER GRANTS PROGRAM.—Section 29 of the Small Business Act (15 U.S.C. 656) is amended—

(1) in subsection (a)—

(A) by redesignating paragraphs (2), (3), and (4), as paragraphs (3), (4), and (5), respectively; and

(B) by inserting after paragraph (1) the following:

"(2) the term 'association of women's business centers' means an organization that represents not fewer than 30 percent of the women's business centers that are participating in a program under this section, and whose primary purpose is to represent women's business centers;"; and

(2) by striking subsections (b) through (f) and inserting the following:

"(b) GRANTS AUTHORIZED.—

"(1) IN GENERAL.—

"(A) ISSUANCE.—The Administrator may award initial and renewal grants of not more than $150,000 per year, which shall be known as 'women's business center grants', to private nonprofit organizations to conduct projects for the benefit of small business concerns owned and controlled by women.

"(B) RENEWALS.—At the end of the initial 4-year grant period, and every 3 years thereafter, the grant recipient may apply to renew the grant in accordance with this subsection and subsection (e)(2).

"(C) EQUAL ALLOCATIONS.—In the event that the Administration has insufficient funds to provide grants of $150,000 for each eligible women's business center, available funds shall be allocated equally to eligible centers, unless any center requests a lower amount than the allocable amount.

"(2) COOPERATIVE AGREEMENT AUTHORITY.—

"(A) IN GENERAL.—The Administrator may enter into Federal cooperative agreements with grant recipients under this subsection to perform the services described under paragraph

(3), only to the extent and in the amount provided by appropriated funds.

"(B) TERMINATION.—

"(i) IN GENERAL.—If any grant recipient under this subsection does not fulfill its grant obligations, after advanced notification, during the period of the grant, the Administrator may terminate the grant.

"(ii) EXCEPTION.—Notwithstanding a violation by a grant recipient of a grant obligation under this subsection, the Administrator may continue to fund the grant, if the grant recipient is making a good faith effort to comply with such obligation.

"(3) USE OF FUNDS.—Grants awarded under this subsection may be used to provide training and counseling in the areas of—

"(A) pre-business, business start-up, and business operations;

"(B) financial planning assistance;

"(C) procurement assistance;

"(D) management assistance;

"(E) marketing assistance; and

"(F) international trade.

"(4) MATCHING REQUIREMENT.—

"(A) WOMEN'S BUSINESS CENTER GRANTS.—As a condition of receiving financial assistance under this subsection, the grant recipient shall agree to obtain, after its application has been approved and notice of award has been issued, cash contributions from non-Federal sources as follows:

"(i) In the first and second years, 1 non-Federal dollar for each 2 Federal dollars provided under the 4-year grant.

"(ii) In the third and fourth years, 1 non-Federal dollar for each Federal dollar provided under the 4-year grant.

"(iii) In each renewal period, 1 non-Federal dollar for each Federal dollar provided under the 3-year grant.

"(B) FORM OF NON-FEDERAL CONTRIBUTIONS.—Not more than ½ of the non-Federal sector matching assistance may be in the form of in-kind contributions that are budget line items only, including office equipment and office space.

"(C) FAILURE TO OBTAIN NON-FEDERAL FUNDING.—

"(i) ADVANCE DISBURSEMENTS.—If any grant recipient fails to obtain the required non-Federal contribution during any project year, it shall not be eligible for advance disbursements under subparagraph (D) during the remainder of that project year.

"(ii) ABILITY TO OBTAIN NON-FEDERAL FUNDING.—Before approving assistance to a grant recipient that has failed to obtain the required non-Federal contribution for any other projects under this Act, the Administrator shall require the grant recipient to certify that it will be able to obtain the requisite non-Federal funding and enter a written finding setting forth the reasons for making such determination.

"(D) FORM OF FEDERAL CONTRIBUTIONS.—The financial assistance authorized under this subsection may be made by grant or cooperative agreement and may contain such provisions, as necessary, to provide for pay-

ments in lump sum or installments, and in advance or by way of reimbursement. The Administrator may disburse not more than 25 percent of the Federal share awarded to a grant recipient for each year after notice of the award has been issued and before the non-Federal sector matching funds are obtained.

''(5) APPLICATION FOR AN INITIAL GRANT.—Each organization desiring an initial grant under this subsection, shall submit to the Administrator an application that contains—

''(A) a certification that the applicant—

''(i) is a private nonprofit organization;

''(ii) has designated an executive director or program manager, who may be compensated from grant funds or other sources, to manage the center; and

''(iii) as a condition of receiving a grant under this subsection, agrees—

''(I) to receive a site visit as part of the final selection process;

''(II) to undergo an annual programmatic and financial examination; and

"(III) to the maximum extent practicable, to remedy any problems identified pursuant to the site visit or examination under subclauses (I) and (II);

"(B) information demonstrating that the applicant has the ability and resources to meet the needs of the market to be served by the women's business center site for which an initial grant is sought, including the ability to comply with the matching requirement under paragraph (4);

"(C) information relating to assistance to be provided by the women's business center site for which an initial grant is sought in the area in which the site is located;

"(D) information demonstrating the effective experience of the applicant in—

"(i) conducting financial, management, and marketing assistance programs, as described under paragraph (3), which are designed to teach or upgrade the business skills of women who are business owners or potential business owners;

"(ii) providing training and services to a representative number of women who are both socially and economically disadvantaged; and

"(iii) using resource partners of the Administration and other entities, such as universities;

"(E) a 4-year plan that projects the ability of the women's business center site for which an initial grant is sought—

"(i) to serve women who are business owners or potential owners in the future by improving training and counseling activities; and

"(ii) to provide training and services to a representative number of women who are both socially and economically disadvantaged; and

"(F) any additional information that the Administrator may reasonably require.

"(6) REVIEW AND APPROVAL OF APPLICATIONS FOR AN INITIAL GRANT.—

"(A) IN GENERAL.—The Administrator shall—

"(i) review each application submitted under paragraph (5), based on the information described in such paragraph and the criteria set forth under subparagraph (B) of this paragraph; and

"(ii) as part of the final selection process, conduct a site visit at each women's business center for which an initial grant is sought.

"(B) SELECTION CRITERIA.—

"(i) IN GENERAL.—The Administrator shall evaluate applicants in accordance with predetermined selection criteria that shall be stated in terms of relative importance. Such criteria and their relative importance shall be made publicly available and stated in each solicitation for applications made by the Administrator.

"(ii) REQUIRED CRITERIA.—The selection criteria for an initial grant under clause (i) shall include—

"(I) the experience of the applicant in conducting programs or ongoing efforts designed to teach or upgrade the business skills of women

who are business owners or potential owners;

"(II) the ability of the applicant to commence a project within a minimum amount of time;

"(III) the ability of the applicant to provide training and services to a representative number of women who are both socially and economically disadvantaged; and

"(IV) the location for the women's business center site proposed by the applicant.

"(C) RECORD RETENTION.—The Administrator shall maintain a copy of each application submitted under this paragraph for not less than 7 years.

"(7) APPLICATION FOR A RENEWAL GRANT.—Each organization desiring a renewal grant under this subsection, shall submit to the Administrator, not later than 3 months before the expiration of an existing grant under this subsection, an application that contains—

"(A) a certification that the applicant—

"(i) is a private nonprofit organization;

"(ii) has designated an executive director or program manager to manage the center; and

"(iii) as a condition of receiving a grant under this subsection, agrees—

"(I) to receive a site visit as part of the final selection process;

"(II) to submit, for the preceding 2 years, annual programmatic and financial examination reports or certified copies of the applicant's compliance supplemental audits under OMB Circular A–133; and

"(III) to the maximum extent practicable, to remedy any problems identified pursuant to the site visit or examination under subclauses (I) and (II);

"(B) information demonstrating that the applicant has the ability and resources to meet the needs of the market to be served by the women's business center site for which a renewal grant is sought, including the ability to

comply with the matching requirement under paragraph (4);

"(C) information relating to assistance to be provided by the women's business center site for which a renewal grant is sought in the area in which the site is located;

"(D) information demonstrating the utilization of resource partners of the Administration and other entities;

"(E) a 3-year plan that projects the ability of the women's business center site for which a renewal grant is sought—

"(i) to serve women who are business owners or potential owners in the future by improving training and counseling activities; and

"(ii) to provide training and services to a representative number of women who are both socially and economically disadvantaged; and

"(F) any additional information that the Administrator may reasonably require.

"(8) REVIEW AND APPROVAL OF APPLICATIONS FOR A RENEWAL GRANT.—

"(A) IN GENERAL.—The Administrator shall—

"(i) review each application submitted under paragraph (7), based on the information described in such paragraph and the criteria set forth under subparagraph (B) of this paragraph; and

"(ii) as part of the final selection process, conduct a site visit at each women's business center for which a renewal grant is sought.

"(B) SELECTION CRITERIA.—The Administrator shall evaluate applicants in accordance with predetermined selection criteria that shall be stated in terms of relative importance. Such criteria and their relative importance shall be made publicly available and stated in each solicitation for applications made by the Administrator.

"(C) CONDITIONS FOR CONTINUED FUNDING.—In determining whether to renew a grant or cooperative agreement with a women's business center, the Administrator—

"(i) shall consider the results of the most recent evaluation of the center, and,

to a lesser extent, previous evaluations; and

"(ii) may withhold such renewal, if the Administrator determines that the center has failed to provide the information required to be provided under this subsection, or the information provided by the center is inadequate.

"(D) CONTINUING GRANT AND COOPERATIVE AGREEMENT AUTHORITY.—

"(i) IN GENERAL.—The authority of the Administrator to enter into grants or cooperative agreements under this subsection shall be in effect for each fiscal year only to the extent and in the amounts as are provided in advance in appropriations Acts.

"(ii) RENEWAL.—After the Administrator has entered into a grant or cooperative agreement with any women's business center under this subsection, the Administrator shall not suspend, terminate, or fail to renew or extend any such grant or cooperative agreement, unless the Administrator provides the center with written no-

tification setting forth the reasons therefore and affords the center an opportunity for a hearing, appeal, or other administrative proceeding under chapter 5 of title 5, United States Code.

"(E) RECORD RETENTION.—The Administrator shall maintain a copy of each application submitted under this paragraph for not less than 7 years.

"(9) DATA COLLECTION.—Consistent with the annual report to Congress under subsection (g), each women's business center site that is awarded an initial or renewal grant under this subsection shall collect information relating to—

"(A) the number of individuals counseled or trained;

"(B) the number of hours of counseling provided;

"(C) the number of workshops conducted;

"(D) the number of start-up small business concerns formed; and

"(E) the number of jobs created or maintained at assisted small business concerns.

"(10) PRIVACY REQUIREMENTS.—

"(A) IN GENERAL.—A women's business center may not disclose the name, address, or telephone number of any individual or small business concern receiving assistance under this subsection without the consent of such individual or small business concern, unless—

"(i) the Administrator is ordered to make such a disclosure by a court in any civil or criminal enforcement action initiated by a Federal or State agency; or

"(ii) the Administrator considers such a disclosure to be necessary for the purpose of conducting a financial audit of a women's business center, but a disclosure under this clause shall be limited to the information necessary for such audit.

"(B) ADMINISTRATION USE OF INFORMATION.—This subsection shall not—

"(i) restrict Administration access to program activity data; or

"(ii) prevent the Administration from using client information (other than the information described in subparagraph (A)) to conduct client surveys.

"(C) REGULATIONS.—The Administrator shall issue regulations to establish standards for requiring disclosures during a financial audit under subparagraph (A)(ii).

"(11) TRANSITION RULES.—

"(A) IN GENERAL.—Notwithstanding any other provision of law, a grant or cooperative agreement that was awarded as an eligible sustainability grant, from amounts appropriated for fiscal year 2006, to operate a women's business center, shall remain in full force and effect under the terms, and for the duration, of such agreement, subject to the grant limitation in paragraph (1).

"(B) EXTENSION.—If a sustainability grant under subparagraph (A) is scheduled to expire not later than June 30, 2007, a 1-year extension shall be granted without any interruption of funding, subject to the grant limitation in paragraph (1).

"(C) EFFECT ON CERTAIN EXISTING PROJECTS AND RENEWAL AUTHORITY.—A project being conducted by a women's business center under this subsection on the day before the date of enactment of the Small Business

Reauthorization and Improvements Act of 2006—

"(i) as a 5-year project, shall remain in full force and effect under the terms and for the duration of that agreement; and

"(ii) shall be eligible to apply for a 3-year renewal grant funded at a level equal to not more than $150,000 per year.

"(c) ASSOCIATIONS OF WOMEN'S BUSINESS CENTERS.—

"(1) RECOGNITION.—The Administrator shall recognize the existence and activities of any association of women's business centers established to address matters of common concern.

"(2) CONSULTATION.—The Administrator shall consult with each association of women's business centers to develop—

"(A) a training program for the staff of the women's business centers and the Administration; and

"(B) recommendations to improve the policies and procedures for governing the general operations and administration of the Women's

Business Center Program, including grant program improvements under subsection (e)(5).''.

(b) CONFORMING AMENDMENTS.—Section 29 of the Small Business Act (15 U.S.C. 656) is amended—

(1) by redesignating subsections (g), (h), (i), (j), and (k) as subsections (d), (e), (f), (g), and (h), respectively;

(2) in subsection (e)(2), as redesignated by paragraph (1) of this subsection, by striking ''to award a contract (as a sustainability grant) under subsection (l) or'';

(3) in subsection (g)(1), as redesignated by paragraph (1) of this subsection, by striking ''The Administration'' and inserting ''Not later than November 1st of each year, the Administrator'';

(4) in subsection (h), as redesignated by paragraph (1) of this subsection—

(A) by striking paragraphs (1) and (2) and inserting the following:

''(1) IN GENERAL.—There are authorized to be appropriated to the Administration to carry out this section, to remain available until expended—

''(A) $15,000,000 for fiscal year 2007, of which $500,000 may be used to provide supplemental sustainability grants to women's busi-

ness centers, except that no such center may receive more than a total of $125,000 in grant funding for the grant period beginning on July 1, 2006 and ending on June 30, 2007;

"(B) $16,000,000 for fiscal year 2008; and

"(C) $17,500,000 for fiscal year 2009.

"(2) USE OF AMOUNTS.—Amounts made available under this subsection may only be used for grant awards and may not be used for costs incurred by the Administration in connection with the management and administration of the program under this section."; and

(B) by striking paragraph (4); and

(5) by striking subsection (l).

SEC. 803. NATIONAL WOMEN'S BUSINESS COUNCIL.

(a) COSPONSORSHIP AUTHORITY.—Section 406 of the Women's Business Ownership Act of 1988 (15 U.S.C. 7106) is amended by adding at the end the following:

"(f) COSPONSORSHIP AUTHORITY.—The Council is authorized to enter into agreements as a cosponsor with public and private entities, in the same manner as is provided in section 8(b)(1)(A) of the Small Business Act (15 U.S.C. 637(b)(1)(A)), to carry out its duties under this section.".

(b) MEMBERSHIP.—Section 407(f) of the Women's Business Ownership Act of 1988 (15 U.S.C. 7107(f)) is amended by adding at the end the following:

"(3) REPRESENTATION OF MEMBER ORGANIZATIONS.—In consultation with the chairperson of the Council and the Administrator, a national women's business organization or small business concern that is represented on the Council may replace its representative member on the Council during the service term to which that member was appointed.".

(c) ESTABLISHMENT OF WORKING GROUPS.—Title IV of the Women's Business Ownership Act of 1988 (15 U.S.C. 7101 et seq.) is amended by inserting after section 410, the following new section:

"SEC. 411. WORKING GROUPS.

"(a) ESTABLISHMENT.—There are established within the Council, working groups, as directed by the chairperson.

"(b) DUTIES.—The working groups established under subsection (a) shall perform such duties as the chairperson shall direct.".

(d) CLEARINGHOUSE FOR HISTORICAL DOCUMENTS.—Section 409 of the Women's Business Ownership Act of 1988 (15 U.S.C. 7109) is amended by adding at the end the following:

"(c) CLEARINGHOUSE FOR HISTORICAL DOCUMENTS.—The Council shall serve as a clearinghouse for information on small businesses owned and controlled by women, including research conducted by other organizations and individuals relating to ownership by women of small business concerns in the United States.".

(e) AUTHORIZATION OF APPROPRIATIONS.—Section 410(a) of the Women's Business Ownership Act of 1988 (15 U.S.C. 7110(a)) is amended by striking "2001 through 2003, of which $550,000" and inserting "2007 through 2009, of which not less than 30 percent".

SEC. 804. INTERAGENCY COMMITTEE ON WOMEN'S BUSINESS ENTERPRISE.

(a) CHAIRPERSON.—Section 403(b) of the Women's Business Ownership Act of 1988 (15 U.S.C. 7103(b)) is amended—

(1) by striking "Not later" and inserting the following:

"(1) IN GENERAL.—Not later"; and

(2) by adding at the end the following:

"(2) VACANCY.—In the event that a chairperson is not appointed under paragraph (1), the Deputy Administrator of the Small Business Administration shall serve as acting chairperson of the

Interagency Committee until a chairperson is appointed under paragraph (1).''.

(b) POLICY ADVISORY GROUP.—Section 401 of the Women's Business Ownership Act of 1988 (15 U.S.C. 7101) is amended—

(1) by striking ''There'' and inserting the following:

''(a) IN GENERAL.—There''; and

(2) by adding at the end the following:

''(b) POLICY ADVISORY GROUP.—

''(1) ESTABLISHMENT.—There is established a Policy Advisory Group to assist the chairperson in developing policies and programs under this Act.

''(2) MEMBERSHIP.—The Policy Advisory Group shall be composed of 7 policy making officials, of whom—

''(A) 1 shall be a representative of the Small Business Administration;

''(B) 1 shall be a representative of the Department of Commerce;

''(C) 1 shall be a representative of the Department of Labor;

''(D) 1 shall be a representative of the Department of Defense;

"(E) 1 shall be a representative of the Department of the Treasury; and

"(F) 2 shall be representatives of the Council.".

SEC. 805. PRESERVING THE INDEPENDENCE OF THE NATIONAL WOMEN'S BUSINESS COUNCIL.

(a) FINDINGS.—Congress finds the following:

(1) The National Women's Business Council provides an independent source of advice and policy recommendations regarding women's business development and the needs of women entrepreneurs in the United States to—

(A) the President;

(B) Congress;

(C) the Interagency Committee on Women's Business Enterprise; and

(D) the Administrator.

(2) The members of the National Women's Business Council are small business owners, representatives of business organizations, and representatives of women's business centers.

(3) The chair and ranking member of the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives make recommenda-

tions to the Administrator to fill 8 of the positions on the National Women's Business Council. Four of the positions are reserved for small business owners who are affiliated with the political party of the President and 4 of the positions are reserved for small business owners who are not affiliated with the political party of the President. This method of appointment ensures that the National Women's Business Council will provide Congress with nonpartisan, balanced, and independent advice.

(4) In order to maintain the independence of the National Women's Business Council and to ensure that the Council continues to provide Congress with advice on a nonpartisan basis, it is essential that the Council maintain the bipartisan balance established under section 407 of the Women's Business Ownership Act of 1988 (15 U.S.C. 7107).

(b) MAINTENANCE OF PARTISAN BALANCE.—Section 407(f) of the Women's Business Ownership Act of 1988 (15 U.S.C. 7107(f)), as amended by this Act, is amended by adding at the end the following:

"(4) PARTISAN BALANCE.—When filling a vacancy under paragraph (1) of this subsection of a member appointed under paragraph (1) or (2) of subsection (b), the Administrator shall, to the extent

practicable, ensure that there are an equal number of members on the Council from each of the 2 major political parties.

''(5) ACCOUNTABILITY.—If a vacancy is not filled within the 30-day period required under paragraph (1), or if there exists an imbalance of party-affiliated members on the Council for a period exceeding 30 days, the Administrator shall submit a report, not later than 10 days after the expiration of either such 30-day deadline, to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives, that explains why the respective deadline was not met and provides an estimated date on which any vacancies will be filled, as applicable.''.

TITLE IX—INTERNATIONAL TRADE

SEC. 901. SMALL BUSINESS ADMINISTRATION ASSOCIATE ADMINISTRATOR FOR INTERNATIONAL TRADE.

(a) ESTABLISHMENT.—Section 22(a) of the Small Business Act (15 U.S.C. 649(a)) is amended by adding at the end the following: ''The head of the Office shall be the Associate Administrator for International Trade, who shall be responsible to the Administrator.''.

(b) AUTHORITY FOR ADDITIONAL ASSOCIATE ADMINISTRATOR.—Section 4(b)(1) of the Small Business Act (15 U.S.C. 633(b)(1)) is amended—

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

(2) by adding at the end the following: ''One of the Associate Administrators shall be the Associate Administrator for International Trade, who shall be the head of the Office of International Trade established under section 22.''.

(c) DISCHARGE OF ADMINISTRATION INTERNATIONAL TRADE RESPONSIBILITIES.—Section 22 of the Small Business Act (15 U.S.C. 649) is amended by adding at the end the following:

''(h) DISCHARGE OF ADMINISTRATION INTERNATIONAL TRADE RESPONSIBILITIES.—The Administrator shall ensure that—

''(1) the responsibilities of the Administration regarding international trade are carried out through the Associate Administrator for International Trade;

''(2) the Associate Administrator for International Trade has sufficient resources to carry out such responsibilities; and

"(3) the Associate Administrator for International Trade has direct supervision and control over the staff of the Office of International Trade, and over any employee of the Administration whose principal duty station is a United States Export Assistance Center or any successor entity.".

(d) ROLE OF ASSOCIATE ADMINISTRATOR IN CARRYING OUT INTERNATIONAL TRADE POLICY.—Section 2(b)(1) of the Small Business Act (15 U.S.C. 631(b)(1)) is amended in the matter preceding subparagraph (A)—

(1) by inserting "the Administrator of" before "the Small Business Administration"; and

(2) by inserting "through the Associate Administrator for International Trade, and" before "in cooperation with".

(e) TECHNICAL AMENDMENT.—Section 22(c)(5) of the Small Business Act (15 U.S.C. 649(c)(5)) is amended by striking the period at the end and inserting a semicolon.

(f) EFFECTIVE DATE.—Not later than 90 days after the date of enactment of this Act, the Administrator shall appoint an Associate Administrator for International Trade under section 22 of the Small Business Act (15 U.S.C. 649), as amended by this section.

SEC. 902. OFFICE OF INTERNATIONAL TRADE.

Section 22 of the Small Business Act (15 U.S.C. 649) is amended—

(1) by striking ''**SEC. 22.** (a) There'' and inserting the following:

''SEC. 22. OFFICE OF INTERNATIONAL TRADE.

''(a) ESTABLISHMENT.—There''.

(2) in subsection (a), by inserting ''(referred to in this section as the 'Office'),'' after ''Trade'';

(3) in subsection (b)—

(A) by striking ''The Office'' and inserting the following:

''(b) TRADE DISTRIBUTION NETWORK.—The Office, including United States Export Assistance Centers (referred to as 'one-stop shops' in section 2301(b)(8) of the Omnibus Trade and Competitiveness Act of 1988 (15 U.S.C. 4721(b)(8)) and as 'export centers' in this section)''; and

(B) by amending paragraph (1) to read as follows:

''(1) assist in maintaining a distribution network using regional and local offices of the Administration, the small business development center network, the women's business center network, and export centers for—

''(A) trade promotion;

"(B) trade finance;

"(C) trade adjustment;

"(D) trade remedy assistance; and

"(E) trade data collection.";

(4) in subsection (c)—

(A) by redesignating paragraphs (1) through (8) as paragraphs (2) through (9), respectively;

(B) by inserting before paragraph (2), as so redesignated, the following:

"(1) establish annual goals for the Office relating to—

"(A) enhancing the exporting capability of small business concerns and small manufacturers;

"(B) facilitating technology transfers;

"(C) enhancing programs and services to assist small business concerns and small manufacturers to compete effectively and efficiently against foreign entities;

"(D) increasing the access to capital by small business concerns;

"(E) disseminating information concerning Federal, State, and private programs and initiatives; and

"(F) ensuring that the interests of small business concerns are adequately represented in trade negotiations;";

(C) in paragraph (2), as so redesignated, by striking "mechanism for" and all that follows through "(D)" and inserting the following: "mechanism for—

"(A) identifying subsectors of the small business community with strong export potential;

"(B) identifying areas of demand in foreign markets;

"(C) prescreening foreign buyers for commercial and credit purposes; and

"(D)"; and

(D) in paragraph (9), as so redesignated—

(i) in the matter preceding subparagraph (A)—

(I) by striking "full-time export development specialists to each Administration regional office and assigning"; and

(II) by striking "office. Such specialists" and inserting "office and providing each Administration regional

office with a full-time export development specialist, who'';

(ii) in subparagraph (D), by striking ''and'' at the end;

(iii) in subparagraph (E), by striking the period at the end and inserting a semicolon; and

(iv) by adding at the end the following:

''(F) participate jointly with employees of the Office in an annual training program that focuses on current small business needs for exporting; and

''(G) jointly develop and conduct training programs for exporters and lenders in cooperation with the United States Export Assistance Centers, the Department of Commerce, small business development centers, and other relevant Federal agencies.'';

(5) in subsection (d)—

(A) by inserting ''EXPORT FINANCING PROGRAMS.—'' after ''(d)'';

(B) by redesignating paragraphs (1) through (5) as clauses (i) through (v), respectively, and adjusting the margins accordingly;

(C) by striking ''The Office shall work in cooperation'' and inserting the following:

''(1) IN GENERAL.—The Office shall work in cooperation''; and

(D) by striking ''To accomplish this goal, the Office shall work'' and inserting the following:

''(2) TRADE FINANCIAL SPECIALIST.—To accomplish the goal established under paragraph (1), the Office shall—

''(A) designate at least 1 individual within the Administration as a trade financial specialist to oversee international loan programs and assist Administration employees with trade finance issues; and

''(B) work'';

(6) in subsection (e), by inserting ''TRADE REMEDIES.—'' after ''(e)'';

(7) by amending subsection (f) to read as follows:

''(f) REPORTING REQUIREMENT.—The Office shall submit an annual report to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives that contains—

"(1) a description of the progress of the Office in implementing the requirements of this section;

"(2) the destinations of travel by Office staff and benefits to the Administration and to small business concerns therefrom; and

"(3) a description of the participation by the Office in trade negotiations.";

(8) in subsection (g), by inserting "STUDIES.—" after "(g)"; and

(9) by adding at the end the following:

"(i) EXPORT ASSISTANCE CENTERS.—

"(1) IN GENERAL.—During the period beginning on October 1, 2006, and ending on September 30, 2009, the Administrator shall ensure that the number of full-time equivalent employees of the Office assigned to the one-stop shops referred to in section 2301(b) of the Omnibus Trade and Competitiveness Act of 1988 (15 U.S.C. 4721 (b)) is not less than the number of such employees so assigned on January 1, 2003.

"(2) PRIORITY OF PLACEMENT.—Priority shall be given, to the maximum extent practicable, to placing employees of the Administration at any Export Assistance Center that—

"(A) had an Administration employee assigned to such Center before January 2003; and

"(B) has not had an Administration employee assigned to such Center during the period beginning January 2003, and ending on the date of enactment of this subsection, either through retirement or reassignment.

"(3) NEEDS OF EXPORTERS.—The Administrator shall, to the maximum extent practicable, strategically assign Administration employees to Export Assistance Centers, based on the needs of exporters.

"(4) GOALS.—The Office shall work with the Department of Commerce and the Export-Import Bank to establish shared annual goals for the Export Centers.

"(5) OVERSIGHT.—The Office shall designate an individual within the Administration to oversee all activities conducted by Administration employees assigned to Export Centers.".

SEC. 903. INTERNATIONAL TRADE LOANS.

(a) IN GENERAL.—Section 7(a)(3)(B) of the Small Business Act (15 U.S.C. 636(a)(3)(B)) is amended by striking "$1,750,000, of which not more than

$1,250,000'' and inserting ''$2,750,000 (or if the gross loan amount would exceed $3,670,000), of which not more than $2,000,000''.

(b) WORKING CAPITAL.—Section 7(a)(16)(A) of the Small Business Act (15 U.S.C. 636(a)(16)(A)) is amended—

(1) in the matter preceding clause (i), by striking ''in—'' and inserting ''—'';

(2) in clause (i)—

(A) by inserting ''in'' after ''(i)''; and

(B) by striking ''or'' at the end;

(3) in clause (ii)—

(A) by inserting ''in'' after ''(ii)''; and

(B) by striking the period and inserting ''; or''; and

(4) by adding at the end the following:

''(iii) by providing working capital.''.

(c) COLLATERAL.—Section 7(a)(16)(B) of the Small Business Act (15 U.S.C. 636(a)(16)(B)) is amended—

(1) by striking ''Each loan'' and inserting the following:

''(i) IN GENERAL.—Except as provided in clause (ii), each loan''; and

(2) by adding at the end the following:

"(ii) EXCEPTION.—A loan under this paragraph may be secured by a second lien position on the property or equipment financed by the loan or on other assets of the small business concern, if the Administrator determines such lien provides adequate assurance of the payment of such loan.".

(d) REFINANCING.—Section 7(a)(16)(A)(ii) of the Small Business Act (15 U.S.C. 636(a)(16)(A)(ii)), as amended by this section, is amended by inserting ", including any debt that qualifies for refinancing under any other provision of this subsection" before the semicolon.

TITLE X—CONTRACT BUNDLING

SEC. 1001. PRESIDENTIAL POLICY.

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

(1) by striking paragraphs (2) and (3); and

(2) by inserting after paragraph (1) the following:

"(2) POLICY.—It is the policy of Congress that each Federal agency shall endeavor to promote competition and small business procurement opportunities by unbundling Government contracts in accordance with the Presidential policy on contract bundling of March 19, 2002.

"(3) BUNDLING OF CONTRACT REQUIREMENTS.—In this Act, the term 'bundling of contract requirements' means a use of solicitation for a single contract or a multiple award contract to satisfy 2 or more requirements of any Federal agency for goods or services that restricts competition or limits the number of suppliers by being likely unsuitable for award to a small business concern due to—

"(A) the diversity, size, or specialized nature of the elements of the performance specified;

"(B) the aggregate dollar value of the anticipated award;

"(C) the geographical dispersion of the contract performance sites;

"(D) unduly restrictive contract requirements or any other similar procurement strategy or factor that restricts the ability of a responsible small business concern to compete or otherwise participate as a prime contractor in the procurement; or

"(E) any combination of the factors described in (A) through (D).".

"(4) PRESUMED BUNDLINGS.—The Administrator and each Federal agency shall, for all purposes under this Act, presumptively treat as bundled any contract that—

"(A) is valued at more than 3 times the substantial bundling threshold for such agency; and

"(B) is not set aside or reserved for award, in whole or in part, to a small business concern or to a team of small business concerns.".

SEC. 1002. LEADERSHIP AND OVERSIGHT.

(a) IN GENERAL.—Section 15 of the Small Business Act (15 U.S.C. 644) is amended by adding at the end the following:

"(q) BUNDLING ACCOUNTABILITY MEASURES.—

"(1) GOVERNMENTWIDE ACCOUNTABILITY ON BUNDLING.—

"(A) REINSTATEMENT OF REPORTING REQUIREMENTS.—In addition to submitting such annual reports on all incidents of bundling to the Administrator as may be required under Federal law, the head of each Federal agency shall submit an annual report on all incidents of bundling to the Administrator for Federal Procurement Policy.

"(B) REPORT TO CONGRESS.—The Administrator shall promptly review and annually report to Congress information on any discrepancies between the reports on bundled contracts

from Federal agencies to the Administration, the Office of Federal Procurement Policy, and the Federal procurement data system described in subsection (c)(5).

"(2) TEAMING REQUIREMENTS.—Each Federal agency shall include in each solicitation for any contract award above the substantial bundling threshold of such agency a provision soliciting small business teams and joint ventures.

"(3) IMPLEMENTATION OF COMPTROLLER GENERAL'S RECOMMENDATIONS.—Not later than 270 days after the date of enactment of this subsection, the Administrator, with the concurrence of the Administrator for Federal Procurement Policy, shall ensure that, in response to the recommendations of the Comptroller General of the United States contained in Report No. GAO–04–454, titled 'Contract Management: Impact of Strategy to Mitigate Effects of Contract Bundling Is Uncertain'—

"(A) modifications are made to the Federal procurement data system described in subsection (c)(5) to capture information concerning the impact of bundling on small business concerns;

"(B) the Administrator receives from each Federal agency an annual report containing information concerning—

"(i) the number and dollar value of bundled contract actions and contracts;

"(ii) benefit analyses (including the total dollars saved) to justify why contracts are bundled;

"(iii) the number of small business concerns losing Federal contracts because of bundling;

"(iv) how contractors awarded bundled contracts complied with the agencies subcontracting plans; and

"(v) how mitigating actions, such as teaming arrangements, provided increased contracting opportunities to small business concerns.

"(4) GOVERNMENTWIDE REVIEW OF BUNDLING INTERPRETATIONS.—

"(A) IN GENERAL.—The Administrator, with the concurrence of the Chief Counsel for Advocacy and the Inspector General, shall conduct a governmentwide review of the Federal

agencies legal interpretations of antibundling statutory and regulatory requirements.

"(B) REPORT.—Not later than 1 year after the date of enactment of this subsection, the Administrator shall submit to Congress a report containing the findings of the review conducted under subparagraph (A).

"(5) AGENCY POLICIES ON REDUCTION OF CONTRACT BUNDLING.—Not later than 180 days after the date of enactment of this subsection, the head of each Federal agency shall, with concurrence of the Administrator, issue a policy on the reduction of contract bundling.

"(6) BEST PRACTICES ON CONTRACT BUNDLING REDUCTION AND MITIGATION.—Not later than 60 days after the date of the enactment of this subsection, the Administrator shall publish a guide on best practices to reduce contract bundling, as directed by the Strategy and Report on Contract Bundling issued by the Office of Management and Budget on October 29, 2002, and disseminate the guide through the President's Management Council.

"(7) SMALL BUSINESS PERFORMANCE OF AGENCY LEADERSHIP.—Not later than 270 days after the date of the enactment of this subsection,

the Administrator, together with the Administrator for Federal Procurement Policy and the head of any other appropriate Federal agency, shall jointly establish a policy on rewarding and sanctioning performance of Federal managers with regard to compliance with this Act and the President's Initiative Against Contract Bundling.

"(8) CONTRACT BUNDLING OVERSIGHT.—

"(A) POLICY.—It is the policy of Congress that the Administrator shall take appropriate actions to remedy contract bundling oversight problems identified by the Inspector General of the Administration in Report No. 5–14, titled 'Audit of the Contract Bundling Program'.

"(B) CORRECTIVE ACTION.—

"(i) ASSIGNMENT OF PROCUREMENT CENTER REPRESENTATIVES.—

"(I) IN GENERAL.—The Administrator shall assign not fewer than 1 procurement center representative to each major procurement center, as designated by the Administrator under section 8(l)(6) and ensure that, in any case, each State has not fewer

than 1 resident procurement center representative.

"(II) REPORTING.—The Administrator shall annually submit to Congress a report—

"(aa) containing a list of designations of major procurement centers in effect during the relevant fiscal year;

"(bb) detailing the criteria for designations;

"(cc) containing a list of all procurement activities under review by a procurement center representative or breakout procurement center representative during the relevant fiscal year; and

"(dd) including a trend analysis concerning the impact of reviews and placements of procurement center representatives and breakout procurement center representatives.

"(ii) TIMELY REVIEW OF BUNDLED CONTRACTS.—Not later than 30 days after receiving a submission from a Federal agency, the Administrator shall review any potential bundled contract submitted to the Administrator for review by any Federal agency.

"(9) CONTRACT BUNDLING MITIGATION THROUGH SUBCONTRACTING.—A commercial market representative may not be assigned by the Administrator to provide services for more than 2 States.".

(b) TECHNICAL CORRECTION.—Section 15(g) of the Small Business Act (15 U.S.C. 644(g)) is amended by striking "Administrator of the Office of Federal Procurement Policy" each place such term appears and inserting "Administrator for Federal Procurement Policy".

(c) PROCUREMENT CENTER REPRESENTATIVES.—Section 15(l) of the Small Business Act (15 U.S.C. 644(l)) is amended—

(1) by striking paragraph (1) and inserting the following:

"(1)(A) A procurement center representative shall carry out the activities described in paragraph (2), and shall be an advocate for—

"(i) the maximum practicable utilization of small business concerns, whenever appropriate; and

"(ii) the use of full and open competition, whenever appropriate, for the procurement of supplies and services by the procurement center.

"(B) A procurement center representative is authorized to assist contracting officers in the performance of market research in order to locate small business concerns, small business concerns owned and controlled by socially and economically disadvantaged individuals, small business concerns owned and controlled by women, small business concerns owned and controlled by service-disabled veterans, small business concerns owned and controlled by veterans, and HUBZone small business concerns capable of satisfying agency needs.

"(C) Any procurement center representative assigned under this paragraph shall be in addition to the representative referred to in subsection (k).";

(2) in paragraph (2)—

(A) by striking "breakout" each place that term appears;

(B) in subparagraph (F), by striking "and" at the end;

(C) in subparagraph (G), by striking the period at the end and inserting a semicolon; and

(D) by adding at the end the following:

''(H)(i) identify and review solicitations that involve contract consolidations for potential bundling of contract requirements; and

''(ii) recommend small business concern participation as contractors, including small business concern teams, whenever appropriate, prior to the issuance of a solicitation described in clause (i);

''(I) manage the activities of the breakout procurement center representative, commercial marketing representative, and technical assistant; and

''(J) submit an annual report to the Administrator containing—

''(i) the number of proposed solicitations reviewed;

''(ii) the contract recommendations made on behalf of small business concerns;

''(iii) the number and total amount of contracts broken out from bundled or consolidated contracts for full and open competition or small business concern set-aside; and

''(iv) the number and total amount of contract dollars awarded to small business concerns as a result of actions taken by the procurement center office.'';

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

(4) by striking paragraph (3) and inserting the following:

''(3)(A) The Administrator may assign a breakout procurement center representative, which shall be in addition to any representative assigned under paragraph (1).

''(B) A breakout procurement center representative—

''(i) shall be an advocate for the breakout of items for procurement through full and open competition or small business concern set-aside, whenever appropriate, from new, existing, bundled, or consolidated contracts; and

''(ii) is authorized—

''(I) to recommend small business concern participation in existing contracts that were previously not reviewed for small business concern participation;

''(II) to perform the duties described in paragraph (2), as necessary to perform the due diligence required for a breakout recommendation; and

"(III) to appeal the failure to act favorably on any recommendation made under subclause (I).

"(C) Any appeal under subparagraph (B)(ii)(III) shall be filed and processed in the same manner and subject to the same conditions and limitations as an appeal filed by the Administrator under subsection (a).

"(4)(A) The Administrator may assign a commercial marketing representative to identify and market small business concerns to large prime contractors and assist small business concerns in identifying and obtaining subcontracts.

"(B) A commercial marketing representative assigned under this paragraph shall—

"(i) conduct compliance reviews of prime contractors;

"(ii) counsel small business concerns on how to obtain subcontracts;

"(iii) conduct matchmaking activities to facilitate subcontracting to small business concerns;

"(iv) work in coordination with local small business development centers, technical assistance centers, and other regional economic development enti-

ties to identify small business concerns capable of competing for Federal contracts; and

"(v) provide orientation and training on the subcontracting assistance program under section 8(d)(4)(E) for both large and small business concerns.

"(C) Any commercial marketing representative assigned under this paragraph shall be in addition to any procurement center representative assigned under paragraph (1) or (3).";

(5) in paragraph (5), as so designated by this section—

(A) in the second sentence, by inserting "the procurement center representative and" before "the breakout procurement"; and

(B) in the third sentence, by striking "(6)";

(6) in paragraph (6), as so designated by this section—

(A) in subparagraph (A), by striking "The breakout procurement center representative" and inserting the following: "The procurement center representative, breakout procurement center representative, commercial marketing representative,";

(B) by striking subparagraph (B); and

(C) by redesignating subparagraph (C) as subparagraph (B);

(7) in paragraph (7), as so designated by this section, by striking ''other than commercial items'' and all that follows through the end of the paragraph and inserting the following: ''commercial items for authorized resale, or other than commercial items, and which has the potential to incur significant savings or create significant procurement opportunities for small business concerns as the result of the placement of a breakout procurement center representative.''; and

(8) in paragraph (8), as so designated by this section—

(A) by striking ''breakout'' each place the term appears; and

(B) by adding at the end the following:

''(C) The procurement center representative shall conduct training sessions to inform procurement staff at Federal agencies about the reporting requirements for bundled contracts and potentially bundled contracts, and how to work effectively with the procurement center representative assigned to such agencies to locate capable

small business concerns to meet the needs of the agencies.''.

SEC. 1003. REMOVAL OF IMPEDIMENTS TO CONTRACT BUNDLING DATABASE IMPLEMENTATION.

Section 15(p)(5)(B) of the Small Business Act (15 U.S.C. 644(p)(5)(B) is amended by striking ''procurement information'' and all that follows through the end of the subparagraph and inserting the following: ''any relevant procurement information as may be required to implement this section, and shall perform, at the request of the Administrator, any other action necessary to enable completion of the contract bundling database authorized by this section by not later than 270 days after the date of enactment of the Small Business Reauthorization and Improvements Act of 2006.''.

TITLE XI—SUBCONTRACTING INTEGRITY

SEC. 1101. GAO RECOMMENDATIONS ON SUBCONTRACTING MISREPRESENTATIONS.

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

''(o) PREVENTION OF MISREPRESENTATIONS IN SUBCONTRACTING; IMPLEMENTATION OF COMPTROLLER GENERAL'S RECOMMENDATIONS.—

"(1) STATEMENT OF POLICY.—It is the policy of Congress that the recommendations of the Comptroller General of the United States in Report No. 05–459, concerning oversight improvements necessary to ensure maximum practicable participation by small business concerns in subcontracting, shall be implemented governmentwide, to the maximum extent possible.

"(2) CONTRACTOR COMPLIANCE.—Compliance of Federal prime contractors with small business subcontracting plans shall be evaluated as a percentage of obligated prime contract dollars, as well as a percentage of subcontracts awarded.

"(3) ISSUANCE OF AGENCY POLICIES.—Not later than 180 days after the date of enactment of this subsection, the head of each Federal agency shall issue a policy on small business subcontracting compliance, including assignment of compliance responsibilities between contracting, small business, and program offices and periodic oversight and review activities.".

SEC. 1102. SMALL BUSINESS SUBCONTRACTING BAIT-AND-SWITCH FRAUD.

(a) CERTIFICATIONS REQUIRED.—Section 8(d)(6) of the Small Business Act (15 U.S.C. 637(d)(6)) is amended—

(1) in subparagraph (E), by striking ''and'' at the end;

(2) in subparagraph (F), by striking the period at the end and inserting ''; and''; and

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

''(G) certification that the offeror or bidder will acquire articles, equipment, supplies, services, or materials, or obtain the performance of construction work from small business concerns in the amount and quality used in preparing and submitting to the contracting agency the bid or proposal, unless such small business concerns are no longer in business or can no longer meet the quality, quantity, or delivery date.''.

(b) PENALTIES FOR FALSE CERTIFICATIONS.—Section 16(f) of the Small Business Act (15 U.S.C. 645(f)) is amended by striking ''of this Act'' and inserting ''or the reporting requirements of section 8(d)(11)''.

SEC. 1103. EVALUATING SUBCONTRACTING PARTICIPATION.

(a) SIGNIFICANT FACTORS.—Section 8(d)(4)(G) of the Small Business Act (15 U.S.C. 637(d)(4)(G)) is amended by striking ''a bundled'' and inserting ''any''.

(b) EVALUATION REPORTS.—Section 8(d)(10) of the Small Business Act (15 U.S.C. 637(d)(10)) is amended—

(1) by striking ''is authorized to'' and inserting ''shall'';

(2) in subparagraph (B), by striking ''and'' at the end;

(3) in subparagraph (C), by striking the period at the end and inserting ''; and''; and

(4) by adding at the end the following:

''(D) report the results of each evaluation under subparagraph (C) to the appropriate contracting officers.''.

(c) CENTRALIZED DATABASE; PAYMENTS PENDING REPORTS.—Section 8(d) of the Small Business Act (15 U.S.C. 637(d)) is amended—

(1) by redesignating paragraph (11) as paragraph (14); and

(2) by inserting after paragraph (10) the following:

''(11) CERTIFICATION.—A report submitted by the prime contractor under paragraph (6)(E) to de-

termine the attainment of a subcontract utilization goal under any subcontracting plan entered into with a Federal agency under this subsection shall contain the name and signature of the president or chief executive officer of the contractor, certifying that the subcontracting data provided in the report are accurate and complete.

"(12) CENTRALIZED DATABASE.—The results of an evaluation under paragraph (10)(C) shall be included in a national centralized governmentwide database.

"(13) PAYMENTS PENDING REPORTS.—Each Federal agency having contracting authority shall ensure that the terms of each contract for goods and services includes a provision allowing the contracting officer of an agency to withhold an appropriate amount of payment with respect to a contract (depending on the size of the contract) until the date of receipt of complete, accurate, and timely subcontracting reports in accordance with paragraph (11).".

SEC. 1104. PILOT PROGRAM ON DIRECT PAYMENTS TO SUBCONTRACTORS.

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

"(15) TIMELY PAYMENT TO SMALL BUSINESS SUBCONTRACTORS.—

"(A) IN GENERAL.—Subject to subparagraph (B), the failure of a civilian agency prime contractor to make a timely payment, as determined under the contract with the subcontractor, to a subcontractor that is a small business concern shall be a material breach of the contract with the Federal agency.

"(B) CONSIDERATION OF PERFORMANCE.—Before making a determination under subparagraph (A), the contracting officer shall consider all reasonable issues regarding the circumstances surrounding the failure to make the timely payment described in subparagraph (A).

"(C) WITHHOLDING OF PAYMENTS.—Not later than 30 days after the date on which a material breach is determined by the contracting officer under subparagraph (A), the Federal agency may withhold any amounts due and owing the subcontractor from payments

due to the prime contractor and pay such amounts directly to the subcontractor.''.

(b) SUNSET.—The amendment made by this section shall remain in effect during the period beginning on the date of enactment of this Act and ending on September 30, 2009.

SEC. 1105. PILOT PROGRAM.

Section 8 of the Small Business Act (15 U.S.C. 637), as amended by this Act, is amended by adding at the end the following:

''(p) SUBCONTRACTING INCENTIVES AND REMEDIAL ASSISTANCE.—

''(1) PILOT PROGRAM ON INCENTIVES AND MENTOR-PROTÉGÉ REMEDIAL ASSISTANCE.—

''(A) IN GENERAL.—Each Federal agency on the President's Management Council, or any successor thereof, is authorized to operate a pilot program to provide contractual incentives to prime contractors that exceed their small business subcontracting goals and to direct prime contractors that fail to comply with their small business subcontracting plans to fund mentor-protégé assistance for small business concerns (in this subsection referred to as the 'program').

1 "(B) TERMINATION.—The authority under
2 this paragraph shall terminate on September
3 30, 2009.
4 "(2) ASSESSMENT OF MENTOR-PROTÉGÉ AS-
5 SISTANCE FUNDING.—The mentor-protégé assistance
6 funding assessed by an agency under the terms of
7 the program shall be determined in relation to the
8 dollar amount by which the prime contractor failed
9 its small business subcontracting goals.
10 "(3) EXPENDITURE OF MENTOR-PROTÉGÉ AS-
11 SISTANCE FUNDING.—The prime contractor shall ex-
12 pend the mentor-protégé assistance funding assessed
13 by the agency under the terms of the program on
14 mentor-protégé assistance to small business con-
15 cerns, as provided by a mentor-protégé agreement
16 approved by the relevant Federal agency.
17 "(4) ANNUAL REPORT REQUIRED.—Each Fed-
18 eral agency described in paragraph (1) shall submit
19 an annual report to the Committee on Small Busi-
20 ness and Entrepreneurship of the Senate and the
21 Committee on Small Business of the House of Rep-
22 resentatives containing a detailed description of the
23 pilot program, as carried out by that agency, includ-
24 ing the number of participating companies, any in-
25 centives provided to prime contractors, as appro-

priate, and the amounts and types of mentor-protégé assistance provided to small business concerns.''.

TITLE XII—SMALL BUSINESS PROCUREMENT PROGRAMS IMPROVEMENT

SEC. 1201. DEFINITIONS.

In this title—

(1) the term ''small business concern owned and controlled by service-disabled veterans'' has the same meaning as in section 3 of the Small Business Act (15 U.S.C. 632); and

(2) the terms ''small business concern owned and controlled by socially and economically disadvantaged individuals'' and ''small business concern owned and controlled by women'' have the same meanings as in section 8(d) of the Small Business Act (15 U.S.C. 637(d)).

Subtitle A—HUBZone Program

SEC. 1211. HUBZONE REAUTHORIZATION.

Section 31(d) of the Small Business Act (15 U.S.C. 657a(d)) is amended by striking ''each of fiscal years 2004 through 2006'' and inserting ''each of fiscal years 2006 through 2012''.

SEC. 1212. EQUITY FOR SUBURBAN HUBZONES.

Section 3(p)(4) of the Small Business Act (15 U.S.C. 632(p)(4)) is amended by adding at the end the following:

"(E) QUALIFIED SUBURBAN AREA.—The term 'qualified suburban area' means any village, city, town, economic development area governed by a public authority, district, or other unit of general local government—

"(i) located in a county that includes, or is located in, a metropolitan statistical area (as defined in section 143(k)(2)(B) of the Internal Revenue Code of 1986); and

"(ii) that meets the income or unemployment qualifications under subparagraph (B)(ii).".

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

SEC. 1221. CERTIFICATION.

(a) CONGRESSIONAL INTENT.—It is the intent of Congress that the Administrator should accept certifications by other Federal agencies and State and local governments and certifications from responsible national certifying entities, under such criteria as the Administrator may prescribe, by regulation or order, in certifying small

business concerns owned and controlled by service-disabled veterans.

(b) REGULATIONS.—Before implementing subsection (a), the Administrator shall promulgate regulations or orders ensuring appropriate certification safeguards to be implemented by the Administration and the agencies and entities described in subsection (a).

SEC. 1222. TEMPORARY WAIVER.

(a) IN GENERAL.—Notwithstanding any other provision of law, section 36(a)(1) of the Small Business Act (15 U.S.C. 657f(a)(1)) does not apply to the award of a contract to a small business concern owned and controlled by service-disabled veterans during the period beginning on the date of enactment of this Act and ending on September 30, 2009, except for the requirement that the concern be determined to be a responsible contractor with respect to performance of such contract opportunity.

(b) REPORT TO CONGRESS.—The Administrator shall submit to Congress an annual report concerning the impact of the temporary waiver authority under subsection (a) on contract awards for small businesses owned and controlled by service-disabled veterans.

SEC. 1223. TRANSITION PERIOD FOR SURVIVING SPOUSES OR PERMANENT CARE GIVERS.

Section 3(q)(2) of the Small Business Act (15 U.S.C. 632(q)(2)) is amended by striking subparagraph (B) and inserting the following:

"(B) the management and daily business operations of which are controlled—

"(i) by 1 or more service-disabled veterans or, in the case of a veteran with permanent and severe disability, the spouse or permanent care giver of such veteran; or

"(ii) for a period of not longer than 10 years after the death of a service-disabled veteran, by a surviving spouse or permanent caregiver thereof.".

SEC. 1224. CONTRACTING AUTHORITY.

Section 36(a) of the Small Business Act (15 U.S.C. 657f(a)) is amended in the matter preceding paragraph (1), by striking "may" and inserting "shall".

Subtitle C—Women-Owned Small Business Program

SEC. 1231. IMPLEMENTATION DEADLINE.

Not later than 90 days after the date of enactment of this Act, the Administrator shall implement the procurement program for small business concerns owned and

controlled by women under section 8(m) of the Small Business Act (15 U.S.C. 637(m)).

SEC. 1232. CERTIFICATION.

(a) CONGRESSIONAL INTENT.—It is the intent of Congress that the Administrator should accept certifications by other Federal agencies and State and local governments and certifications from responsible national certifying entities, under such criteria as the Administrator may prescribe, by regulation or order, in certifying small business concerns owned and controlled by women for purposes of the program under section 8(m) of the Small Business Act (15 U.S.C. 637(m)).

(b) REGULATIONS.—Prior to implementing subsection (a), the Administrator shall promulgate regulations ensuring appropriate certification safeguards to be implemented by the Administration and the agencies and entities described in subsection (a).

Subtitle D—Small Disadvantaged Business Program

SEC. 1241. CERTIFICATION.

(a) CONGRESSIONAL INTENT.—It is the intent of Congress that the Administrator should accept certifications by other Federal agencies and State and local governments and certifications from responsible national certifying entities, under such criteria as the Administrator

may prescribe, by regulation or order, in certifying small business concerns owned and controlled by socially and economically disadvantaged individuals.

(b) REGULATIONS.—Prior to implementing subsection (a), the Administrator shall promulgate regulations or orders ensuring appropriate certification safeguards to be implemented by the Administration and the agencies and entities described in subsection (a).

SEC. 1242. NET WORTH THRESHOLD.

Section 8(a)(6)(A) of the Small Business Act (15 U.S.C. 637(a)(6)(A)) is amended—

(1) by inserting ''(i)'' after ''(6)(A)'';

(2) by striking ''In determining the degree of diminished credit'' and inserting the following:

''(ii)(I) In determining the degree of diminished credit'';

(3) by striking ''In determining the economic disadvantage'' and inserting the following:

''(iii) In determining the economic disadvantage''; and

(4) by inserting after clause (ii)(I), as so designated by this section, the following:

''(II) The Administrator shall establish procedures that—

"(aa) account for inflationary adjustments to, and include a reasonable assumption of, the average income and net worth of market dominant competitors; and

"(bb) require an annual inflationary adjustment to the average income and net worth requirements under this subsection.".

Subtitle E—BusinessLINC Program

SEC. 1251. BUSINESSLINC PROGRAM.

Section 8(n) of the Small Business Act (15 U.S.C. 637(n)) is amended to read as follows:

"(n) BUSINESS GRANTS AND COOPERATIVE AGREEMENTS.—

"(1) IN GENERAL.—In accordance with this subsection, the Administrator shall make grants available to enter into cooperative agreements with any coalition of private entities, not-for-profit entities, public entities, or any combination of private, not-for-profit, and public entities—

"(A) to expand business-to-business relationships between large and small business concerns; and

"(B) to provide, directly or indirectly, with online information and a database of companies that are interested in mentor-protégé programs

or community-based, statewide, or local business development programs.

"(2) MATCHING REQUIREMENT.—The Administrator may make a grant to a coalition under paragraph (1) only if the coalition provides for activities described in paragraph (1)(A) or (1)(B) an amount, either in-kind or in cash, equal to the grant amount.

"(3) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this subsection $3,000,000 for each of fiscal years 2007 through 2009, to remain available until expended.

"(4) REPORTS TO CONGRESS.—

"(A) IN GENERAL.—Not later than April 30, 2007, and annually thereafter, the Associate Administrator of Business Development of the Administration shall collect data on the BusinessLINC Program and submit to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives, a report on the effectiveness of the BusinessLINC Program.

"(B) CONTENTS.—Each report submitted under subparagraph (A) shall include, for the year covered by the report—

"(i) the number of programs administered in each State under the BusinessLINC Program;

"(ii) the number of grant awards under each program described in clause (i) and the date of each such award;

"(iii) the number of participating large businesses and participating small business concerns;

"(iv) the number and dollar amount of the contracts in effect in each State as a result of the programs run by each grant recipient under the BusinessLINC Program; and

"(v) the number of mentor-protégé, teaming relationships, or partnerships created as a result of the BusinessLINC Program.

"(5) DEFINITION.—In this subsection, the term 'BusinessLINC Program' means the grant program authorized under paragraph (1).".

TITLE XIII—ACQUISITION PROCESS

SEC. 1301. PROCUREMENT IMPROVEMENTS.

Section 15 of the Small Business Act (15 U.S.C. 644), as amended by this Act, is amended by adding at the end the following:

''(r) BUNDLING DATA FIELDS.—For each contract (including task or delivery orders against governmentwide or other multiple award contracts, indefinite quantity or indefinite delivery contracts, and blanket purchase agreements) that is bundled or consolidated, an agency shall report publicly, not later than 7 days after the date of the award, by means of the Federal governmentwide procurement data system described in subsection (c)(5)—

''(1) the number of contracts involving small business concerns that were displaced by the bundled or consolidated action;

''(2) the number of small business concerns that the contracting officer identified as able to bid on all or part of requirements; and

''(3) the projected cost savings anticipated as a result of bundling or consolidating the requirements.

''(s) GOVERNMENTWIDE SMALL BUSINESS TRAINING.—The Administrator, in conjunction with the head of any other appropriate Federal agency, shall coordinate the

development of governmentwide training courses on small business contracting and subcontracting with small business concerns, with special focus on the role of the small business specialist as a vital part of the acquisition team.''.

SEC. 1302. RESERVATION OF PRIME CONTRACT AWARDS FOR SMALL BUSINESSES.

Section 15 of the Small Business Act (15 U.S.C. 644), as amended by this Act, is amended by adding at the end the following:

''(t) MULTIPLE AWARD CONTRACTS.—Not later than 180 days after the date of enactment of this subsection, the head of each Federal agency, with the concurrence of the Administrator, shall, by regulation, establish criteria for such agency—

''(1) setting aside part or parts of a multiple award contract for small business concerns, including the subcategories of small business concerns identified in subsection (g)(2);

''(2) setting aside multiple award contracts for small business concerns, including the subcategories of small business concerns identified in subsection (g)(2); and

''(3) reserving 1 or more contract awards for small business concerns under full and open multiple award procurements, including the subcategories of

small business concerns identified in subsection (g)(2).''.

SEC. 1303. GAO STUDY OF REPORTING SYSTEMS.

(a) STUDY REQUIRED.—The Comptroller General of the United States shall conduct a study of—

(1) the accuracy and timeliness of data collected under the Small Business Act (15 U.S.C. 631 et seq.) in the Pro-Net database of the Administration, or any successor database, the Federal procurement data system described in section 15(c)(5) of the Small Business Act (15 U.S.C. 644(c)(5)), and the Subcontracting Reporting System; and

(2) the availability of small business information in these computer-based systems to Congress, Federal agencies, and the public.

(b) MATTERS COVERED.—The study conducted under subsection (a) shall include—

(1) an assessment of the accuracy and timeliness of the information provided by the data collection systems described in subsection (a)(1) and recommendations as to how any deficiencies in such systems can be eliminated;

(2) a review of the system manuals for such systems and a determination of the adequacy of such

manuals in assisting proper operation and administration of the systems;

(3) a review of the user manuals for such systems and a determination of the clarity and ease of use of such manuals in assisting those reporting into such systems and those obtaining information from such systems;

(4) the adequacy of the training given to individuals responsible for reporting into such systems and recommendations for any necessary improvements;

(5) an assessment of the adequacy of any safeguards in such systems against the reporting of inaccurate and untimely data and the need for any additional safeguards; and

(6) the system architecture, Internet access, user-friendly characteristics, flexibility to add new data fields, ability to provide structured and unstructured reports, range of information necessary to meet user needs, and adequacy of system and user manuals and instructions of such systems.

(c) REPORT.—Not later than November 30, 2007, the Comptroller General shall submit to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of

Representatives a report containing the results of the study under this section.

SEC. 1304. MEETING SMALL BUSINESS GOALS.

Section 15 of the Small Business Act (15 U.S.C. 644), as amended by this Act, is amended by adding at the end the following:

''(u) MEETING SMALL BUSINESS GOALS.—Before setting aside a contract for small business concerns, Federal agency contracting officers shall consider setting aside the contract for small business concerns owned and controlled by service disabled veterans, qualified HUBZone small business concerns, small business concerns owned and controlled by socially and economically disadvantaged individuals, small business concerns owned and controlled by women, or any other subcategory of small business concerns for which goals may be established by law, regulation, or policy, in the order in which the goals for such subcategories of small business concerns under subsection (g)(2) were not met by the agency in the fiscal year before the fiscal year of such consideration, from the most deficient to the least deficient.''.

SEC. 1305. MICROPURCHASE GUIDELINES.

Not later than 180 days after the date of enactment of this Act, the Director of the Office of Management and Budget shall issue guidelines regarding the analysis of

purchase card expenditures to identify opportunities for achieving and accurately measuring fair participation of small business concerns in micropurchases, consistent with the national policy on small business participation in Federal procurements set forth in sections 2(a) and 15(g) of the Small Business Act (15 U.S.C. 631(a) and 644(g)), and dissemination of best practices for participation of small business concerns in micropurchases.

SEC. 1306. REPORTING ON OVERSEAS CONTRACTS.

At the end of each fiscal year, the Administrator shall submit to Congress a report identifying what portion of contracts and subcontracts awarded for performance outside of the United States were awarded to small business concerns.

SEC. 1307. AGENCY ACCOUNTABILITY.

(a) IN GENERAL.—Section 15(g)(2) of the Small Business Act (15 U.S.C. 644(g)(2)) is amended—

(1) by inserting ''(A)'' after ''(2)'';

(2) in the first sentence, by striking ''shall, after consultation'' and inserting the following: ''shall—

''(i) after consultation'';

(3) by striking ''agency. Goals established'' and inserting the following: ''agency;

"(ii) identify a percentage of the procurement budget of the agency to be awarded to small business concerns, in consultation with the Office of Small and Disadvantaged Business Utilization of the agency, which information shall be included in the strategic plan required under section 306 of title 5, United States Code, and the annual budget submission to Congress by that agency, and, upon request, in any testimony provided by that agency before Congress in connection with the budget process; and

"(iii) report, as part of its annual performance plan, the extent to which the agency achieved the goals referred to in clause (ii), and appropriate justification for any failure to do so.

"(B) Goals established";

(4) by striking "Whenever" and inserting the following:

"(C) Whenever";

(5) by striking "For the purpose of" and inserting the following:

"(D) For the purpose of";

(6) in the last sentence—

(A) by striking "(A) contracts" and inserting "(i) contracts"; and

(B) by striking ''(B) contracts'' and inserting ''(ii) contracts''; and

(7) by adding at the end the following:

''(E)(i) Each procurement employee described in clause (ii)—

''(I) shall communicate to their subordinates the importance of achieving small business goals; and

''(II) shall have as an annual performance evaluation factor, where appropriate, the success of that procurement employee in small business utilization, in accordance with the goals established under this subsection.

''(ii) A procurement employee described in this clause is a senior procurement executive, senior program manager, or small and disadvantaged business utilization manager of a Federal agency having contracting authority.''.

(b) ANNUAL REPORTS.—Section 10(d) of the Small Business Act (15 U.S.C. 639(d)) is amended—

(1) by inserting ''and each agency that is a member of the President's Management Council (or any successor thereto)'' after ''Department of Defense'' the first place that term appears; and

(2) by inserting ''or that agency'' after ''Department of Defense'' the second place that term appears.

TITLE XIV—SMALL BUSINESS SIZE AND STATUS INTEGRITY

SEC. 1401. POLICY AND PRESUMPTIONS.

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

''(s) PRESUMPTION.—

''(1) IN GENERAL.—In every contract, subcontract, cooperative agreement, cooperative research and development agreement, or grant which is set aside, reserved, or otherwise classified as intended for award to small business concerns, there shall be a presumption of loss to the United States based on the total dollars expended on such contract, subcontract, cooperative agreement, cooperative research and development agreement, or grant whenever it is established that a business concern other than a small business concern willfully sought and received the award by misrepresentation.

''(2) DEEMED CERTIFICATIONS.—The following actions shall be deemed affirmative, willful, and intentional certifications of small business size and status:

"(A) Submission of a bid or proposal for a Federal grant, contract, subcontract, cooperative agreement, or cooperative research and development agreement reserved, set aside, or otherwise classified as intended for award to small business concerns.

"(B) Submission of a bid or proposal for a Federal grant, contract, subcontract, cooperative agreement, or cooperative research and development agreement which in any way encourages a Federal agency to classify such bid or proposal, if awarded, as an award to a small business concern.

"(C) Registration on any Federal electronic database for the purpose of being considered for award of a Federal grant, contract, subcontract, cooperative agreement, or cooperative research agreement, as a small business concern.

"(3) PAPER-BASED CERTIFICATION BY SIGNATURE OF RESPONSIBLE OFFICIAL.—

"(A) IN GENERAL.—Each solicitation, bid, or application for a Federal contract, subcontract, or grant shall contain a certification concerning the small business size and status of

a business concern seeking such Federal contract, subcontract, or grant.

"(B) CONTENT OF CERTIFICATIONS.—A certification that a business concern qualifies as a small business concern of the exact size and status claimed by such business concern for purposes of bidding on a Federal contract or subcontract, or applying for a Federal grant, shall contain the signature of a director, officer, or counsel on the same page on which the certification is contained.

"(4) REGULATIONS.—The Administrator shall promulgate regulations to provide adequate protections to individuals and business concerns from liability under this subsection in cases of unintentional errors, technical malfunctions, and other similar situations.".

SEC. 1402. ANNUAL CERTIFICATION.

Section 3 of the Small Business Act (15 U.S.C. 632), as amended by this Act, is amended by adding at the end the following:

"(t) ANNUAL CERTIFICATION.—

"(1) IN GENERAL.—Each business certified as a small business concern under this Act shall annually certify its small business size and, if appro-

priate, its small business status, by means of a confirming entry on the Pro-Net database of the Administration, or any successor thereto.

"(2) REGULATIONS.—Not later than 120 days after the date of enactment of this subsection, the Administrator, in consultation with the Inspector General and the Chief Counsel for Advocacy of the Administration, shall promulgate regulations to ensure that—

"(A) no business concern continues to be certified as a small business concern on the Pro-Net database of the Administration, or any successor thereto, without fulfilling the requirements for annual certification under this subsection; and

"(B) the requirements of this subsection are implemented in a manner presenting the least possible regulatory burden on small business concerns.

"(3) DETERMINATION OF SIZE STATUS.—Small business size or status for purposes of this Act shall be determined at the time of the award of a Federal—

"(A) contract, provided that, in the case of interagency multiple award contracts, small

business size, or status shall be determined annually, except for purposes of the award of each task or delivery order set aside or reserved for small business concerns;

"(B) subcontract;

"(C) grant;

"(D) cooperative agreement; or

"(E) cooperative research and development agreement.".

SEC. 1403. SBA SUSPENSIONS AND DEBARMENTS AUTHORITY.

Section 16(d)(2)(C) of the Small Business Act (15 U.S.C. 645(d)(2)(C)) is amended by inserting after "(or any successor regulation)" the following: "or as specified in part 145 of title 13, Code of Federal Regulations (or any corresponding similar regulation or ruling)".

SEC. 1404. MEANINGFUL PROTESTS OF SMALL BUSINESS SIZE AND STATUS.

The Small Business Act (15 U.S.C. 631 et seq.) is amended by inserting after section 37, as added by this Act, the following:

"SEC. 38. SMALL BUSINESS SIZE AND STATUS PROTEST SYSTEM.

"(a) DEFINITIONS.—In this section:

"(1) PROTEST.—The term 'protest' means a written objection by an interested party to a violation of any small business size or status requirement established under any provision of law, including section 3, in connection with—

"(A) a solicitation or other request by a Federal agency for offers for a contract for the procurement of property or services;

"(B) the cancellation of such a solicitation or other request;

"(C) an award or proposed award of such a contract; or

"(D) a termination or cancellation of an award of such a contract, if the written objection contains an allegation that the termination or cancellation is based in whole or in part on improprieties concerning the award of the contract.

"(2) INTERESTED PARTY.—

"(A) IN GENERAL.—The term 'interested party', with respect to a contract or a solicitation or other request for offers described in paragraph (1), means an actual or prospective bidder or offeror whose direct economic interest

would be affected by the award of the contract or by failure to award the contract.

"(B) INCLUSIONS.—The term 'interested party' includes the official responsible for submitting the Federal agency tender in a public-private competition conducted under Office of Management and Budget Circular A–76 (or any successor thereto) regarding an activity or function of a Federal agency performed by more than 65 full-time equivalent employees of the Federal agency.

"(3) FEDERAL AGENCY.—The term 'Federal agency' has the same meaning as in section 102 of title 40, United States Code.

"(b) REVIEW OF PROTESTS; EFFECT ON CONTRACTS PENDING DECISION.—

"(1) IN GENERAL.—Under procedures established under subsection (d), the Administrator shall decide a protest submitted to the Administrator by an interested party.

"(2) RECEIPTS OF PROTESTS.—

"(A) IN GENERAL.—Not later than 1 day after the receipt of a protest, the Administrator shall notify the Federal agency involved of the protest.

"(B) AGENCIES.—Except as provided in subparagraph (C), a Federal agency receiving a notice of a protested procurement under subparagraph (A) shall submit to the Administrator a complete report (including all relevant documents) on the small business size or status aspects of the protested procurement—

"(i) not later than 30 days after the date of the receipt of that notice by the agency;

"(ii) if the Administrator, upon a showing by the Federal agency, determines (and states the reasons in writing) that the specific circumstances of the protest require a longer period, within the longer period determined by the Administrator; or

"(iii) in a case determined by the Administrator to be suitable for the express option under subsection (c)(1)(B), not later than 20 days after the date of the receipt of that determination by the agency.

"(C) EXCEPTIONS.—A Federal agency need not submit a report to the Administrator under subparagraph (B) if the agency is notified by the Administrator before the date on

which such report is to be submitted that the protest concerned has been dismissed under subsection (c)(1)(D).

"(3) AWARD OF CONTRACTS.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), a contract may not be awarded in any procurement after the Federal agency has received notice of a protest with respect to such procurement from the Administrator and while the protest is pending.

"(B) EXCEPTIONS.—The head of the procuring activity responsible for award of a contract may authorize the award of the contract (notwithstanding a protest of which the Federal agency has notice under this section)—

"(i) upon a written finding that urgent and compelling circumstances which significantly affect interests of the United States will not permit waiting for the decision of the Administrator under this section; and

"(ii) after the Administrator is advised of that finding.

"(C) URGENT AND COMPELLING CIRCUMSTANCES.—A finding may not be made

under subparagraph (B)(i), unless the award of the contract is otherwise likely to occur within 30 days after the making of such finding.

"(4) PERFORMANCE.—

"(A) IN GENERAL.—A contractor awarded a Federal agency contract may, during the period described in subparagraph (D), begin performance of the contract and engage in any related activities that result in obligations being incurred by the United States under the contract, unless the contracting officer responsible for the award of the contract withholds authorization to proceed with performance of the contract.

"(B) AUTHORIZATION WITHHELD.—The contracting officer may withhold an authorization to proceed with performance of the contract during the period described in subparagraph (D) if the contracting officer determines in writing that—

"(i) a protest is likely to be filed with the Administrator alleging a violation of a small business size or status requirement; and

"(ii) the immediate performance of the contract is not in the best interests of the United States.

"(C) NOTICE OF PROTEST.—

"(i) IN GENERAL.—If the Federal agency awarding the contract receives notice of a protest in accordance with this subsection during the period described in subparagraph (D)—

"(I) the contracting officer may not authorize performance of the contract to begin while the protest is pending; or

"(II) if authorization for contract performance to proceed was not withheld in accordance with subparagraph (B) before receipt of the notice, the contracting officer shall immediately direct the contractor to cease performance under the contract and to suspend any related activities that may result in additional obligations being incurred by the United States under that contract.

"(ii) PERFORMANCE.—Performance and related activities suspended under clause (i)(II) by reason of a protest may not be resumed while the protest is pending.

"(iii) EXCEPTIONS.—The head of the procuring activity may authorize the performance of the contract (notwithstanding a protest of which the Federal agency has notice under this section)—

"(I) upon a written finding that—

"(aa) performance of the contract is in the best interests of the United States; or

"(bb) urgent and compelling circumstances that significantly affect interests of the United States will not permit waiting for the decision of the Administrator concerning the protest; and

"(II) after the Administrator is notified of that finding.

"(D) TIME PERIOD.—The period described in this subparagraph, with respect to a con-

tract, is the period beginning on the date of the contract award and ending on the later of—

"(i) the date that is 10 days after the date of the contract award; or

"(ii) the date that is 5 days after the debriefing date offered to an unsuccessful offeror for any debriefing that is requested and, when requested, is required.

"(5) NONDELEGATION.—The authority of the head of the procuring activity to make findings and to authorize the award and performance of contracts under paragraphs (3) and (4) may not be delegated.

"(6) PROVISION OF DOCUMENTS.—

"(A) IN GENERAL.—Within such deadlines as the Administrator prescribes, and upon request, each Federal agency shall provide to an interested party any document relevant to a protested procurement action (including the report required by paragraph (2)(B)) that would not give that party a competitive advantage and that the party is otherwise authorized by law to receive.

"(B) PROTECTIVE ORDERS.—

"(i) IN GENERAL.—The Administrator may issue protective orders which establish

terms, conditions, and restrictions for the provision of any document to a party under subparagraph (A), that prohibit or restrict the disclosure by the party of information described in clause (ii) that is contained in such a document.

"(ii) TYPES OF INFORMATION.—Information referred to in clause (i) is procurement sensitive information, trade secrets, or other proprietary or confidential research, development, or commercial information.

"(iii) INFORMATION TO THE FEDERAL GOVERNMENT.—A protective order under this subparagraph shall not be considered to authorize the withholding of any document or information from Congress or an executive agency.

"(7) INTERESTED PARTIES.—If an interested party files a protest in connection with a public-private competition described in subsection (a)(2)(B), a person representing a majority of the employees of the Federal agency who are engaged in the performance of the activity or function subject to the public-private competition may intervene in protest.

"(c) DECISIONS ON PROTESTS.—

"(1) IN GENERAL.—

"(A) INEXPENSIVE AND EXPEDITIOUS RESOLUTION.—To the maximum extent practicable, the Administrator shall provide for the inexpensive and expeditious resolution of protests under this section. Except as provided under subparagraph (B), the Administrator shall issue a final decision concerning a protest not later than 100 days after the date on which the protest is submitted to the Administration.

"(B) EXPRESS OPTION.—The Administrator shall, by regulation established under subsection (d), establish an express option for deciding those protests which the Administrator determines suitable for resolution, not later than 65 days after the date on which the protest is submitted.

"(C) AMENDMENTS.—An amendment to a protest that adds a new ground of protest, if timely made, should be resolved, to the maximum extent practicable, within the time limit established under subparagraph (A) for final decision of the initial protest. If an amended protest cannot be resolved within such time

limit, the Administrator may resolve the amended protest through the express option under subparagraph (B).

"(D) FRIVOLOUS PROTESTS.—The Administrator may dismiss a protest that the Administrator determines is frivolous or which, on its face, does not state a valid basis for protest.

"(2) COMPLIANCE WITH LAW.—

"(A) IN GENERAL.—With respect to a solicitation for a contract, or a proposed award or the award of a contract, protested under this section, the Administrator may determine whether the solicitation, proposed award, or award complies with statutes and regulations regarding small business size or status. If the Administrator determines that the solicitation, proposed award, or award does not comply with a statute or regulation, the Administrator shall recommend that the Federal agency—

"(i) refrain from exercising any of its options under the contract;

"(ii) recompete the contract immediately;

"(iii) issue a new solicitation;

"(iv) terminate the contract;

"(v) award a contract consistent with the requirements of such statutes and regulations; or

"(vi) implement such other recommendations as the Administrator determines to be necessary in order to promote compliance with procurement statutes and regulations.

"(B) BEST INTERESTS OF UNITED STATES.—If the head of the procuring activity responsible for a contract makes a finding described in subsection (b)(4)(C)(iii)(I)(aa), the Administrator shall make recommendations under this paragraph without regard to any cost or disruption from terminating, recompeting, or reawarding the contract.

"(C) IMPLEMENTATION.—If the Federal agency fails to implement fully the recommendations of the Administrator under this paragraph with respect to a solicitation for a contract or an award or proposed award of a contract by the date that is 60 days after the date on which the agency received the recommendations, the head of the procuring activity responsible for that contract shall report

such failure to the Administrator not later than 5 days after the end of such 60-day period.

"(3) PAYMENT OF COSTS.—

"(A) IN GENERAL.—If the Administrator determines that a solicitation for a contract or a proposed award or the award of a contract does not comply with a statute or regulation, the Administrator may recommend that the Federal agency conducting the procurement pay to an appropriate interested party the costs of—

"(i) filing and pursuing the protest, including reasonable attorney's fees and consultant and expert witness fees; and

"(ii) bid and proposal preparation.

"(B) COSTS NOT INCLUDED.—No party (other than a small business concern) may be paid, under a recommendation made under the authority of subparagraph (A)—

"(i) costs for consultant and expert witness fees that exceed the highest rate of compensation for expert witnesses paid by the Federal Government; or

"(ii) costs for attorney's fees that exceed $300 per hour, unless the agency de-

termines, based on the recommendation of the Administrator on a case by case basis, that an increase in the cost of living or a special factor, such as the limited availability of qualified attorneys for the proceedings involved, justifies a higher fee.

"(C) RECOMMENDATION TO PAY COSTS.—If the Administrator recommends under subparagraph (A) that a Federal agency pay costs to an interested party, the Federal agency shall—

"(i) pay the costs promptly; or

"(ii) if the Federal agency does not make such payment, promptly report to the Administrator the reasons for the failure to follow the Administrator's recommendation.

"(D) AGREEMENT ON AMOUNT.—If the Administrator recommends under subparagraph (A) that a Federal agency pay costs to an interested party, the Federal agency and the interested party shall attempt to reach an agreement on the amount of the costs to be paid. If the Federal agency and the interested party are unable to agree on the amount to be paid, the Ad-

ministrator may, upon the request of the interested party, recommend to the Federal agency the amount of the costs that the Federal agency should pay.

"(4) DECISIONS.—Each decision of the Administrator under this section shall be signed by the Administrator or a designee for that purpose. A copy of the decision shall be made available to the interested parties, the head of the procuring activity responsible for the solicitation, proposed award, or award of the contract, and the senior procurement executive of the Federal agency involved.

"(5) REPORTS.—

"(A) FAILURE TO IMPLEMENT RECOMMENDATIONS.—

"(i) IN GENERAL.—The Administrator shall report promptly to the Committee on Small Business and Entrepreneurship of the Senate and to the Committee on Small Business of the House of Representatives any case in which a Federal agency fails to implement fully a recommendation of the Administrator under paragraph (2) or (3).

"(ii) CONTENTS.—Each report under clause (i) shall include—

"(I) a comprehensive review of the pertinent procurement, including the circumstances of the failure of the Federal agency to implement a recommendation of the Administrator; and

"(II) a recommendation regarding whether, in order to correct an inequity or to preserve the integrity of the procurement process, Congress should consider—

"(aa) private relief legislation;

"(bb) legislative rescission or cancellation of funds;

"(cc) further investigation by Congress; or

"(dd) other action.

"(B) ANNUAL REPORTS.—Not later than January 31 of each year, the Administrator shall transmit to Congress a report containing a summary of each instance in which a Federal agency did not fully implement a recommendation of the Administrator under subsection (b) or this subsection during the preceding year.

The report shall also describe each instance in which a final decision in a protest was not rendered within 100 days after the date on which the protest was submitted to the Administrator.

"(d) REGULATIONS; AUTHORITY OF ADMINISTRATOR TO VERIFY ASSERTIONS.—

"(1) IN GENERAL.—The Administrator shall establish such procedures as may be necessary for the expeditious decision of protests under this section, including procedures for accelerated resolution of protests under the express option authorized by subsection (c)(1)(B). Such procedures shall provide that the protest process may not be delayed by the failure of a party to make a filing within the time provided for the filing.

"(2) COMPUTATION OF TIME.—The procedures established under paragraph (1) shall provide that, in the computation of any period described in this section—

"(A) the day of the act, event, or default from which the designated period of time begins to run not be included; and

"(B) the last day after such act, event, or default be included, unless—

"(i) such last day is a Saturday, a Sunday, or a legal holiday; or

"(ii) in the case of a filing of a paper at the Administration or another Federal agency, such last day is a day on which weather or other conditions cause the closing of the Administration or other Federal agency, in which event the next day that is not a Saturday, Sunday, or legal holiday shall be included.

"(3) ELECTRONIC FILING.—The Administrator may prescribe procedures for the electronic filing and dissemination of documents and information required under this section. In prescribing such procedures, the Administrator shall consider the ability of all parties to achieve electronic access to such documents and records.

"(e) ENFORCEMENT.—The Administrator may use any authority available under this Act or any other provision of law to verify assertions made by parties in protests under this section.

"(f) REGULATIONS.—The Administrator may issue regulations regarding the use of the protest authority to consider small business size or status challenges under

this section in matters involving any other program for small business concerns.''.

SEC. 1405. TRAINING FOR CONTRACTING AND ENFORCEMENT PERSONNEL.

(a) IN GENERAL.—Not later than 270 days after the date of enactment of this Act, the head of each appropriate Federal agency or entity shall, in consultation with the Administrator or the Inspector General of the Administration, as appropriate, develop courses concerning proper classification of business concerns and small business size and status for purposes of Federal contracts, subcontracts, grants, cooperative agreements, and cooperative research and development agreements.

(b) POLICY ON PROSECUTIONS OF SMALL BUSINESS SIZE AND STATUS FRAUD.—Section 3 of the Small Business Act (15 U.S.C. 632), as amended by this Act, is amended by adding at the end the following:

''(u) POLICY ON PROSECUTIONS OF SMALL BUSINESS SIZE AND STATUS FRAUD.—Not later than 180 days after the date of enactment of this subsection, the head of each relevant Federal agency and the Inspector General of the Administration shall issue a government-wide policy on prosecution of small business size and status fraud.''.

SEC. 1406. PROTESTS OF SOLE SOURCE AWARDS.

Section 3 of the Small Business Act (15 U.S.C. 632), as amended by this Act, is amended by adding at the end the following:

''(v) PROTESTS OF SOLE SOURCE AWARDS.—Notwithstanding any other provision of law, whether a business concern that is an offeror on any sole source prime contract or subcontract awarded under this Act satisfies the size and status requirements under this Act may be protested by any interested party that is a small business concern.''.

SEC. 1407. SMALL BUSINESS SIZE AND STATUS FOR PURPOSE OF MULTIPLE AWARD CONTRACTS.

Section 3 of the Small Business Act (15 U.S.C. 632), as amended by this Act, is amended by adding at the end the following:

''(w) SMALL BUSINESS SIZE AND STATUS FOR PURPOSE OF MULTIPLE AWARD CONTRACTS.—

''(1) IN GENERAL.—A business concern that enters a multiple award contract of any kind with the Federal Government shall in any year in which such a contract is in effect, submit an annual statement at the end of its fiscal year recertifying its small business size and status to the Federal agency which awarded the contract.

"(2) RELATION TO OTHER LAWS.—Compliance with paragraph (1) shall not affect the obligation of a business concern to comply with other provisions of law concerning small business size or status.".

SEC. 1408. SIZE STANDARDS DEVELOPMENT.

(a) IN GENERAL.—Section 3(a)(2) of the Small Business Act (15 U.S.C. 632(a)(2)) is amended by adding at the end the following:

"(D) TIERED SIZE STANDARDS.—The Administrator may establish 2 or more tiers within an overall small business size standard cap for the purpose of facilitating the growth and development of small business concerns and facilitating peer-based competition among small business concerns for Federal contracts and subcontracts. In establishing tier-based size standards under this subparagraph, the Administrator shall take into account national and international industry conditions, including the size of industry leaders, the size of emerging small business concerns and very small business concerns, and the trends in the sizes of Federal contracts and subcontracts. The Administrator shall establish dollar-based thresholds within each industrial category for contracts and sub-

contracts suitable for reservation solely to small business concerns within a lower tier in that industrial category.''.

(b) RESERVATION OF CONTRACTS.—Section 15 of the Small Business Act (15 U.S.C. 644), as amended by this Act, is amended by adding at the end the following:

''(v) TIERED SIZE STANDARDS.—The head of procurement for each Federal agency shall attempt to reserve contracts valued below the thresholds established by the Administrator under section 3(a)(2)(D) to small business concerns in a lower tier, unless market research indicates that such reservation will not result in securing a competitive price to the Federal Government from 2 or more responsible contractors. Small business concerns in a lower tier may bid on contracts for their requisite tier, any higher tier, or contracts open to other than small business concerns.''.

SEC. 1409. FULL-TIME EMPLOYEE EQUIVALENTS.

Section 3(a)(2) of the Small Business Act (15 U.S.C. 632(a)(2)), as amended by this Act, is amended by adding at the end the following:

''(E) FULL-TIME EMPLOYEE EQUIVALENTS.—In computing the number of employees for purposes of size determinations under

this Act, the Administrator shall utilize the full-time equivalents method.''.

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

SEC. 1501. DEFINITIONS.

In this title, the terms ''extramural budget'', ''Small Business Innovation Research Program'', ''SBIR'', ''Small Business Technology Transfer Program'', and ''STTR'' have the same meanings as in section 9 of the Small Business Act (15 U.S.C. 638).

SEC. 1502. CONGRESSIONAL FINDINGS AND POLICY.

(a) FINDINGS.—Congress finds that—

(1) Federal agency practices excluding small business concerns from Federal research and development efforts have wasted taxpayer funds and stifled national competitiveness;

(2) according to studies conducted for the Office of Advocacy of the Administration, small business concerns hold 41 percent of the Nation's patents, obtain 13 times more patents per employee than large business concerns, and obtain patents

which are twice as technologically significant as large business patents; and

(3) according to the annual reports of the National Science Foundation, small business concerns consistently receive less than 5 percent of Federal extramural research and development funding.

(b) POLICY.—It is the policy of Congress to promote effectiveness in Federal research and development efforts and remove barriers to participation of small business concerns as well as of partnerships between small business concerns and universities or other research institutions in Federal research and development programs by strengthening the Small Business Innovation Research Program and the Small Business Technology Transfer Program.

Subtitle A—Small Business Innovation Leadership

SEC. 1511. STATUS OF THE SBA OFFICE OF TECHNOLOGY; NATIONAL ADVISORY BOARD; TRANSFER PLAN.

Section 9(b) of the Small Business Act (15 U.S.C. 638(b)) is amended—

(1) in paragraph (7), by striking ''and'' at the end;

(2) in paragraph (8), by striking the period at the end and inserting ''; and''; and

(3) by adding at the end the following:

''(9) to maintain an Office of Technology to carry its responsibilities under this section, headed by the Assistant Administrator for Technology, who shall be appointed by the President, in consultation with the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives;

''(10) to submit, as a separate part of the President's budget, a request for appropriations for staffing for the Office of Technology and information regarding the performance of this Office, taking into consideration the size of the program and the statutory oversight responsibilities of the Administration;

''(11) to appoint, in consultation with the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives, a National Small Business Innovation and Technology Transfer Advisory Board, consisting of not fewer than 9 members to advise the Assistant Administrator for Technology on all matters concerning small business innovation and technology transfer;

"(12) submit to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives not later than November 1 of each year a National Small Business Innovation and Technology Transfer Plan for the appropriate fiscal year containing a forecast of research and development topics as well as commercialization opportunities in all participating Federal agencies; and

"(13) to annually submit to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives a compilation of agency-specific and program-wide data concerning the numbers of Phase I and Phase II awards made generally and under any pilot program during the previous year.".

Subtitle B—Fair Access to Federal Innovations Investments

SEC. 1521. ACCURACY IN FUNDING BASE CALCULATIONS; COMPTROLLER GENERAL'S AUDITS.

Not later than 270 days after the date of enactment of this Act, and every 3 years thereafter the Comptroller General of the United States shall—

(1) conduct a fiscal and management audit of the SBIR program and the STTR program to deter-

mine whether Federal departments and agencies are complying with the set-aside requirements of this title and the amendments made by this title; and

(2) submit a report to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives regarding the audit conducted under paragraph (1).

SEC. 1522. SBIR CAP INCREASE.

Section 9(f)(1) of the Small Business Act (15 U.S.C. 638(f)(1)) is amended—

(1) in subparagraph (B), by striking ''and'' at the end; and

(2) by striking subparagraph (C) and inserting the following:

''(C) not less than—

''(i) 3 percent in fiscal year 2007;

''(ii) 3.5 percent in fiscal year 2008;

''(iii) 4 percent in fiscal year 2009; and

''(iv) 4.5 percent in fiscal year 2010; and

''(D) not less than 5 percent in fiscal year 2011 and each fiscal year thereafter,''.

SEC. 1523. STTR CAP INCREASE.

Section 9(n)(1)(B) of the Small Business Act (15 U.S.C. 638(n)(1)(B)) is amended—

(1) in clause (i), by striking ''and'' at the end;

(2) in clause (ii), by striking ''thereafter.'' and inserting ''through fiscal year 2006; and''; and

(3) by adding at the end the following:

''(iii) 0.6 percent for fiscal year 2007 and each fiscal year thereafter.''.

SEC. 1524. ADJUSTMENTS IN SBIR AND STTR AWARD LEVELS.

(a) SBIR ADJUSTMENTS.—Section 9(j)(2)(D) of the Small Business Act (15 U.S.C. 638(j)(2)(D)) is amended—

(1) by striking ''$100,000'' and inserting ''$150,000''; and

(2) by striking ''$750,000'' and inserting ''$1,250,000''.

(b) STTR ADJUSTMENTS.—Section 9(p)(2)(B)(ix) of the Small Business Act (15 U.S.C. 638(p)(2)(B)(ix)) is amended—

(1) by striking ''$100,000'' and inserting ''$150,000''; and

(2) by striking ''$750,000'' and inserting ''$1,250,000''.

(c) ANNUAL ADJUSTMENTS.—Section 9 of the Small Business Act (15 U.S.C. 638) is amended—

(1) in subsection (j)(2)(D), by striking ''and an adjustment of such amounts once every 5 years to reflect economic adjustments and programmatic considerations'' and inserting ''and a mandatory annual adjustment of such amounts to reflect economic adjustments and programmatic considerations'';

(2) in subsection (p)(2)(B)(ix), by striking ''greater or lesser amounts'' and inserting ''with a mandatory annual adjustment of such amounts to reflect economic adjustments and programmatic considerations, and greater or lesser amounts''.

(d) LIMITATION ON CERTAIN AWARDS.—Section 9 of the Small Business Act (15 U.S.C. 638) is amended by adding at the end the following:

''(z) LIMITATION ON CERTAIN AWARDS.—No Federal agency shall issue an award under the SBIR program or the STTR program if the size of the award exceeds the award guidelines established under this section by more than 50 percent. Participating agencies shall maintain information on awards exceeding the guidelines, including award amounts and identities of recipients, and shall report such information annually to the Administration.

''(aa) SUBSEQUENT PHASES.—

"(1) IN GENERAL.—A small business concern which received an award from a Federal agency under this section shall be eligible to receive an award for a subsequent phase from another Federal agency, if the head of each relevant Federal agency makes a written determination that the topics of the relevant awards are the same.

"(2) SBIR AND STTR PROGRAMS.—A small business concern which received an award under this section under the SBIR program or the STTR program may receive an award under this section for a subsequent phase in either the SBIR program or the STTR program.".

SEC. 1525. MAJORITY-VENTURE INVESTMENTS IN SBIR FIRMS.

(a) AUTHORITY AND DETERMINATION.—Upon a written determination provided not later than 30 days in advance to the Administrator and to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives, the head of each participating Federal agency may direct not more than 25 percent of the agency's SBIR funds allocated in accordance with the Small Business Act, as amended by this Act, in fiscal year 2007 and each fiscal year thereafter to small business concerns that

are owned in majority part by venture capital companies and that satisfy the qualification requirements under subsection (b). The written determination shall demonstrate that the use of such authority will induce additional venture capital funding of small business innovations, substantially contribute to the mission of the funding agency, or otherwise fulfill the capital needs of small business concerns for additional financing.

(b) QUALIFICATION REQUIREMENTS.—No United States small business concern which satisfies applicable requirements established by the Administrator concerning small business affiliation shall be excluded from participation in the program authorized by subsection (a) on the ground that such small business concern is owned in majority part by more than 1 United States venture capital company, provided that no single venture capital company owns more than 49 percent of such small business concern.

(c) REGISTRATION.—Any small business concern that is a venture capital portfolio company qualified for participation in the program authorized by subsection (a) shall register with the Administrator as a Venture Capital SBIR Investment Company. Any such company shall indicate such status in any SBIR proposal.

(d) DEFINITION OF VENTURE CAPITAL COMPANY.—In this section, the term ''venture capital company'' means an entity described in clause (i), (v), or (vi) of section 121.103(b) of title 13, Code of Federal Regulations (or any corresponding similar regulation or ruling).

Subtitle C—Acquisition of Small Business Innovations

SEC. 1531. NATIONAL SBIR AND STTR TECHNOLOGY INSERTION GOAL; REPORTING REQUIREMENTS.

Section 9 of the Small Business Act (15 U.S.C. 638), as amended by this Act, is amended by adding at the end the following:

''(bb) NATIONAL SMALL BUSINESS TECHNOLOGY INSERTION GOAL; REPORTING REQUIREMENTS.—

''(1) IN GENERAL.—For fiscal year in 2007, and each fiscal year thereafter there is established a governmentwide goal for insertion of SBIR and STTR technologies through Phase III awards of not less than 3 percent of total value of Federal prime contracting dollars for research, development, testing, and evaluation, to be met through either prime contracts or subcontracts (in this subsection referred to as the 'National Small Business Technology Insertion goal').

"(2) NATIONAL SMALL BUSINESS TECHNOLOGY INSERTION GOAL.—The Administrator shall ensure that the National Small Business Technology Insertion goal is negotiated and reported to the public and Congress in accordance with the authorities governing the negotiating and reporting of small business procurement goals by the Administrator under this Act.

"(3) REPORTS.—Each report submitted under paragraph (2) shall include—

"(A) the name of the contracting agency;

"(B) the identity of the agency or company making the Phase III award;

"(C) the identity of the company or individual receiving the Phase III award, as well as the identity of the agency or prime contractor making the Phase III award; and

"(D) the dollar amount of the Phase III award.".

SEC. 1532. INTELLECTUAL PROPERTY PROTECTIONS FOR SMALL BUSINESS INNOVATIONS.

(a) SBIR AND STTR DATA RIGHTS.—Section 9(e) of the Small Business Act (15 U.S.C. 638(e)) is amended—

(1) in paragraph (7), by striking ''and'' at the end;

(2) in paragraph (8), by striking the period and inserting ''; and''; and

(3) by adding at the end the following:

''(9) 'data', in connection with rights in or rights to data—

''(A) includes rights in and rights to prototypes, as consistent with paragraph (5)(C);

''(B) shall be considered to be a trade secret for purposes of any provision of Federal law protecting trade secrets from unauthorized use, disclosure, or reverse engineering;

''(C) includes technical data that the SBIR or STTR small business concern has developed at private expense, if such data is used in the development, testing, or evaluation of SBIR or STTR technology; and

''(D) shall be subject to data rights protections under this section and the SBIR and STTR Policy Directives in connection with any contract or subcontract developed with Federal funds or intended for use by the Federal government, and any mentor-protégé agreements.''.

SEC. 1533. SBIR AND STTR SPECIAL ACQUISITION PREFERENCE.

(a) CODIFICATION OF REGULATORY PREFERENCE.—Section 9 of the Small Business Act (15 U.S.C. 638), as amended by this Act, is amended by adding at the end the following:

''(cc) PHASE III AWARDS.—Congress intends that, to the greatest extent practicable, Federal agencies and Federal prime contractors issue Phase III awards, including sole source awards, to the SBIR and STTR award recipients that developed the technology.''.

(b) POLICIES.—Section 9 of the Small Business Act (15 U.S.C. 638) is amended—

(1) in subsection (j)(2)(C)—

(A) by striking '', to the extent practicable,''; and

(B) by inserting before the semicolon at the end '', unless the agency establishes on the record that such an award is not practicable''; and

(2) in subsection (p)(2)(F)—

(A) by striking '', to the extent practicable,''; and

(B) by inserting before the period at the end '', unless the agency establishes on the record that such an award is not practicable''.

(c) REDUCTION OF WASTE AND DUPLICATION IN FEDERAL TECHNOLOGY CONTRACTING.—Section 9 of the Small Business Act (15 U.S.C. 638), as amended by this Act, is amended by adding at the end the following:

''(dd) DUPLICATION OF PRIOR AWARDS.—A Federal agency may not solicit bids or proposals for award of contracts on any topic duplicating a SBIR or STTR award previously made by such agency, unless, not later than 30 days before the solicitation, the agency submits an advance notice of intent to issue such a solicitation to the Administrator. Such solicitations may be challenged by the Administrator to the head of the agency, or otherwise be challenged in accordance with law. To avoid duplication, before issuing a solicitation, the responsible Federal agency official shall review the Tech-Net database of the Administration (or any successor database) and document the results of such review in contracting files.''.

SEC. 1534. SBIR AND STTR MENTOR-PROTÉGÉ PROGRAMS.

(a) AUTHORIZATION.—The head of each Federal agency may establish a mentor-protégé program to provide development and commercialization assistance to small business concerns participating in the SBIR program and the STTR program.

(b) TYPES OF ASSISTANCE AUTHORIZED.—The following types of assistance are authorized for mentor-protégé programs:

(1) Assistance with general business development, business management, commercialization marketing, or corporate infrastructure.

(2) Testing and evaluation assistance for insertion of SBIR and STTR technologies into technical or weapons systems.

(3) Commercialization through Federal subcontracts awarded in accordance with the terms of the special acquisition preference.

(4) Payment of progress payments and advance payment for the performance of subcontracts commercializing SBIR and STTR technologies developed by the protégé firm.

(5) Loans to a protégé firm towards development and commercialization of SBIR or STTR technologies.

(c) PROGRAM TERMS.—The head of a Federal agency is authorized to approve mentor-protégé agreements providing to the mentor firm incentives, including—

(1) credit towards meeting the mentor's small business subcontracting goals; and

(2) contractual term extension incentives.

(d) APPROVAL.—

(1) IN GENERAL.—The Administrator shall approve a SBIR and STTR mentor-protégé program in each Federal agency that establishes such a program.

(2) CLARIFICATION OF APPLICABILITY.—It is the intent of Congress that the prohibition on conditioning, negotiating, transferring, or diminishing SBIR and STTR data rights in the making or administration of phase III awards (including prime contracts and subcontracts) that are federally funded or intended for use by the Federal Government that is contained in section 8 of the SBIR Policy Directive and in section 3 of the STTR Policy Directive (as in effect on the date of enactment of this Act, and any successor thereto) apply to mentor-protégé agreements established for the purpose of assisting SBIR and STTR small business concerns.

(3) DATA RIGHTS PROTECTIONS.—Notwithstanding any other provision of law, no mentor-protégé agreement with an SBIR or STTR small business concern may be approved by any Federal agency, unless it contains phase III data rights protection clauses prescribed by the SBIR and STTR Policy Directives described in paragraph (2).

(4) APPROVAL OF AGREEMENTS.—The SBIR program manager and the STTR program manager at a Federal agency shall each ensure that Federal reimbursement funding for mentor-protégé assistance to SBIR and STTR small business concerns is directed towards development, testing, evaluation, and commercialization of SBIR and STTR technologies, respectively.

(5) REPORTING REQUIREMENT.—Any mentor-protégé agreement established for the purpose of assisting an SBIR or STTR small business concern shall require reporting of the dollar value of phase III awards made as a result of the mentor-protégé assistance.

SEC. 1535. SUBCONTRACTING WITH FEDERAL LABORATORIES AND RESEARCH AND DEVELOPMENT CENTERS.

Section 9 of the Small Business Act (15 U.S.C. 638), as amended by this Act, is amended by adding at the end the following:

"(ee) SUBCONTRACTING.—

"(1) AUTHORIZATION.—The head of each participating Federal agency is authorized to issue SBIR and STTR awards to any eligible small business concern which intends to subcontract portions

of the work to Federal laboratories and federally funded research and development centers, subject to the limitations under this section.

"(2) PROHIBITION.—No Federal agency shall—

"(A) condition SBIR or STTR awards upon subcontracting any portion of the work to any Federal agency or any federally funded laboratory or research and development center;

"(B) approve a subcontracting arrangement where the small business concern performs a lesser portion of the work than required by this section and by the SBIR and STTR Policy Directives; or

"(C) approve a subcontracting arrangement which violates any provisions, including data rights protections provisions, of this section or the SBIR and the STTR Policy Directives.

"(3) IMPLEMENTATION.—Not later than 180 days after the date of enactment of this subsection, the Administrator shall modify the SBIR Policy Directive and the STTR Policy Directive issued under this section to ensure that small business concerns have the flexibility to use the resources of the Federal laboratories and federally funded research and

development centers, but shall not be mandated to subcontract with them as a condition of award.''.

SEC. 1536. INNOVATION COMMERCIALIZATION PILOT PROGRAMS.

Section 9 of the Small Business Act (15 U.S.C. 638), as amended by this Act, is amended by adding at the end the following:

''(ff) INNOVATION COMMERCIALIZATION PILOT PROGRAMS.—

''(1) IN GENERAL.—Effective on and after the beginning of fiscal year 2007, the head of any civilian Federal agency participating in the SBIR program which has awarded over $5,000,000,000 in procurement contracts during the previous fiscal year is authorized to create and administer a commercialization pilot program (in this section referred to as a 'pilot program') to accelerate the transition of technologies, products, and services developed under the SBIR program to Phase III, including the acquisition process.

''(2) IDENTIFICATION OF RESEARCH PROGRAMS FOR ACCELERATED TRANSITION TO ACQUISITION PROCESS.—In carrying out a pilot program, the head of the Federal agency concerned shall identify research programs of the SBIR program that have

the potential for rapid transitioning to Phase III and into the acquisition process.

"(3) LIMITATION.—No research program may be identified under paragraph (2) unless the head of the Federal agency concerned certifies in writing that the successful transition of the program to Phase III and into the acquisition process is expected to meet high priority mission requirements of such agency.

"(4) FUNDING.—

"(A) IN GENERAL.—For payment of expenses incurred to administer a pilot program, the head of the Federal agency concerned is authorized to use not more than an amount equal to 1 percent of the funds available to such Federal agency under the SBIR program.

"(B) LIMITATIONS.—Any funds used under subparagraph (A)—

"(i) shall not be subject to the limitations on the use of funds in subsection (f)(2); or

"(ii) may not be used to make Phase III awards.

"(5) EVALUATIVE REPORT.—

"(A) IN GENERAL.—At the end of each fiscal year, the head of the Federal agency concerned shall submit to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives a report regarding activities under the Commercialization Pilot Program.

"(B) CONTENTS.—Each report under subparagraph (A) shall include—

"(i) an accounting of the funds used in a pilot program;

"(ii) a detailed description of the pilot program of such Federal agency, including incentives and activities undertaken by acquisition program managers, program executive officers, managers or operators of laboratories or research and development centers, and prime contractors; and

"(iii) a detailed compilation of results achieved by the pilot program of such Federal agency, including the number of small business concerns assisted, Phase III dollars awarded, and the number of projects commercialized.

"(6) AUTHORIZED INCENTIVES AND ACTIVITIES.—In carrying out a pilot program, the head of the Federal agency concerned is authorized to—

"(A) offer contractual term and payment incentives to prime contractors for successful commercialization of SBIR technologies; and

"(B) facilitate business development and management assistance to SBIR small business concerns, conduct outreach to prime contractors, and provide such other assistance as the head of such Federal agency may determine necessary and proper.

"(7) INTERAGENCY COMMERCIALIZATION.—The head of each Federal agency authorized to carry out a pilot program under this section is authorized to use such program to facilitate commercialization of SBIR technologies developed through awards from other Federal agencies.

"(8) SUNSET.—The authority to establish a pilot program, and any pilot program established, under this subsection shall terminate at the end of fiscal year 2010.".

SEC. 1537. ENFORCEMENT.

(a) NOTIFICATION.—The head of any Federal agency involved in a case or controversy before any Federal judi-

cial or administrative tribunal concerning the SBIR program or the STTR program shall provide timely notice of such case or controversy to the Administrator.

(b) REPORTING.—Section 9(b)(7) of the Small Business Act (15 U.S.C. 638(b)(7)) is amended by inserting before the semicolon at the end the following: ", and a detailed description of appeals of Phase III awards and notices of noncompliance with the SBIR and the STTR Policy Directives filed by the Administrator with Federal agencies".

Subtitle D—Technical and Financial Assistance for Small Business Innovation

SEC. 1541. REAUTHORIZATION AND ENHANCEMENT OF STATE, LOCAL, AND RURAL INNOVATION ASSISTANCE PROGRAMS.

(a) FEDERAL AND STATE PROGRAM EXTENSION.—Section 9(s) of the Small Business Act (15 U.S.C. 638(s)) is amended—

(1) in paragraph (1), by striking "1995" and inserting "2012"; and

(2) in paragraph (2), by striking "$2,000,000" and inserting "$5,000,000".

(b) RURAL OUTREACH PROGRAM EXTENSION.—Section 501(b)(2) of the Small Business Reauthorization Act

of 1997 (15 U.S.C. 638 note; 111 Stat. 2622) is amended by striking ''2005'' and inserting ''2012''.

SEC. 1542. CONTINUED EVALUATION BY THE NATIONAL ACADEMY OF SCIENCES.

Section 108 of the Small Business Reauthorization Act of 2000 (114 Stat. 2763A–671) is amended by adding at the end:

''(e) EXTENSIONS AND ENHANCEMENTS OF AUTHORITY.—

''(1) IN GENERAL.—The studies authorized under this section are authorized through the end of fiscal year 2009, subject to any further requirements set forth in this section.

''(2) REPORT.—

''(A) IN GENERAL.—The head of an agency described in subsection (a) should ensure that any agreement under that subsection includes that the National Academy of Sciences should conduct a survey of State and international innovation development policies, and other studies and research, subject to the availability of funds to carry out this section—

''(i) addressing desirability and feasibility of establishing a public, federally backed secondary capital market mecha-

nism to fund securities representing investments in highly promising small innovative companies; and

"(ii) addressing barriers to greater commercialization of small business innovations.

"(B) SUBMISSION.—The agreement described in subparagraph (A) should require that, not later than December 30, 2009, the National Academy of Sciences should submit to Congress a report describing the survey conducted under subparagraph (A).".

SEC. 1543. PHASE II INNOVATION DEVELOPMENT CHALLENGE PILOT PROGRAM.

Section 9 of the Small Business Act (15 U.S.C. 638), as amended by this Act, is amended by adding at the end the following:

"(gg) PILOT PROGRAM.—

"(1) AUTHORIZATION.—The head of each participating Federal agency may set aside not more than 10 percent of the SBIR and STTR funds of such agency for further technology development and commercialization of SBIR and STTR Phase II technologies (in this section referred to as a 'pilot program'). Such authority shall be in addition to any

other similar program that may be operating or authorized to be operated by a participating Federal agency.

"(2) REQUIREMENTS.—

"(A) IN GENERAL.—A Federal agency may not establish a pilot program unless such agency makes a written application to the Administrator, not less than 90 days prior to the beginning of the fiscal year in which such pilot program is to be established, based on a compelling reason that additional investment in SBIR or STTR technologies is required due to unusually high regulatory, systems integration, or other costs related to development or manufacturing of identifiable, highly promising small business technologies or a class of such technologies expected to substantially advance the agency's mission.

"(B) DETERMINATION.—The Administrator shall—

"(i) make a determination regarding an application submitted under subparagraph (A) not later than 30 days before the beginning of the fiscal year for which such application is submitted;

"(ii) publish such decision in the Federal Register; and

"(iii) make a copy of such decision, and any related materials available to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives.

"(C) MAXIMUM AMOUNT.—No award under a pilot program may be made in excess of 2 times the dollar amounts generally established for Phase II awards under this section.

"(D) MATCHING.—No award may be made under a pilot program unless new private, Federal non-SBIR, or Federal non-STTR funding which at least matches the award from the Federal agency is dedicated towards SBIR or STTR Phase II technology.

"(E) ELIGIBILITY.—Awards under this pilot program may be made to any applicant which is eligible to receive a Phase III award related to such SBIR or STTR Phase II technology.

"(F) REGISTRATION.—Applicants receiving awards under a pilot program shall register

with the Administrator in a publicly available registry.

"(G) TERMINATION.—The authority to establish a pilot program under this section expires at the end of fiscal year 2012.".

SEC. 1544. ENCOURAGING INNOVATION IN ENERGY EFFICIENCY.

(a) FEDERAL AGENCY ENERGY-RELATED PRIORITY.—In carrying out its duties under section 9 of the Small Business Act relating to SBIR and STTR solicitations by Federal agencies, the Administrator shall—

(1) ensure that such agencies give high priority to small business concerns that participate in or conduct energy efficiency or renewable energy system research and development projects; and

(2) include in the annual report to Congress under section 9(b)(7) of the Small Business Act (15 U.S.C. 638(b)(7)), a determination of whether the priority described in paragraph (1) is being carried out.

(b) CONSULTATION REQUIRED.—The Administrator shall consult with the heads of other Federal agencies and departments in determining whether priority has been given to small business concerns that participate in or conduct energy efficiency or renewable energy system re-

search and development projects, as required by this section.

(c) GUIDELINES.—The Administrator shall, as soon as is practicable after the date of enactment of this Act, issue guidelines and directives to assist Federal agencies in meeting the requirements of this section.

(d) DEFINITIONS.—In this section—

(1) the term ''biomass''—

(A) means any organic material that is available on a renewable or recurring basis, including—

(i) agricultural crops;

(ii) trees grown for energy production;

(iii) wood waste and wood residues;

(iv) plants (including aquatic plants and grasses);

(v) residues;

(vi) fibers;

(vii) animal wastes and other waste materials; and

(viii) fats, oils, and greases (including recycled fats, oils, and greases); and

(B) does not include—

(i) paper that is commonly recycled; or

(ii) unsegregated solid waste;

(2) the term ''energy efficiency project'' means the installation or upgrading of equipment that results in a significant reduction in energy usage; and

(3) the term ''renewable energy system'' means a system of energy derived from—

(A) a wind, solar, biomass, or geothermal source; or

(B) hydrogen derived from biomass or water using an energy source described in subparagraph (A).

SEC. 1545. SBIR–STEM WORKFORCE DEVELOPMENT GRANT PILOT PROGRAM.

(a) PILOT PROGRAM ESTABLISHED.—From amounts made available to carry out this section, the Administrator shall establish a SBIR–STEM Workforce Development Grant Pilot Program to encourage the business community to provide workforce development opportunities for college students, in the fields of science, technology, engineering, and math (or ''STEM college students''), by providing an SBIR bonus grant.

(b) ELIGIBLE ENTITIES DEFINED.—In this section the term ''eligible entity'' means a current grantee under the SBIR Program, as defined in section 9(e) of the Small

Business Act (15 U.S.C. 638(e)), that provides an internship program for STEM college students.

(c) AWARDS.—An eligible entity shall receive a bonus grant equal to 10 percent of either a Phase I or Phase II grant, as applicable, with a total award maximum of not more than $10,000 per year.

(d) EVALUATION.—Following the fifth year of funding under this section, the Administrator shall submit a report to Congress on the results of the SBIR–STEM Workforce Development Grant Pilot Program.

(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section—

(1) $1,000,000 for fiscal year 2007;

(2) $1,000,000 for fiscal year 2008;

(3) $1,000,000 for fiscal year 2009;

(4) $1,000,000 for fiscal year 2010; and

(5) $1,000,000 for fiscal year 2011.

Subtitle E—Implementation

SEC. 1551. CONFORMING AMENDMENTS TO THE SBIR AND THE STTR POLICY DIRECTIVES.

Not later than 180 days after the date of enactment of this Act, the Administrator shall promulgate amendments to the SBIR and the STTR Policy Directives to

conform such directives to this title and the amendments made by this title.

TITLE XVI—NATIVE AMERICAN SMALL BUSINESS DEVELOPMENT PROGRAM

SEC. 1601. SHORT TITLE.

This title may be cited as the ''Native American Small Business Development Act of 2006''.

SEC. 1602. NATIVE AMERICAN SMALL BUSINESS DEVELOPMENT PROGRAM.

The Small Business Act (15 U.S.C. 631 et seq.) is amended by inserting after section 38, as added by this Act, the following:

''SEC. 39. NATIVE AMERICAN SMALL BUSINESS DEVELOPMENT PROGRAM.

''(a) DEFINITIONS.—In this section—

''(1) the term 'Alaska Native' has the same meaning as the term 'Native' in section 3(b) of the Alaska Native Claims Settlement Act (43 U.S.C. 1602(b));

''(2) the term 'Alaska Native corporation' has the same meaning as the term 'Native Corporation' in section 3(m) of the Alaska Native Claims Settlement Act (43 U.S.C. 1602(m));

"(3) the term 'Assistant Administrator' means the Assistant Administrator of the Office of Native American Affairs established under subsection (b);

"(4) the terms 'center' and 'Native American business center' mean a center established under subsection (c);

"(5) the term 'Native American business development center' means an entity providing business development assistance to federally recognized tribes and Native Americans under a grant from the Minority Business Development Agency of the Department of Commerce;

"(6) the term 'Native American small business concern' means a small business concern that is owned and controlled by—

"(A) a member of an Indian tribe or tribal government;

"(B) an Alaska Native or Alaska Native corporation; or

"(C) a Native Hawaiian or Native Hawaiian Organization;

"(7) the term 'Native Hawaiian' has the same meaning as in section 625 of the Older Americans Act of 1965 (42 U.S.C. 3057k);

"(8) the term 'Native Hawaiian Organization' has the same meaning as in section 8(a)(15);

"(9) the term 'tribal college' has the same meaning as the term 'tribally controlled college or university' has in section 2(a)(4) of the Tribally Controlled Community College Assistance Act of 1978 (25 U.S.C. 1801(a)(4));

"(10) the term 'tribal government' has the same meaning as the term 'Indian tribe' has in section 7501(a)(9) of title 31, United States Code; and

"(11) the term 'tribal lands' means all lands within the exterior boundaries of any Indian reservation.

"(b) OFFICE OF NATIVE AMERICAN AFFAIRS.—

"(1) ESTABLISHMENT.—There is established within the Administration the Office of Native American Affairs, which, under the direction of the Assistant Administrator, shall implement the Administration's programs for the development of business enterprises by Native Americans.

"(2) PURPOSE.—The purpose of the Office of Native American Affairs is to assist Native American entrepreneurs to—

"(A) start, operate, and grow small business concerns;

"(B) develop management and technical skills;

"(C) seek Federal procurement opportunities;

"(D) increase employment opportunities for Native Americans through the start and expansion of small business concerns; and

"(E) increase the access of Native Americans to capital markets.

"(3) ASSISTANT ADMINISTRATOR.—

"(A) APPOINTMENT.—The Administrator shall appoint a qualified individual to serve as Assistant Administrator of the Office of Native American Affairs in accordance with this paragraph.

"(B) QUALIFICATIONS.—The Assistant Administrator appointed under subparagraph (A) shall have—

"(i) knowledge of the Native American culture; and

"(ii) experience providing culturally tailored small business development assistance to Native Americans.

"(C) EMPLOYMENT STATUS.—The Assistant Administrator shall be a Senior Executive

Service position under section 3132(a)(2) of title 5, United States Code, and shall serve as a noncareer appointee, as defined in section 3132(a)(7) of title 5, United States Code.

"(D) RESPONSIBILITIES AND DUTIES.—The Assistant Administrator shall—

"(i) administer and manage the Native American Small Business Development program established under this section;

"(ii) recommend the annual administrative and program budgets for the Office of Native American Affairs;

"(iii) consult with Native American business centers in carrying out the program established under this section;

"(iv) recommend appropriate funding levels;

"(v) review the annual budgets submitted by each applicant for the Native American Small Business Development program;

"(vi) select applicants to participate in the program under this section;

"(vii) implement this section; and

"(viii) maintain a clearinghouse to provide for the dissemination and exchange of information between Native American business centers.

"(E) CONSULTATION REQUIREMENTS.—In carrying out the responsibilities and duties described in this paragraph, the Assistant Administrator shall confer with and seek the advice of—

"(i) Administration officials working in areas served by Native American business centers and Native American business development centers;

"(ii) representatives of tribal governments;

"(iii) tribal colleges;

"(iv) Alaska Native corporations; and

"(v) Native Hawaiian Organizations.

"(c) NATIVE AMERICAN SMALL BUSINESS DEVELOPMENT PROGRAM.—

"(1) AUTHORIZATION.—

"(A) IN GENERAL.—The Administration, through the Office of Native American Affairs, shall provide financial assistance to tribal governments, tribal colleges, Native Hawaiian Or-

ganizations, and Alaska Native corporations to create Native American business centers in accordance with this section.

"(B) USE OF FUNDS.—The financial and resource assistance provided under this subsection shall be used to overcome obstacles impeding the creation, development, and expansion of small business concerns, in accordance with this section, by—

"(i) reservation-based American Indians;

"(ii) Alaska Natives; and

"(iii) Native Hawaiians.

"(2) 5-YEAR PROJECTS.—

"(A) IN GENERAL.—Each Native American business center that receives assistance under paragraph (1)(A) shall conduct a 5-year project that offers culturally tailored business development assistance in the form of—

"(i) financial education, including training and counseling in—

"(I) applying for and securing business credit and investment capital;

"(II) preparing and presenting financial statements; and

"(III) managing cash flow and other financial operations of a business concern;

"(ii) management education, including training and counseling in planning, organizing, staffing, directing, and controlling each major activity and function of a small business concern; and

"(iii) marketing education, including training and counseling in—

"(I) identifying and segmenting domestic and international market opportunities;

"(II) preparing and executing marketing plans;

"(III) developing pricing strategies;

"(IV) locating contract opportunities;

"(V) negotiating contracts; and

"(VI) utilizing varying public relations and advertising techniques.

"(B) BUSINESS DEVELOPMENT ASSISTANCE RECIPIENTS.—The business development assistance under subparagraph (A) shall be offered to prospective and current owners of small business concerns that are owned by—

"(i) American Indians or tribal governments, and located on or near tribal lands;

"(ii) Alaska Natives or Alaska Native corporations; or

"(iii) Native Hawaiians or Native Hawaiian Organizations.

"(3) FORM OF FEDERAL FINANCIAL ASSISTANCE.—

"(A) DOCUMENTATION.—

"(i) IN GENERAL.—The financial assistance to Native American business centers authorized under this subsection may be made by grant, contract, or cooperative agreement.

"(ii) EXCEPTION.—Financial assistance under this subsection to Alaska Native corporations or Native Hawaiian Organizations may only be made by grant.

"(B) PAYMENTS.—

"(i) TIMING.—Payments made under this subsection may be disbursed in an annual lump sum or in periodic installments, at the request of the recipient.

"(ii) ADVANCE.—The Administration may disburse not more than 25 percent of the annual amount of Federal financial assistance awarded to a Native American small business center after notice of the award has been issued.

"(iii) NO MATCHING REQUIREMENT.—The Administration shall not require a grant recipient to match grant funding received under this subsection with non-Federal resources as a condition of receiving the grant.

"(4) CONTRACT AND COOPERATIVE AGREEMENT AUTHORITY.—A Native American business center may enter into a contract or cooperative agreement with a Federal department or agency to provide specific assistance to Native American and other underserved small business concerns located on or near tribal lands, to the extent that such contract or cooperative agreement is consistent with the

terms of any assistance received by the Native American business center from the Administration.

"(5) APPLICATION PROCESS.—

"(A) SUBMISSION OF A 5-YEAR PLAN.—Each applicant for assistance under paragraph (1) shall submit a 5-year plan to the Administration on proposed assistance and training activities.

"(B) CRITERIA.—

"(i) IN GENERAL.—The Administration shall evaluate and rank applicants in accordance with predetermined selection criteria that shall be stated in terms of relative importance.

"(ii) PUBLIC NOTICE.—The criteria required by this paragraph and their relative importance shall be made publicly available, within a reasonable time, and stated in each solicitation for applications made by the Administration.

"(iii) CONSIDERATIONS.—The criteria required by this paragraph shall include—

"(I) the experience of the applicant in conducting programs or ongoing efforts designed to impart or up-

grade the business skills of current or potential owners of Native American small business concerns;

"(II) the ability of the applicant to commence a project within a minimum amount of time;

"(III) the ability of the applicant to provide quality training and services to a significant number of Native Americans;

"(IV) previous assistance from the Administration to provide services in Native American communities; and

"(V) the proposed location for the Native American business center site, with priority given based on the proximity of the center to the population being served and to achieve a broad geographic dispersion of the centers.

"(6) PROGRAM EXAMINATION.—

"(A) IN GENERAL.—Each Native American business center established pursuant to this subsection shall annually provide the Administration with an itemized cost breakdown of

actual expenditures incurred during the preceding year.

"(B) ADMINISTRATION ACTION.—Based on information received under subparagraph (A), the Administration shall—

"(i) develop and implement an annual programmatic and financial examination of each Native American business center assisted pursuant to this subsection; and

"(ii) analyze the results of each examination conducted under clause (i) to determine the programmatic and financial viability of each Native American business center.

"(C) CONDITIONS FOR CONTINUED FUNDING.—In determining whether to renew a grant, contract, or cooperative agreement with a Native American business center, the Administration—

"(i) shall consider the results of the most recent examination of the center under subparagraph (B), and, to a lesser extent, previous examinations; and

"(ii) may withhold such renewal, if the Administration determines that—

"(I) the center has failed to provide adequate information required to be provided under subparagraph (A), or the information provided by the center is inadequate; or

"(II) the center has failed to provide adequate information required to be provided by the center for purposes of the report of the Administration under subparagraph (E).

"(D) CONTINUING CONTRACT AND COOPERATIVE AGREEMENT AUTHORITY.—

"(i) IN GENERAL.—The authority of the Administrator to enter into contracts or cooperative agreements in accordance with this subsection shall be in effect for each fiscal year only to the extent and in the amounts as are provided in advance in appropriations Acts.

"(ii) RENEWAL.—After the Administrator has entered into a contract or cooperative agreement with any Native American business center under this subsection, it shall not suspend, terminate, or fail to renew or extend any such contract or coop-

erative agreement unless the Administrator provides the center with written notification setting forth the reasons therefore and affords the center an opportunity for a hearing, appeal, or other administrative proceeding under chapter 5 of title 5, United States Code.

"(E) MANAGEMENT REPORT.—

"(i) IN GENERAL.—The Administration shall prepare and submit to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives an annual report on the effectiveness of all projects conducted by Native American business centers under this subsection and any pilot programs administered by the Office of Native American Affairs.

"(ii) CONTENTS.—Each report submitted under clause (i) shall include, with respect to each Native American business center receiving financial assistance under this subsection—

"(I) the number of individuals receiving assistance from the Native American business center;

"(II) the number of startup business concerns created;

"(III) the number of existing businesses seeking to expand employment;

"(IV) jobs created or maintained, on an annual basis, by Native American small business concerns assisted by the center since receiving funding under this Act;

"(V) to the maximum extent practicable, the capital investment and loan financing utilized by emerging and expanding businesses that were assisted by a Native American business center; and

"(VI) the most recent examination, as required under subparagraph (B), and the subsequent determination made by the Administration under that subparagraph.

"(7) ANNUAL REPORT.—Each entity receiving financial assistance under this subsection shall annually report to the Administration on the services provided with such financial assistance, including—

"(A) the number of individuals assisted, categorized by ethnicity;

"(B) the number of hours spent providing counseling and training for those individuals;

"(C) the number of startup small business concerns created or maintained;

"(D) the gross receipts of assisted small business concerns;

"(E) the number of jobs created or maintained at assisted small business concerns; and

"(F) the number of Native American jobs created or maintained at assisted small business concerns.

"(8) RECORD RETENTION.—

"(A) APPLICATIONS.—The Administration shall maintain a copy of each application submitted under this subsection for not less than 7 years.

"(B) ANNUAL REPORTS.—The Administration shall maintain copies of the information collected under paragraph (6)(A) indefinitely.

"(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $5,000,000 for each of the fiscal years 2006 through 2010, to carry out the Native American Small Business Development Program, authorized under subsection (c).".

SEC. 1603. PILOT PROGRAMS.

(a) DEFINITIONS.—In this section:

(1) INCORPORATION BY REFERENCE.—The terms defined in section 39(a) of the Small Business Act (as added by this title) have the same meanings as in that section 39(a) when used in this section.

(2) JOINT PROJECT.—The term "joint project" means the combined resources and expertise of 2 or more distinct entities at a physical location dedicated to assisting the Native American community.

(b) NATIVE AMERICAN DEVELOPMENT GRANT PILOT PROGRAM.—

(1) AUTHORIZATION.—

(A) IN GENERAL.—There is established a 4-year pilot program under which the Administration is authorized to award Native American development grants to provide culturally tailored business development training and related services to Native Americans and Native American small business concerns.

(B) ELIGIBLE ORGANIZATIONS.—The grants authorized under subparagraph (A) may be awarded to—

(i) any small business development center; or

(ii) any private, nonprofit organization that—

(I) has members of an Indian tribe comprising a majority of its board of directors;

(II) is a Native Hawaiian Organization; or

(III) is an Alaska Native corporation.

(C) AMOUNTS.—The Administration shall not award a grant under this subsection in an amount which exceeds $100,000 for each year of the project.

(D) GRANT DURATION.—Each grant under this subsection shall be awarded for not less than a 2-year period and not more than a 4-year period.

(2) CONDITIONS FOR PARTICIPATION.—Each entity desiring a grant under this subsection shall

1 submit an application to the Administration that
2 contains—
3 (A) a certification that the applicant—
4 (i) is a small business development
5 center or a private, nonprofit organization
6 under paragraph (1)(B);
7 (ii) employs an executive director or
8 program manager to manage the facility;
9 and
10 (iii) agrees—
11 (I) to a site visit as part of the
12 final selection process;
13 (II) to an annual programmatic
14 and financial examination; and
15 (III) to the maximum extent
16 practicable, to remedy any problems
17 identified pursuant to that site visit or
18 examination;
19 (B) information demonstrating that the
20 applicant has the ability and resources to meet
21 the needs, including cultural needs, of the Na-
22 tive Americans to be served by the grant;
23 (C) information relating to proposed assist-
24 ance that the grant will provide, including—

(i) the number of individuals to be assisted; and

(ii) the number of hours of counseling, training, and workshops to be provided;

(D) information demonstrating the effective experience of the applicant in—

(i) conducting financial, management, and marketing assistance programs designed to impart or upgrade the business skills of current or prospective Native American business owners;

(ii) providing training and services to a representative number of Native Americans;

(iii) using resource partners of the Administration and other entities, including universities, tribal governments, or tribal colleges; and

(iv) the prudent management of finances and staffing;

(E) the location where the applicant will provide training and services to Native Americans; and

(F) a multiyear plan, corresponding to the length of the grant, that describes—

(i) the number of Native Americans and Native American small business concerns to be served by the grant;

(ii) in the continental United States, the number of Native Americans to be served by the grant; and

(iii) the training and services to be provided to a representative number of Native Americans.

(3) REVIEW OF APPLICATIONS.—The Administration shall—

(A) evaluate and rank applicants under paragraph (2) in accordance with predetermined selection criteria that is stated in terms of relative importance;

(B) include such criteria in each solicitation under this subsection and make such information available to the public; and

(C) approve or disapprove each completed application submitted under this subsection not later than 60 days after the date of submission.

(4) ANNUAL REPORT.—Each recipient of a Native American development grant under this subsection shall annually report to the Administration on the impact of the grant funding, including—

(A) the number of individuals assisted, categorized by ethnicity;

(B) the number of hours spent providing counseling and training for those individuals;

(C) the number of startup small business concerns created or maintained with assistance from a Native American business center;

(D) the gross receipts of assisted small business concerns;

(E) the number of jobs created or maintained at assisted small business concerns; and

(F) the number of Native American jobs created or maintained at assisted small business concerns.

(5) RECORD RETENTION.—

(A) APPLICATIONS.—The Administration shall maintain a copy of each application submitted under this subsection for not less than 7 years.

(B) ANNUAL REPORTS.—The Administration shall maintain copies of the information collected under paragraph (4) indefinitely.

(c) AMERICAN INDIAN TRIBAL ASSISTANCE CENTER GRANT PILOT PROGRAM.—

(1) AUTHORIZATION.—

(A) IN GENERAL.—There is established a 4-year pilot program, under which the Administration shall award not less than 3 American Indian Tribal Assistance Center grants to establish joint projects to provide culturally tailored business development assistance to prospective and current owners of small business concerns located on or near tribal lands.

(B) ELIGIBLE ORGANIZATIONS.—

(i) CLASS 1.—Not fewer than 1 grant shall be awarded to a joint project performed by a Native American business center, a Native American business development center, and a small business development center.

(ii) CLASS 2.—Not fewer than 2 grants shall be awarded to joint projects performed by a Native American business center and a Native American business development center.

(C) AMOUNTS.—The Administration shall not award a grant under this subsection in an amount which exceeds $200,000 for each year of the project.

(D) GRANT DURATION.—Each grant under this subsection shall be awarded for a 3-year period.

(2) CONDITIONS FOR PARTICIPATION.—Each entity desiring a grant under this subsection shall submit to the Administration a joint application that contains—

(A) a certification that each participant of the joint application—

(i) is either a Native American business center, a Native American business development center, or a small business development center;

(ii) employs an executive director or program manager to manage the center; and

(iii) as a condition of receiving an American Indian Tribal Assistance Center grant, agrees—

(I) to an annual programmatic and financial examination; and

(II) to the maximum extent practicable, to remedy any problems identified pursuant to that examination;

(B) information demonstrating an historic commitment to providing assistance to Native Americans—

(i) residing on or near tribal lands; or

(ii) operating a small business concern on or near tribal lands;

(C) information demonstrating that each participant of the joint application has the ability and resources to meet the needs, including the cultural needs, of the Native Americans to be served by the grant;

(D) information relating to proposed assistance that the grant will provide, including—

(i) the number of individuals to be assisted; and

(ii) the number of hours of counseling, training, and workshops to be provided;

(E) information demonstrating the effective experience of each participant of the joint application in—

(i) conducting financial, management, and marketing assistance programs, designed to impart or upgrade the business skills of current or prospective Native American business owners; and

(ii) the prudent management of finances and staffing; and

(F) a plan for the length of the grant, that describes—

(i) the number of Native Americans and Native American small business concerns to be served by the grant; and

(ii) the training and services to be provided.

(3) REVIEW OF APPLICATIONS.—The Administration shall—

(A) evaluate and rank applicants under paragraph (2) in accordance with predetermined selection criteria that is stated in terms of relative importance;

(B) include such criteria in each solicitation under this subsection and make such information available to the public; and

(C) approve or disapprove each application submitted under this subsection not later than 60 days after the date of submission.

(4) ANNUAL REPORT.—Each recipient of an American Indian tribal assistance center grant under this subsection shall annually report to the Administration on the impact of the grant funding

received during the reporting year, and the cumulative impact of the grant funding received since the initiation of the grant, including—

(A) the number of individuals assisted, categorized by ethnicity;

(B) the number of hours of counseling and training provided and workshops conducted;

(C) the number of startup business concerns created or maintained with assistance from a Native American business center;

(D) the gross receipts of assisted small business concerns;

(E) the number of jobs created or maintained at assisted small business concerns; and

(F) the number of Native American jobs created or maintained at assisted small business concerns.

(5) RECORD RETENTION.—

(A) APPLICATIONS.—The Administration shall maintain a copy of each application submitted under this subsection for not less than 7 years.

(B) ANNUAL REPORTS.—The Administration shall maintain copies of the information collected under paragraph (4) indefinitely.

(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated—

(1) $1,000,000 for each of the fiscal years 2006 through 2009, to carry out the Native American Development Grant Pilot Program, authorized under subsection (b); and

(2) $1,000,000 for each of the fiscal years 2006 through 2009, to carry out the American Indian Tribal Assistance Center Grant Pilot Program, authorized under subsection (c).

TITLE XVII—NATIONAL SMALL BUSINESS REGULATORY ASSISTANCE

SEC. 1701. SHORT TITLE.

This title may be cited as the ''National Small Business Regulatory Assistance Act of 2006''.

SEC. 1702. PURPOSE.

The purpose of this title is to establish a 4-year pilot program to—

(1) provide confidential assistance to small business concerns;

(2) provide small business concerns with the information necessary to improve their rate of compliance with Federal and State regulations derived from Federal law;

(3) create a partnership among Federal agencies to increase outreach efforts to small business concerns with respect to regulatory compliance;

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

(5) expand the services delivered by the small business development centers under section 21(c)(3)(H) of the Small Business Act to improve access to programs to assist small business concerns with regulatory compliance.

SEC. 1703. SMALL BUSINESS REGULATORY ASSISTANCE PILOT PROGRAM.

(a) DEFINITIONS.—In this section:

(1) ASSOCIATION.—The term ''association'' means the association established pursuant to section 21(a)(3)(A) of the Small Business Act (15 U.S.C. 648(a)(3)(A)) representing a majority of small business development centers.

(2) PARTICIPATING SMALL BUSINESS DEVELOPMENT CENTER.—The term ''participating small business development center'' means a small business development center participating in the pilot program established under this title.

(3) REGULATORY COMPLIANCE ASSISTANCE.—The term ''regulatory compliance assistance'' means assistance provided by a small business development center to a small business concern to assist and facilitate the concern in complying with Federal and State regulatory requirements derived from Federal law.

(4) SMALL BUSINESS DEVELOPMENT CENTER.—The term ''small business development center'' means a small business development center described in section 21 of the Small Business Act (15 U.S.C. 648).

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

(b) AUTHORITY.—In accordance with this section, the Administrator shall establish a pilot program to provide regulatory compliance assistance to small business concerns through participating small business development centers.

(c) SMALL BUSINESS DEVELOPMENT CENTERS.—

(1) IN GENERAL.—In carrying out the pilot program established under this section, the Administrator shall enter into arrangements with partici-

pating small business development centers under which such Centers shall—

(A) provide access to information and resources, including current Federal and State nonpunitive compliance and technical assistance programs similar to those established under section 507 of the Clean Air Act Amendments of 1990 (42 U.S.C. 7661f);

(B) conduct training and educational activities;

(C) offer confidential, free of charge, one-on-one, in-depth counseling to the owners and operators of small business concerns regarding compliance with Federal and State regulations derived from Federal law, provided that such counseling is not considered to be the practice of law in a State in which a small business development center is located or in which such counseling is conducted;

(D) provide technical assistance;

(E) give referrals to experts and other providers of compliance assistance who meet such standards for educational, technical, and professional competency as are established by the Administrator; and

(F) form partnerships with Federal compliance programs.

(2) REPORTS.—Each participating small business development center shall transmit to the Administrator and the Chief Counsel for Advocacy of the Small Business Administration, as the Administrator may direct, a quarterly report that includes—

(A) a summary of the regulatory compliance assistance provided by the Center under the pilot program;

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

(C) for every fourth report, any regulatory compliance information based on Federal law that a Federal or State agency has provided to the center during the preceding year and requested that it be disseminated to small business concerns.

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

(e) SELECTION OF PARTICIPATING SMALL BUSINESS DEVELOPMENT CENTERS.—

(1) GROUPINGS.—

(A) CONSULTATION.—The Administrator shall select the small business development center Programs of 2 States from each of the groups of States described in subparagraph (B) to participate in the pilot program established under this section.

(B) GROUPS.—The groups described in this subparagraph as follows:

(i) GROUP 1.—Group 1 shall consist of Maine, Massachusetts, New Hampshire, Connecticut, Vermont, and Rhode Island.

(ii) GROUP 2.—Group 2 shall consist of New York, New Jersey, Puerto Rico, and the Virgin Islands.

(iii) GROUP 3.—Group 3 shall consist of Pennsylvania, Maryland, West Virginia, Virginia, the District of Columbia, and Delaware.

(iv) GROUP 4.—Group 4 shall consist of Georgia, Alabama, North Carolina, South Carolina, Mississippi, Florida, Kentucky, and Tennessee.

(v) GROUP 5.—Group 5 shall consist of Illinois, Ohio, Michigan, Indiana, Wisconsin, and Minnesota.

(vi) GROUP 6.—Group 6 shall consist of Texas, New Mexico, Arkansas, Oklahoma, and Louisiana.

(vii) GROUP 7.—Group 7 shall consist of Missouri, Iowa, Nebraska, and Kansas.

(viii) GROUP 8.—Group 8 shall consist of Colorado, Wyoming, North Dakota, South Dakota, Montana, and Utah.

(ix) GROUP 9.—Group 9 shall consist of California, Guam, American Samoa, Hawaii, Nevada, and Arizona.

(x) GROUP 10.—Group 10 shall consist of Washington, Alaska, Idaho, and Oregon.

(2) DEADLINE FOR SELECTION.—The Administrator shall make selections under this subsection not later than 6 months after the date of publication of final regulations under section 1704.

(f) MATCHING REQUIREMENT.—Subparagraphs (A) and (B) of section 21(a)(4) of the Small Business Act (15 U.S.C. 648(a)(4)) shall apply to assistance made available under the pilot program established under this section.

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

(1) not less than $150,000 per fiscal year; and

(2) not more than $300,000 per fiscal year.

(h) EVALUATION AND REPORT.—The Comptroller General of the United States shall—

(1) not later than 30 months after the date of disbursement of the first grant under the pilot program established under this section, initiate an evaluation of the pilot program; and

(2) not later than 6 months after the date of the initiation of the evaluation under paragraph (1), transmit to the Administrator, the Chief Counsel for Advocacy, the Committee on Small Business and Entrepreneurship of the Senate, and the Committee on Small Business of the House of Representatives, a report containing—

(A) the results of the evaluation; and

(B) any recommendations as to whether the pilot program, with or without modification, should be extended to include the participation of all small business development centers.

(i) POSTING OF INFORMATION.—Not later than 90 days after the date of enactment of this Act, the Adminis-

trator shall post on the website of the Administration and publish in the Federal Register a guidance document describing the requirements of an application for assistance under this section.

(j) AUTHORIZATION OF APPROPRIATIONS.—

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

(A) $5,000,000 for the first fiscal year beginning after the date of enactment of this Act; and

(B) $5,000,000 for each of the 3 fiscal years following the fiscal year described in subparagraph (A).

(2) LIMITATION ON USE OF OTHER FUNDS.—The Administrator may carry out the pilot program established under this section only with amounts appropriated in advance specifically to carry out this section.

(k) TERMINATION.—The Small Business Regulatory Assistance Pilot Program established under this section shall terminate 4 years after the date of disbursement of the first grant under the pilot program.

SEC. 1704. RULEMAKING.

After providing notice and an opportunity for comment, and after consulting with the association (but not

later than 180 days after the date of enactment of this Act), the Administrator shall promulgate final regulations to carry out this title, including regulations that establish—

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

(2) standards relating to educational, technical, and support services to be provided by participating small business development centers;

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

(4) standards relating to any work plan that the Administrator may require a participating small business development center to develop; and

(5) standards relating to the educational, technical, and professional competency of any expert or other assistance provider to whom a small business concern may be referred for compliance assistance under the pilot program.

TITLE XVIII—INTERMEDIARY LENDING PILOT PROGRAM

SEC. 1801. SHORT TITLE.

This title may be cited as the ''Small Business Intermediary Lending Pilot Program Act of 2006''.

SEC. 1802. FINDINGS.

Congress finds the following:

(1) Small and emerging businesses, particularly startups and businesses that lack sufficient or conventional collateral, continue to face barriers accessing midsized loans in amounts between $35,000 and $200,000, with affordable terms and conditions.

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

(A) credit scoring techniques replacing relationship-based lending, which often works to the disadvantage of small or start-up businesses that do not conform with a bank's standardized credit formulas; and

(B) less flexible terms and conditions, which are often necessary for small and emerging businesses.

(3) In the environment described in paragraphs (1) and (2), nonprofit intermediary lenders, including community development corporations, provide financial resources that supplement the small business lending and investments of a bank by—

(A) providing riskier, up front, or subordinated capital;

(B) offering flexible terms and underwriting procedures; and

(C) providing technical assistance to businesses in order to reduce the transaction costs and risk exposure of banks.

(4) Several Federal programs, including the Microloan Program under section 7(m) of the Small Business Act (15 U.S.C. 636(m)) and the Intermediary Relending Program of the Department of Agriculture, have demonstrated the effectiveness of working through nonprofit intermediaries to address the needs of small business concerns that are unable to access capital through conventional sources.

(5) More than 1,000 nonprofit intermediary lenders in the United States are—

(A) successfully providing financial and technical assistance to small and emerging businesses;

(B) working with banks and other lenders to leverage additional capital for their business borrowers; and

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

SEC. 1803. SMALL BUSINESS INTERMEDIARY LENDING PILOT PROGRAM.

(a) IN GENERAL.—Section 7 of the Small Business Act (15 U.S.C. 636) is amended by inserting after subsection (k) the following:

''(l) SMALL BUSINESS INTERMEDIARY LENDING PROGRAM.—

''(1) DEFINITIONS.—In this subsection—

''(A) the term 'intermediary' means a private, nonprofit entity that seeks to borrow, or has borrowed, funds from the Administration to provide midsize loans to small business concerns under this subsection, including—

''(i) a private, nonprofit community development corporation;

''(ii) a consortium of private, nonprofit organizations or nonprofit community development corporations;

"(iii) a quasi-governmental economic development entity (such as a planning and development district), other than a State, county, or municipal government; and

"(iv) an agency of or nonprofit entity established by a Native American Tribal Government; and

"(B) the term 'midsize loan' means a fixed rate loan of not less than $35,000 and not more than $200,000, made by an intermediary to a startup, newly established, or growing small business concern.

"(2) ESTABLISHMENT.—There is established a 3-year small business intermediary lending pilot program (referred to in this subsection as the 'Program'), under which the Administration may provide direct loans to eligible intermediaries, for the purpose of making fixed interest rate midsize loans to startup, newly established, and growing small business concerns.

"(3) PURPOSES.—The purposes of the Program are—

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

"(B) to create employment opportunities for low-income individuals;

"(C) to establish a midsize loan program to be administered by the Administration to provide loans to eligible intermediaries to enable such intermediaries to provide small scale loans, particularly loans in amounts averaging not more than $150,000, to startup, newly established, or growing small business concerns for working capital or the acquisition of materials, supplies, or equipment;

"(D) to test the effectiveness of nonprofit intermediaries—

"(i) as a delivery system for a midsize loan program; and

"(ii) in addressing the credit needs of small business concerns and leveraging other sources of credit; and

"(E) to determine the advisability and feasibility of implementing a midsize loan program nationwide.

"(4) ELIGIBILITY FOR PARTICIPATION.—An intermediary shall be eligible to receive loans under the Program if the intermediary has not less than 1 year of experience making loans to startup, newly established, or growing small business concerns.

"(5) LOANS TO INTERMEDIARIES.—

"(A) APPLICATION.—Each intermediary desiring a loan under this subsection shall submit an application to the Administration that describes—

"(i) the type of small business concerns to be assisted;

"(ii) the size and range of loans to be made;

"(iii) the geographic area to be served and its economic, poverty, and unemployment characteristics;

"(iv) the status of small business concerns in the area to be served and an analysis of the availability of credit; and

"(v) the qualifications of the applicant to carry out this subsection.

"(B) LOAN LIMITS.—Notwithstanding subsection (a)(3), no loan may be made to an intermediary under this subsection if the total

amount outstanding and committed to the intermediary from the business loan and investment fund established by this Act would, as a result of such loan, exceed $1,000,000 during the participation of the intermediary in the Program.

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

"(D) APPLICABLE INTEREST RATES.—Loans made by the Administration to an intermediary under the Program shall bear an annual interest rate equal to 1.00 percent.

"(E) FEES; COLLATERAL.—The Administration may not charge any fees or require collateral with respect to any loan made to an intermediary under this subsection.

"(F) LEVERAGE.—Any loan to a small business concern under this subsection shall not exceed 75 percent of the total cost of the project funded by such loan, with the remaining funds being leveraged from other sources, including—

"(i) banks or credit unions;

"(ii) community development financial institutions; and

"(iii) other sources with funds available to the intermediary lender.

"(G) DELAYED PAYMENTS.—The Administration shall not require the repayment of principal or interest on a loan made to an intermediary under the Program during the first 2 years of the loan.

"(6) PROGRAM FUNDING FOR MIDSIZE LOANS.—

"(A) NUMBER OF PARTICIPANTS.—Under the Program, the Administration may provide loans, on a competitive basis, to not more than 20 intermediaries.

"(B) EQUITABLE DISTRIBUTION OF INTERMEDIARIES.—The Administration shall select and provide funding under the Program to such intermediaries as will ensure geographic diversity and representation of urban and rural communities.

"(7) REPORT TO CONGRESS.—

"(A) INITIAL REPORT.—Not later than 30 months after the date of enactment of the Small Business Intermediary Lending Pilot

Program Act of 2006, the Administration shall submit a report containing an evaluation of the effectiveness of the Program to—

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

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

"(B) ANNUAL REPORT.—Not later than 12 months after the date of enactment of the Small Business Intermediary Lending Pilot Program Act of 2006, and annually thereafter, the Administration shall submit a report containing an evaluation of the effectiveness of the Program to the Committees described in subparagraph (A).

"(C) CONTENTS.—The reports submitted under subparagraphs (A) and (B) shall include—

"(i) the numbers and locations of the intermediaries receiving funds to provide midsize loans;

"(ii) the amounts of each loan to an intermediary;

"(iii) the numbers and amounts of midsize loans made by intermediaries to small business concerns;

"(iv) the repayment history of each intermediary;

"(v) a description of the loan portfolio of each intermediary, including the extent to which it provides midsize loans to small business concerns in rural and economically depressed areas;

"(vi) an estimate of the number of low-income individuals who have been employed as a direct result of the Program; and

"(vii) any recommendations for legislative changes that would improve the operation of the Program.".

(b) RULEMAKING AUTHORITY.—Not later than 180 days after the date of enactment of this Act, the Administrator shall issue regulations to carry out section 7(l) of the Small Business Act, as added by subsection (a).

(c) AUTHORIZATION OF APPROPRIATIONS.—

(1) IN GENERAL.—There are authorized to be appropriated to the Administration such sums as may be necessary for each of the fiscal years 2007

through 2009 to provide $20,000,000 in loans under section 7(l) of the Small Business Act, as added by subsection (a).

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

TITLE XIX—OTHER PROVISIONS

SEC. 1901. COMPLIANCE ASSISTANCE.

(a) IN GENERAL.—Section 212(a) of the Small Business Regulatory Enforcement Fairness Act of 1996 (5 U.S.C. 601 note) is amended to read as follows:

''(a) COMPLIANCE GUIDE.—

''(1) IN GENERAL.—For each rule or group of related rules for which an agency is required to prepare a final regulatory flexibility analysis under section 605(b) of title 5, United States Code, the agency shall publish 1 or more guides to assist small entities in complying with the rule, and shall entitle such publications 'small entity compliance guides'.

''(2) PUBLICATION OF GUIDES.—The publication of each guide under this subsection shall include—

''(A) the posting of the guide in an easily identified location on the website of the agency; and

"(B) distribution of the guide to known industry contacts, such as small entities, associations, or industry leaders affected by the rule.

"(3) PUBLICATION DATE.—An agency shall publish each guide (including the posting and distribution of the guide as described under paragraph (2))—

"(A) on the same date as the date of publication of the final rule (or as soon as possible after that date); and

"(B) not later than the date on which the requirements of that rule become effective.

"(4) COMPLIANCE ACTIONS.—

"(A) IN GENERAL.—Each guide shall explain the actions which a small entity is required to take to comply with a rule.

"(B) EXPLANATION.—The explanation under subparagraph (A)—

"(i) shall include a description of actions needed to meet the requirements of a rule, to enable a small entity to know when such requirements are met; and

"(ii) if determined appropriate by the agency, may include a description of possible procedures, such as conducting tests,

that may assist a small entity in meeting such requirements.

"(C) PROCEDURES.—Procedures described under subparagraph (B)(ii)—

"(i) shall be suggestions to assist small entities; and

"(ii) shall not be additional requirements relating to the rule.

"(5) AGENCY PREPARATION OF GUIDES.—The agency shall, in its sole discretion, taking into account the subject matter of the rule and the language of relevant statutes, ensure that the guide is written using sufficiently plain language likely to be understood by affected small entities. Agencies may prepare separate guides covering groups or classes of similarly affected small entities and may cooperate with associations of small entities to develop and distribute such guides. An agency may prepare guides and apply this section with respect to a rule or a group of related rules.

"(6) REPORTING.—Not later than 1 year after the date of enactment of the Small Business Reauthorization and Improvements Act of 2006, and annually thereafter, the head of each agency shall submit a report to the Committee on Small Business

and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives describing the status of the agency's compliance with paragraphs (1) through (5).''.

(b) TECHNICAL AND CONFORMING AMENDMENT.—Section 211(3) of the Small Business Regulatory Enforcement Fairness Act of 1996 (5 U.S.C. 601 note) is amended by inserting ''and entitled'' after ''designated''.

SEC. 1902. APPOINTMENT OF OFFICIALS.

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

(1) by inserting ''(A)'' after ''(b)(1)''; and

(2) by adding at the end the following:

''(B) The following officials of the Administration shall be appointed by and with the advice and consent of the Senate:

''(i) The General Counsel.

''(ii) The Associate Deputy Administrator for Capital Access.

''(iii) The Associate Deputy Administrator for Management and Administration.

''(iv) The Associate Deputy Administrator for Entrepreneurial Development.

''(v) The Associate Deputy Administrator for Government Contracting and Business Development.

"(vi) The Associate Administrator for Disaster Assistance.".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect with respect to any appointment made after the date of enactment of this Act.

SEC. 1903. SECOND-STAGE PILOT PROGRAM.

(a) PURPOSE.—The purpose of this section is to establish a 3-year pilot program to—

(1) identify second-stage small business concerns that have the capacity for significant business growth and job creation;

(2) facilitate business growth and job creation by second-stage small business concerns through the development of peer learning opportunities;

(3) utilize the network of small business development centers to expand access to peer learning opportunities for second-stage small business concerns; and

(4) assist businesses owned by minority individuals, service-disabled veterans, and women.

(b) DEFINITIONS.—In this section:

(1) COMMUNITY COLLEGE.—The term "community college" has the meaning given that term in section 3301(3) of the Higher Education Act of 1965 (20 U.S.C. 7011(3)).

(2) ELIGIBLE ENTITIES.—The term ''eligible entity'' means an entity that—

(A) is eligible to receive funding under section 21 of the Small Business Act (15 U.S.C. 648); and

(B) submits to the Administrator an application that includes—

(i) a plan to—

(I) offer peer learning opportunities to second-stage small business concerns; and

(II) transition to providing such opportunities using nongovernmental funding; and

(ii) any other information and assurances that the Administrator may require.

(3) HISTORICALLY BLACK COLLEGE.—The term ''historically Black college'' means a part B institution, as defined in section 322(2) of the Higher Education Act of 1965 (20 U.S.C. 1061(2)).

(4) HISPANIC-SERVING INSTITUTION.—The term ''Hispanic-serving institution'' has the meaning given that term in section 502(a)(5) of the Higher Education Act of 1965 (20 U.S.C. 1101a(a)(5)).

(5) MINORITY INSTITUTION.—The term ''minority institution'' has the meaning given that term in section 365(3) of the Higher Education Act of 1965 (20 U.S.C. 1067k(3)).

(6) PEER LEARNING OPPORTUNITIES.—The term ''peer learning opportunities'' means formally organized peer groups of owners, presidents and chief executive officers in noncompeting second-stage business concerns, meeting regularly with a professionally trained facilitator.

(7) PILOT PROGRAM.—The term ''pilot program'' means the program established under subsection (c)(1).

(8) SECOND-STAGE SMALL BUSINESS CONCERN.—

(A) IN GENERAL.—The term ''second-stage small business concern'' means a small business concern that—

(i) has experienced high growth demonstrated by—

(I) an average annual revenue or employee growth rate of at least 15 percent during the preceding 3 years; or

(II) a combination of any 3 of the attributes described in subparagraph (B); and

(ii) does not exceed the size standard for the North American Industrial Classification System code of such concern, as established pursuant to section 3(a) of the Small Business Act (15 U.S.C. 632(a)).

(B) ATTRIBUTES.—The attributes described in this subparagraph are—

(i) owning proprietary intellectual property;

(ii) addressing an underserved or growing market;

(iii) having a sustainable competitive advantage;

(iv) exporting goods or services outside of its community;

(v) having a product or service that is scalable to a large market; and

(vi) ownership by minority individuals, service-disabled veterans, or women.

(9) STATE.—The term ''State'' means each of the several States, the District of Columbia, the

Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.

(c) PILOT PROGRAM.—

(1) ESTABLISHMENT.—The Administrator shall establish and carry out a pilot program to make grants to eligible entities for the development of peer learning opportunities for second-stage small business concerns in accordance with this section.

(2) SELECTION OF GRANT RECIPIENTS.—

(A) IN GENERAL.—The Administrator shall select 2 eligible entities from each of the 10 regions described in subparagraph (C) to receive grants.

(B) CRITERIA FOR SELECTION.—The Administrator shall evaluate the plans described in subsection (b)(2) submitted by eligible entities and select eligible entities to receive grants on the basis of the merit of such plans.

(C) REGIONS DESCRIBED.—The regions described in this subparagraph are as follows:

(i) REGION 1.—Maine, Massachusetts, New Hampshire, Connecticut, Vermont, and Rhode Island.

(ii) REGION 2.—New York, New Jersey, Puerto Rico, and the Virgin Islands.

(iii) REGION 3.—Pennsylvania, Maryland, West Virginia, Virginia, the District of Columbia, and Delaware.

(iv) REGION 4.—Georgia, Alabama, North Carolina, South Carolina, Mississippi, Florida, Kentucky, and Tennessee.

(v) REGION 5.—Illinois, Ohio, Michigan, Indiana, Wisconsin, and Minnesota.

(vi) REGION 6.—Texas, New Mexico, Arkansas, Oklahoma, and Louisiana.

(vii) REGION 7.—Missouri, Iowa, Nebraska, and Kansas.

(viii) REGION 8.—Colorado, Wyoming, North Dakota, South Dakota, Montana, and Utah.

(ix) REGION 9.—California, Guam, Hawaii, Nevada, Arizona, and American Samoa.

(x) REGION 10.—Washington, Alaska, Idaho, and Oregon.

(D) CONSULTATION.—If small business development centers have formed an association to pursue matters of common concern as authorized under section 21(a)(3)(A) of the Small Business Act (15 U.S.C. 648(a)(3)(A)), the Ad-

ministrator shall consult with such association and give substantial weight to the recommendations of such association in selecting the grant recipients under this subsection.

(E) DEADLINE FOR INITIAL SELECTIONS.—The Administrator shall make selections under subparagraph (A) not later than 60 days after the promulgation of regulations under subsection (d).

(3) USE OF FUNDS.—An eligible entity that receives a grant under the pilot program shall use the grant to—

(A) identify second-stage small business concerns in the service delivery areas of the eligible entity; and

(B) establish and conduct peer learning opportunities for such second-stage small business concerns.

(4) AMOUNT OF GRANT.—

(A) IN GENERAL.—Except as provided in subparagraph (B), a grant under the pilot program shall be in an amount that does not exceed the product obtained by multiplying—

(i) the amount made available for grants under the pilot program for the fiscal year for which the grant is made; and

(ii) the ratio that the population of the State in which the eligible entity is located bears to the aggregate population the States in which eligible entities receiving grants for that fiscal year are located.

(B) MINIMUM AMOUNT OF GRANT.—A grant under the pilot program shall be in an amount not less than $50,000.

(5) MATCHING REQUIREMENT.—As a condition of a grant under the pilot program, the Administrator shall require that a matching amount be provided from sources other than the Federal Government that—

(A) is equal to the amount of the grant, or in the case of an eligible entity that is a community college, historically Black college, Hispanic-serving institution, or other minority institution, is equal to 50 percent of the amount of the grant;

(B) is not less than 50 percent cash;

(C) is not more than 50 percent comprised of indirect costs and in-kind contributions; and

(D) does not include any indirect cost or in-kind contribution derived from any Federal program.

(6) QUARTERLY REPORT TO ADMINISTRATOR.—

(A) IN GENERAL.—Each eligible entity that receives a grant under the pilot program shall submit to the Administrator a quarterly report that includes—

(i) a summary of the peer learning opportunities established by the eligible entity using grant funds;

(ii) the number of second-stage small business concerns assisted using grant funds; and

(iii) in the case of an eligible entity that receives a grant for a second fiscal year or any subsequent fiscal year—

(I) any measurable economic impact data resulting from the peer learning opportunities established using grant funds; and

(II) the number of peer learning opportunities established by the eligible entity that have transitioned from operating using Government funds to

operating without using Government funds.

(B) FORM OF REPORT.—Each report required under subparagraph (A) shall be transmitted in electronic form.

(7) DATA REPOSITORY AND CLEARINGHOUSE.—In carrying out the pilot program, the Administrator shall act as the repository of and clearinghouse for data and information submitted by the eligible entities.

(8) ANNUAL REPORT ON PILOT PROGRAM.—Not later than November 1 of each year, the Administrator shall submit to the President and to Congress, a report evaluating the success of the pilot program during the preceding fiscal year, which shall include the following:

(A) A description of the types of peer learning opportunities provided with grant funds.

(B) The number of second-stage small business concerns assisted with grant funds.

(C) For fiscal year 2007 and each subsequent fiscal year of the pilot program—

(i) data regarding the economic impact of the peer learning opportunities provided with grant funds; and

(ii) the number of peer learning opportunities established by grant recipients that have transitioned from operating using Government funds to operating without using Government funds.

(9) PRIVACY REQUIREMENT.—

(A) IN GENERAL.—A small business development center, consortium of small business development centers, or contractor or agent of a small business development center shall not disclose the name, address, or telephone number of any individual or small business concern receiving assistance under this section without the consent of such individual or small business concern, unless—

(i) the Administrator is ordered to make such a disclosure by a court in any civil or criminal enforcement action initiated by a Federal or State agency; or

(ii) the Administrator considers such a disclosure to be necessary for the purpose of conducting a financial audit of a

small business development center, but a disclosure under this clause shall be limited to the information necessary for such audit.

(B) ADMINISTRATOR USE OF INFORMATION.—The privacy requirement under this paragraph shall not—

(i) restrict Administrator access to program activity data; or

(ii) prevent the Administrator from using client information to conduct client surveys.

(10) EVALUATION AND REPORT.—Not later than 2 years after the establishment of the pilot program, the Comptroller General of the United States shall—

(A) conduct an evaluation of the pilot program; and

(B) transmit to Congress and the Administrator a report containing the results of such evaluation along with any recommendations as to whether the pilot program, with or without modification, should be extended to include the participation of all small business development centers.

(11) TERMINATION.—The pilot program shall terminate on September 30, 2009.

(d) REGULATIONS.—After providing notice and an opportunity for comment and after consulting with the association described in subsection (c)(2)(E) (if any such association has been formed), the Administrator shall promulgate final regulations to carry out this section, including regulations that establish—

(1) standards relating to the establishment and conduct of peer learning opportunities to be provided by grant recipients, including the number of individuals that may participate in a peer group that is part of a peer learning opportunity;

(2) standards relating to the educational, technical, and professional competency of any facilitator who delivers peer learning opportunities under the pilot program; and

(3) requirements for transitioning peer learning opportunities funded under the pilot program to nongovernmental funding.

(e) AUTHORIZATION OF APPROPRIATIONS.—

(1) IN GENERAL.—There are authorized to be appropriated to carry out this section, $1,500,000 for each of fiscal years 2007 through 2009.

(2) LIMITATION ON USE OF OTHER FUNDS.—The Administrator shall carry out this section using only amounts appropriated in advance specifically for the purpose of carrying out this section.

SEC. 1904. PRIME REAUTHORIZATION AND TRANSFER TO THE SMALL BUSINESS ACT.

(a) PROGRAM REAUTHORIZATION.—The Small Business Act (15 U.S.C. 631 et seq.) is amended by inserting after section 39, as added by this Act, the following:

"SEC. 40. PROGRAM FOR INVESTMENT IN MICROENTREPRENEURS.

''(a) DEFINITIONS.—In this section:

''(1) CAPACITY BUILDING SERVICES.—The term 'capacity building services' means services provided to an organization that is, or that is in the process of becoming, a microenterprise development organization or program, for the purpose of enhancing its ability to provide training and services to disadvantaged entrepreneurs.

''(2) COLLABORATIVE.—The term 'collaborative' means 2 or more nonprofit entities that agree to act jointly as a qualified organization under this section.

"(3) DISADVANTAGED ENTREPRENEUR.—The term 'disadvantaged entrepreneur' means a micro-entrepreneur that—

"(A) is a low-income person;

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

"(C) lacks adequate access to capital or other resources essential for business success, or is economically disadvantaged, as determined by the Administrator.

"(4) DISADVANTAGED NATIVE AMERICAN ENTREPRENEUR.—The term 'disadvantaged Native American entrepreneur' means a disadvantaged entrepreneur who is also a member of an Indian Tribe.

"(5) INDIAN TRIBE.—The term 'Indian tribe' has the same meaning as in section 4(a) of the Indian Self-Determination and Education Assistance Act.

"(6) INTERMEDIARY.—The term 'intermediary' means a private, nonprofit entity that seeks to serve microenterprise development organizations and programs, as authorized under subsection (d).

"(7) LOW-INCOME PERSON.—The term 'low-income person' means having an income, adjusted for family size, of not more than—

"(A) for metropolitan areas, 80 percent of the area median income; and

"(B) for nonmetropolitan areas, the greater of—

"(i) 80 percent of the area median income; or

"(ii) 80 percent of the statewide nonmetropolitan area median income.

"(8) MICROENTREPRENEUR.—The term 'microentrepreneur' means the owner or developer of a microenterprise.

"(9) MICROENTERPRISE.—The term 'microenterprise' means a sole proprietorship, partnership, or corporation that—

"(A) has fewer than 5 employees; and

"(B) generally lacks access to conventional loans, equity, or other banking services.

"(10) MICROENTERPRISE DEVELOPMENT ORGANIZATION OR PROGRAM.—The term 'microenterprise development organization or program' means a nonprofit entity, or a program administered by such an entity, including community development corporations or other nonprofit development organizations and social service organizations, that provides services to disadvantaged entrepreneurs.

"(11) TRAINING AND TECHNICAL ASSISTANCE.—The term 'training and technical assistance' means services and support provided to disadvantaged entrepreneurs, such as assistance for the purpose of enhancing business planning, marketing, management, financial management skills, and assistance for the purpose of accessing financial services.

"(12) VERY LOW-INCOME PERSON.—The term 'very low-income person' means having an income, adjusted for family size, of not more than 150 percent of the poverty line (as defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)), including any revision required by that section).

"(b) ESTABLISHMENT OF PROGRAM.—The Administrator shall establish a microenterprise technical assistance and capacity building grant program to provide assistance from the Administration in the form of grants to qualified organizations in accordance with this section.

"(c) USES OF ASSISTANCE.—A qualified organization shall use grants made under this section—

"(1) to provide training and technical assistance to disadvantaged entrepreneurs;

"(2) to provide training and capacity building services to microenterprise development organizations and programs and groups of such organizations to assist such organizations and programs in developing microenterprise training and services;

"(3) to aid in researching and developing the best practices in the field of microenterprise and technical assistance programs for disadvantaged entrepreneurs;

"(4) to provide training and technical assistance to disadvantaged Native American entrepreneurs and prospective entrepreneurs; and

"(5) for such other activities as the Administrator determines are consistent with the purposes of this section.

"(d) QUALIFIED ORGANIZATIONS.—For purposes of eligibility for assistance under this section, a qualified organization shall be—

"(1) a nonprofit microenterprise development organization or program (or a group or collaborative thereof) that has a demonstrated record of delivering microenterprise services to disadvantaged entrepreneurs;

"(2) an intermediary;

"(3) a microenterprise development organization or program that is accountable to a local community, working in conjunction with a State or local government or Indian tribe; or

"(4) an Indian tribe acting on its own, if the Indian tribe can certify that no private organization or program referred to in this subsection exists within its jurisdiction.

"(e) ALLOCATION OF ASSISTANCE; SUBGRANTS.—

"(1) ALLOCATION OF ASSISTANCE.—

"(A) IN GENERAL.—The Administrator shall allocate assistance from the Administration under this section to ensure that—

"(i) activities described in subsection (c)(1) are funded using not less than 75 percent of amounts made available for such assistance; and

"(ii) activities described in subsection (c)(2) are funded using not less than 15 percent of amounts made available for such assistance.

"(B) LIMIT ON INDIVIDUAL ASSISTANCE.—No single person may receive more than 10 percent of the total funds appropriated under this section in a single fiscal year.

"(2) TARGETED ASSISTANCE.—The Administrator shall ensure that not less than 50 percent of the grants made under this section are used to benefit very low-income persons, including those residing on Indian reservations.

"(3) SUBGRANTS AUTHORIZED.—

"(A) IN GENERAL.—A qualified organization receiving assistance under this section may provide grants using that assistance to qualified small and emerging microenterprise organizations and programs, subject to such rules and regulations as the Administrator determines to be appropriate.

"(B) LIMIT ON ADMINISTRATIVE EXPENSES.—Not more than 7.5 percent of assistance received by a qualified organization under this section may be used for administrative expenses in connection with the making of subgrants under subparagraph (A).

"(4) DIVERSITY.—In making grants under this section, the Administrator shall ensure that grant recipients include both large and small microenterprise organizations, serving urban, rural, and Indian tribal communities serving diverse populations.

"(5) PROHIBITION ON PREFERENTIAL CONSIDERATION OF CERTAIN ADMINISTRATION PROGRAM PARTICIPANTS.—In making grants under this section, the Administrator shall ensure that any application made by a qualified organization that is a participant in the program established under section 7(m) does not receive preferential consideration over applications from other qualified organizations that are not participants in such program.

"(f) MATCHING REQUIREMENTS.—

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

"(2) SOURCES OF MATCHING FUNDS.—Fees, grants, gifts, funds from loan sources, and in-kind resources of a grant recipient from public or private sources may be used to comply with the matching requirement in paragraph (1).

"(3) EXCEPTION.—

"(A) IN GENERAL.—In the case of an applicant for assistance under this section with severe constraints on available sources of matching funds, the Administrator may reduce or

eliminate the matching requirements of paragraph (1).

"(B) LIMITATION.—Not more than 10 percent of the total funds made available from the Administration in any fiscal year to carry out this section may be excepted from the matching requirements of paragraph (1), as authorized by subparagraph (A) of this paragraph.

"(g) APPLICATIONS FOR ASSISTANCE.—An application for assistance under this section shall be submitted in such form and in accordance with such procedures as the Administrator shall establish.

"(h) RECORDKEEPING AND REPORTING.—

"(1) IN GENERAL.—Each organization that receives assistance from the Administration under this section shall—

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

"(B) submit an annual report to the Administration on its activities; and

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

"(2) ACCESS.—The Administration shall have access upon request, for the purposes of determining compliance with this section, to any records of any organization that receives assistance from the Administration under this section.

"(3) DATA COLLECTION.—Each organization that receives assistance from the Administration under this section shall collect information relating to, as applicable—

"(A) the number of individuals counseled or trained;

"(B) the number of hours of counseling provided;

"(C) the number of startup small business concerns formed;

"(D) the number of small business concerns expanded;

"(E) the number of low-income individuals counseled or trained; and

"(F) the number of very low-income individuals counseled or trained.

"(i) AUTHORIZATION OF APPROPRIATIONS.—

"(1) IN GENERAL.—There are authorized to be appropriated to the Administrator $15,000,000 for each of the fiscal years 2007 through 2009, to carry

out the provisions of this section, which shall remain available until expended.

"(2) TRAINING FOR NATIVE AMERICAN ENTREPRENEURS.—In addition to the amount authorized under paragraph (1), there are authorized to be appropriated to the Administrator $2,000,000 for each of the fiscal years 2007 through 2009, to carry out the provisions of subsection (c)(4), which shall remain available until expended.".

(b) CONFORMING REPEAL.—Subtitle C of title I of the Riegle Community Development and Regulatory Improvement Act of 1994 (15 U.S.C. 6901 note) is repealed.

(c) REFERENCES.—All references in Federal law, other than subsection (d) of this section, to the "Program for Investment in Microentrepreneurs Act of 1999" or the "PRIME Act" shall be deemed to be references to section 40 of the Small Business Act, as added by this section.

(d) RULE OF CONSTRUCTION.—Nothing in this section or the amendments made by this section shall affect any grant or assistance provided under the Program for Investment in Microentrepreneurs Act of 1999, before the date of enactment of this Act, and any such grant or assistance shall be subject to the Program for Investment in Microentrepreneurs Act of 1999, as in effect on the day before the date of enactment of this Act.

SEC. 1905. CHILD CARE LENDING PILOT PROGRAM.

(a) CHILD CARE LENDING PILOT PROGRAM.—Section 502 of the Small Business Investment Act of 1958 (15 U.S.C. 696), as amended by this Act, is amended—

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

(A) by striking ''The Administration'' and inserting the following:

''(a) AUTHORIZATION.—The Administration'';

(B) by striking ''and such loans'' and inserting ''. Such loans'';

(C) by striking '': *Provided, however*, That the foregoing powers shall be subject to the following restrictions and limitations:'' and inserting a period; and

(D) by adding at the end the following:

''(b) RESTRICTIONS AND LIMITATIONS.—The authority under subsection (a) shall be subject to the following restrictions and limitations:''; and

(2) in subsection (b)(1), as so redesignated—

(A) by inserting after ''USE OF PROCEEDS.—'' the following:

''(A) IN GENERAL.—''; and

(B) by adding at the end the following:

''(B) LOANS TO SMALL, NONPROFIT CHILD CARE BUSINESSES.—

"(i) IN GENERAL.—Notwithstanding subsection (a), the proceeds of any loan described in subsection (a) may be used by the certified development company to assist a small, nonprofit child care business, if—

"(I) the loan is used for a sound business purpose that has been approved by the Administration;

"(II) each such business meets all of the same eligibility requirements applicable to for-profit businesses under this title, except for status as a for-profit business;

"(III) 1 or more individuals has personally guaranteed the loan;

"(IV) each such business has clear and singular title to the collateral for the loan; and

"(V) each such business has sufficient cash flow from its operations to meet its obligations on the loan and its normal and reasonable operating expenses.

"(ii) LIMITATION ON VOLUME.—Not more than 7 percent of the total number of loans guaranteed in any fiscal year under this title may be awarded under this subparagraph.

"(iii) DEFINED TERM.—For purposes of this subparagraph, the term 'small, nonprofit child care business' means an establishment that—

"(I) is organized in accordance with section 501(c)(3) of the Internal Revenue Code of 1986;

"(II) is primarily engaged in providing child care for infants, toddlers, pre-school, or pre-kindergarten children (or any combination thereof), and may provide care for older children when they are not in school, and may offer pre-kindergarten educational programs;

"(III) including its affiliates, has tangible net worth that does not exceed $7,000,000, and has average net income (excluding any carryover losses) for the 2 completed fiscal years

preceding the date of the application for assistance under this subparagraph that does not exceed $2,500,000; and

"(IV) is licensed as a child care provider by the State, insular area, or the District of Columbia, in which it is located.

"(iv) SUNSET PROVISION.—This subparagraph shall cease to have effect on September 30, 2009, and shall apply to all loans authorized under this subparagraph that are applied for, approved, or disbursed during the period beginning on the date of enactment of this subparagraph and ending on September 30, 2009.".

(b) REPORTS.—

(1) SMALL BUSINESS ADMINISTRATION.—

(A) IN GENERAL.—Not later than 6 months after the date of enactment of this Act, and every 6 months thereafter until September 30, 2009, the Administrator shall submit a report on the implementation of the program under section 502(b)(1)(B) of the Small Busi-

ness Investment Act of 1958, as added by this Act, to—

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

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

(B) CONTENTS.—Each report under subparagraph (A) shall contain—

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

(ii) the date on which the rules are issued under subsection (c); and

(iii) the number and dollar amount of loans under the program applied for, approved, and disbursed during the previous 6 months—

(I) with respect to nonprofit child care businesses; and

(II) with respect to for-profit child care businesses.

(2) GOVERNMENT ACCOUNTABILITY OFFICE.—

(A) IN GENERAL.—Not later than March 31, 2009, the Comptroller General of the United States shall submit a report on the child care small business loans authorized by section

502(b)(1)(B) of the Small Business Investment Act of 1958, as added by this Act, to—

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

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

(B) CONTENTS.—The report under subparagraph (A) shall contain information gathered during the first 2 years of the loan program, including—

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

(ii) a description of the effectiveness and ease with which certified development companies, lenders, and small business concerns have participated in the loan program;

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

(iv) by location (State, insular area, and the District of Columbia) and in total, the number of child care small businesses, categorized by status as a for-profit or nonprofit business, that—

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

(II) were approved for a loan under the program; and

(III) received a loan disbursement under the program (and whether they are a new or expanding child care provider); and

(v) with respect to businesses described under clause (iv)(III)—

(I) the number of such businesses in each State, insular area, and the District of Columbia, as of the year of enactment of this Act;

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

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

(IV) the average loan amount and term;

(V) the currency rate, delinquencies, defaults, and losses of the loans;

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

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

(C) ACCESS TO INFORMATION.—

(i) IN GENERAL.—The Administration 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 GOVERNMENT ACCOUNTABILITY OFFICE.—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. 1906. STUDY ON THE IMPACT OF THE LOW DOCUMENTATION LOAN PROGRAM.

(a) DEFINITION.—In this section, the term ''rural area'' has the same meaning as in section 7(m) of the Small Business Act (15 U.S.C. 636(m)).

(b) STUDY.—Not later than 3 months after the date of enactment of this Act, the Administrator shall undertake a study on the effect of eliminating the low documentation loan program under section 7(a)(25)(C) of the Small Business Act (15 U.S.C. 636(a)(25)(C)), including—

(1) the effectiveness of the low documentation loan program in rural areas;

(2) the effect that the elimination of the low documentation loan program would have on lending in rural areas; and

(3) the overall accessibility and effectiveness of lending in rural areas.

(c) REPORT TO CONGRESS.—Not later than 1 year after the date of enactment of this Act, the Administrator shall submit to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small

Business of the House of Representatives a report containing—

(1) the results of the study conducted under subsection (b); and

(2) recommendations, if any, to improve the accessibility and effectiveness of lending in rural areas.

SEC. 1907. ENFORCEMENT OMBUDSMAN.

Section 30(b)(2) of the Small Business Act (15 U.S.C. 657(b)(2)) is amended—

(1) by redesignating subparagraphs (C) through (E) as subparagraphs (D) through (F), respectively;

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

"(C) assist small business concerns with bringing cases or complaints (whether formal or informal) before Federal regulatory boards and agencies, including the Surface Transportation Board, Environmental Protection Agency, Occupational Health and Safety Administration, Federal Communications Commission, and Food and Drug Administration;"; and

(3) in subparagraph (F), as redesignated by this section, by striking "subparagraph (C)" and inserting "subparagraph (D)".

SEC. 1908. MINORITY ENTREPRENEURSHIP AND INNOVATION PILOT PROGRAM.

(a) DEFINITIONS.—In this section—

(1) the term ''Hispanic serving institution'' has the meaning given the term in section 502 of the Higher Education Act of 1965 (20 U.S.C. 1101a);

(2) the term ''historically Black college and university'' has the meaning given the term ''part B institution'' in section 322 of the Higher Education Act of 1965 (20 U.S.C. 1061);

(3) the term ''small business development center'' has the same meaning as in section 21 of the Small Business Act (15 U.S.C. 648); and

(4) the term ''Tribal College'' has the meaning given the term ''tribally controlled college or university'' in section 2 of the Tribally Controlled College or University Assistance Act of 1978 (25 U.S.C. 1801).

(b) MINORITY ENTREPRENEURSHIP AND INNOVATION GRANTS.—

(1) IN GENERAL.—The Administrator shall make grants to historically Black colleges and universities, Tribal Colleges, and Hispanic serving institutions, or to any entity formed by a combination of such institutions—

(A) to assist in establishing an entrepreneurship curriculum for undergraduate or graduate studies; and

(B) for placement of small business development centers on the physical campus of the institution.

(2) CURRICULUM REQUIREMENT.—An institution of higher education receiving a grant under this subsection shall develop a curriculum that includes training in various skill sets needed by successful entrepreneurs, including—

(A) business management and marketing, financial management and accounting, market analysis and competitive analysis, innovation and strategic planning; and

(B) additional entrepreneurial skill sets specific to the needs of the student population and the surrounding community, as determined by the institution.

(3) SMALL BUSINESS DEVELOPMENT CENTER REQUIREMENT.—Each institution receiving a grant under this subsection shall open a small business development center that—

(A) performs studies, research, and counseling concerning the management, financing, and operation of small business concerns;

(B) performs management training and technical assistance regarding the participation of small business concerns in international markets, export promotion and technology transfer, and the delivery or distribution of such services and information;

(C) offers referral services for entrepreneurs and small business concerns to business development, financing, and legal experts; and

(D) promotes market-specific innovation, niche marketing, capacity building, international trade, and strategic planning as keys to long-term growth for its small business concern and entrepreneur clients.

(4) GRANT LIMITATIONS.—A grant under this subsection—

(A) may not exceed $500,000 for any fiscal year for any 1 institution of higher education;

(B) may not be used for any purpose other than those associated with the direct costs in-

curred to develop and implement a curriculum that fosters entrepreneurship and the costs incurred to organize and run a small business development center on the grounds of the institution; and

(C) may not be used for building expenses, administrative travel budgets, or other expenses not directly related to the implementation of the curriculum or activities authorized by this section.

(5) EXCEPTION FROM SMALL BUSINESS ACT REQUIREMENT.—Subparagraphs (A) and (B) of section 21(a)(4) of the Small Business Act (15 U.S.C. 648(a)(4)) do not apply to assistance made available under this subsection.

(6) REPORT.—Not later than November 1 of each year, the Associate Administrator of Entrepreneurial Development of the Administration shall submit to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives, a report evaluating the award and use of grants under this subsection during the preceding fiscal year, which shall include—

(A) a description of each entrepreneurship program developed with grant funds, the date of the award of such grant, and the number of participants in each such program;

(B) the number of small business concerns assisted by each small business development center established with a grant under this subsection; and

(C) data regarding the economic impact of the small business development center counseling provided under a grant under this subsection.

(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $10,000,000, to remain available until expended, for each of fiscal years 2007 and 2008.

(d) LIMITATION ON USE OF OTHER FUNDS.—The Administrator shall carry out this section only with amounts appropriated in advance specifically to carry out this section.

SEC. 1909. OFFICE OF NATIVE AMERICAN AFFAIRS PILOT PROGRAM.

(a) DEFINITION.—In this section, the term ''Indian tribe'' means any band, nation, or organized group or community of Indians located in the contiguous United

States, and the Metlakatla Indian Community, whose members are recognized as eligible for the services provided to Indians by the Secretary of the Interior because of their status as Indians.

(b) AUTHORIZATION.—The Office of Native American Affairs of the Administration may conduct a pilot program—

(1) to develop and publish a self-assessment tool for Indian tribes that will allow such tribes to evaluate and implement best practices for economic development; and

(2) to provide assistance to Indian tribes, through the Inter-Agency Working Group, in identifying and implementing economic development opportunities available from the Federal Government and private enterprise, including—

(A) the Administration;

(B) the Department of Energy;

(C) the Environmental Protection Agency;

(D) the Department of Commerce;

(E) the Federal Communications Commission;

(F) the Department of Justice;

(G) the Department of Labor;

(H) the Office of National Drug Control Policy; and

(I) the Department of Agriculture.

(c) TERMINATION OF PROGRAM.—The authority to conduct a pilot program under this section shall terminate on September 30, 2008.

(d) REPORT.—Not later than September 30, 2008, the Office of Native American Affairs shall submit a report to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives regarding the effectiveness of the self-assessment tool developed under subsection (b)(1).

SEC. 1910. INSTITUTIONS OF HIGHER EDUCATION.

(a) IN GENERAL.—Section 21(a)(1) of the Small Business Act (15 U.S.C. 648(a)(1)) is amended by striking ": *Provided,* That" and all that follows through "on such date." and inserting the following: "On and after December 31, 2006, the Administration may only make a grant under this paragraph to an applicant that is an institution of higher education, as defined in section 101(a) of the Higher Education Act of 1965 (20 U.S.C. 1001(a)) that is accredited (and not merely in preaccreditation status) by a nationally recognized accrediting agency or association, recognized by the Secretary of Education for such

1 purpose in accordance with section 496 of that Act (20
2 U.S.C. 1099b), or to a women's business center operating
3 pursuant to section 29 as a small business development
4 center, unless the applicant was receiving a grant (includ-
5 ing a contract or cooperative agreement) on December 31,
6 2006.''.

7 (b) EFFECTIVE DATE.—The amendment made by
8 subsection (a) shall become effective on December 31,
9 2006.

Calendar No. 577

109TH CONGRESS
2D SESSION

S. 3778

A BILL

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

AUGUST 2, 2006

Read twice and placed on the calendar