

111TH CONGRESS
2^D SESSION

H. R. 4818

To amend the Small Business Act to improve the program under section 8(a), and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 10, 2010

Ms. RICHARDSON (for herself, Ms. BORDALLO, and Ms. JACKSON LEE of Texas) introduced the following bill; which was referred to the Committee on Small Business

A BILL

To amend the Small Business Act to improve the program under section 8(a), and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Small Business Reform
5 Act of 2010” or the “Not Too Small to Succeed in Busi-
6 ness Act of 2010”.

7 **SEC. 2. FINDINGS.**

8 Congress finds the following:

9 (1) Small businesses are a vital part of the
10 economy of the United States.

1 (2) The 26,800,000 small businesses in the
2 United States account for more than 99.7 percent of
3 all employer firms.

4 (3) Small businesses employ just over half of all
5 private sector employees.

6 (4) Four million one-hundred thousand small
7 businesses owned by individuals who are members of
8 economically disadvantaged groups generate approxi-
9 mately \$694,000,000,000 in revenues and employ
10 approximately 4,800,000 individuals each year.

11 (5) Small businesses need help to remain com-
12 petitive in the global economy, particularly during
13 difficult economic times.

14 (6) Economically disadvantaged-owned busi-
15 nesses receive less than 7 percent of venture capital.

16 (7) Seventy percent of small businesses survive
17 at least 2 years, but less than half survive 5 years.

18 (8) The Small Business Administration was es-
19 tablished in 1953 by the Federal Government to aid,
20 counsel, assist, and protect the interests of small
21 business concerns, to preserve free competitive enter-
22 prise, and to maintain and strengthen the overall
23 economy of the United States.

24 (9) The Small Business Administration assists
25 firms owned and controlled by economically dis-

1 advantaged individuals to enter the economic main-
2 stream by providing firm-specific analysis, coun-
3 seling, management training, professional consulting
4 and monitoring services, and access to business de-
5 velopment opportunities under section 8(a) of the
6 Small Business Act.

7 (10) Although the program under section 8(a)
8 is well intended, the problems of the program are
9 well known.

10 (11) The program under section 8(a) has a
11 record of graduating companies that are not suffi-
12 ciently prepared to compete for contracts with large
13 and established companies in the private sector, re-
14 sulting in a large number of former participants in
15 the program failing to remain in business shortly
16 after leaving the program.

17 (12) The problem of graduating companies
18 from the program under section 8(a) that are not
19 sufficiently prepared to compete for contracts with
20 large and established companies in the private sector
21 is caused by the reliance of the Small Business Ad-
22 ministration on outdated measures of adjusted gross
23 income and net worth in determining whether a
24 company participating in the program continues to
25 be economically disadvantaged.

1 (13) Reliance by the Small Business Adminis-
2 tration on measures that do not reflect contem-
3 porary conditions has had, and will continue to have,
4 the unintended consequence of keeping small busi-
5 nesses too small to succeed, which is as undesirable
6 as protecting companies that are too big to fail.

7 **SEC. 3. IMPROVEMENT OF PROGRAM UNDER SECTION 8(a)**
8 **OF THE SMALL BUSINESS ACT.**

9 (a) PERIOD OF ELIGIBILITY.—

10 (1) EXTENSION.—Section 7(j)(15) of the Small
11 Business Act (15 U.S.C. 636(j)(15)) is amended—

12 (A) in the matter preceding subparagraph
13 (A) by striking “nine years” and inserting “11
14 years”; and

15 (B) in subparagraph (B) by striking “five
16 years” and inserting “7 years”.

17 (2) COMPLETED PERIODS.—A small business
18 concern that completed a 9-year period of participa-
19 tion in the program under section 8(a) of the Small
20 Business Act (15 U.S.C. 637(a)) prior to the date
21 of enactment of this Act and that is otherwise eligi-
22 ble to participate in such program except for having
23 completed such 9-year period, and current net worth
24 exceeds \$750,000 but still less than \$2,250,000,
25 may participate in such program during the 2-year

1 period beginning on the date of enactment of this
2 Act.

3 (b) NET WORTH AND INCOME LIMITATIONS.—

4 (1) INCREASE.—Section 8(a)(6)(A) of the
5 Small Business Act (15 U.S.C. 637(a)(6)(A)) is
6 amended by inserting after “disadvantaged indi-
7 vidual.” the following: “For purposes of eligibility
8 for admission as a Program Participant the net
9 worth of such individual may be any amount not ex-
10 ceeding \$750,000 and for purposes of continued eli-
11 gibility after admission the net worth of such indi-
12 vidual may be any amount not exceeding
13 \$2,250,000. For purposes of eligibility for admission
14 as a Program Participant and continued eligibility
15 after admission, the modified adjusted gross income
16 (as such term is defined in section 25A(d)(3) of the
17 Internal Revenue Code of 1986) of such individual
18 for an applicable taxable year may be any amount
19 not exceeding \$500,000.”.

20 (2) COMPLETED PERIODS OF PARTICIPATION.—

21 If the Administrator of the Small Business Adminis-
22 tration graduated a small business concern from the
23 program under section 8(a) of the Small Business
24 Act (15 U.S.C. 637(a)) prior to the date of enact-
25 ment of this Act as a result of a determination that

1 such concern did not meet standards relating to eco-
2 nomic disadvantage and such concern meets require-
3 ments under such section as amended by this Act,
4 such concern may participate in such program for a
5 period—

6 (A) of 11 years less the period of time
7 such concern previously participated in such
8 program; and

9 (B) beginning on the date of enactment of
10 this Act.

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