

**Union Calendar No. 337**

103<sup>D</sup> CONGRESS  
2<sup>D</sup> SESSION

**H. R. 4801**

**[Report No. 103-616]**

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**A BILL**

To amend the Small Business Act, and for other purposes.

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JULY 21, 1994

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

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## IN THE HOUSE OF REPRESENTATIVES

JULY 20, 1994

Mr. LAFALCE (for himself, Mr. SMITH of Iowa, Mr. SKELTON, Mr. MAZZOLI, Mr. WYDEN, Mr. BILBRAY, Mr. MFUME, Mr. KLINK, Ms. ROYBAL-ALLARD, Mr. HILLIARD, and Mr. THOMPSON of Mississippi) introduced the following bill; which was referred to the Committee on Small Business

JULY 21, 1994

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

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

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**A BILL**

To amend the Small Business Act, 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 That this Act may be cited as the “Small Business Reau-
- 4 thorization and Amendment Act of 1994”.

# 1       **TITLE I—AUTHORIZATIONS**

## 2       **SEC. 101. AUTHORIZATIONS.**

3       Section 20 of the Small Business Act (15 U.S.C. 631  
4       note) is amended by striking all of such section after sub-  
5       section (k), as added by section 115(a) of the Small Busi-  
6       ness Credit and Business Opportunity Enhancement Act  
7       of 1992, and by inserting in lieu thereof the following:

8       “(l) The following program levels are authorized for  
9       fiscal year 1995:

10               “(1) For the programs authorized by this Act,  
11       the Administration is authorized to make  
12       \$142,000,000 in direct and immediate participation  
13       loans; and of such sum, the Administration is au-  
14       thorized to make \$12,000,000 in loans as provided  
15       in section 7(a)(10) and \$130,000,000 in loans as  
16       provided in section 7(m).

17               “(2) For the programs authorized by this Act,  
18       the Administration is authorized to make  
19       \$12,320,000,000 in deferred participation loans and  
20       other financings. Of such sum, the Administration is  
21       authorized to make—

22                       “(A) \$9,315,000,000 in general business  
23       loans as provided in section 7(a);

1           “(B) \$2,200,000,000 in financings as pro-  
2           vided in section 7(a)(13) and section 504 of the  
3           Small Business Investment Act of 1958; and

4           “(C) \$20,000,000 in loans as provided in  
5           section 7(m).

6           “(3) For the programs authorized by title III of  
7           the Small Business Investment Act of 1958, the Ad-  
8           ministration is authorized to make—

9           “(A) \$33,000,000 in purchases of pre-  
10          ferred securities;

11          “(B) \$285,000,000 in guarantees of de-  
12          bentures, of which \$55,000,000 is authorized in  
13          guarantees of debentures from companies oper-  
14          ating pursuant to section 301(d) of such Act;  
15          and

16          “(C) \$500,000,000 in guarantees of par-  
17          ticipating securities.

18          “(4) For the programs authorized by part B of  
19          title IV of the Small Business Investment Act of  
20          1958, the Administration is authorized to enter into  
21          guarantees not to exceed \$1,800,000,000, of which  
22          not more than \$600,000,000 may be in bonds ap-  
23          proved pursuant to the provisions of section  
24          411(a)(3) of such Act.

1           “(5) For the Service Corps of Retired Execu-  
2 tives program authorized by section 8(b)(1) of this  
3 Act, the Administration is authorized to make  
4 grants or enter cooperative agreements not to exceed  
5 \$3,500,000, and for the small business institute pro-  
6 gram authorized by section 8(b)(1) of this Act, the  
7 Administration is authorized to make grants or  
8 enter cooperative agreements not to exceed  
9 \$3,000,000.

10          “(m) There are authorized to be appropriated to the  
11 Administration for fiscal year 1995 such sums as may be  
12 necessary to carry out the provisions of this Act, including  
13 administrative expenses and necessary loan capital for dis-  
14 aster loans pursuant to section 7(b), and to carry out the  
15 provisions of the Small Business Investment Act of 1958,  
16 including salaries and expenses of the Administration.

17          “(n) The following program levels are authorized for  
18 fiscal year 1996:

19               “(1) For the programs authorized by this Act,  
20 the Administration is authorized to make  
21 \$208,000,000 in direct and immediate participation  
22 loans; and of such sum the Administration is author-  
23 ized to make \$13,000,000 in loans as provided in  
24 section 7(a)(10) and \$195,000,000 in loans as pro-  
25 vided in section 7(m).

1           “(2) For the programs authorized by this Act,  
2 the Administration is authorized to make  
3 \$14,610,000,000 in deferred participation loans and  
4 other financings. Of such sum, the Administration is  
5 authorized to make—

6           “(A) \$10,935,000,000 in general business  
7 loans as provided in section 7(a);

8           “(B) \$2,500,000,000 in financings as pro-  
9 vided in section 7(a)(13) and section 504 of the  
10 Small Business Investment Act of 1958; and

11           “(C) \$20,000,000 in loans as provided in  
12 section 7(m).

13           “(3) For the programs authorized by title III of  
14 the Small Business Investment Act of 1958, the Ad-  
15 ministration is authorized to make—

16           “(A) \$39,000,000 in purchases of pre-  
17 ferred securities;

18           “(B) \$405,000,000 in guarantees of de-  
19 bentures, of which \$55,000,000 is authorized in  
20 guarantees of debentures from companies oper-  
21 ating pursuant to section 301(d) of such Act;  
22 and

23           “(C) \$750,000,000 in guarantees of par-  
24 ticipating securities.

1           “(4) For the programs authorized by part B of  
2 title IV of the Small Business Investment Act of  
3 1958, the Administration is authorized to enter into  
4 guarantees not to exceed \$1,800,000,000, of which  
5 not more than \$600,000,000 may be in bonds ap-  
6 proved pursuant to the provisions of section  
7 411(a)(3) of such Act.

8           “(5) For the Service Corps of Retired Execu-  
9 tives program authorized by section 8(b)(1) of this  
10 Act, the Administration is authorized to make  
11 grants or enter cooperative agreements not to exceed  
12 \$3,675,000, and for the small business institute pro-  
13 gram authorized by section 8(b)(1) of this Act, the  
14 Administration is authorized to make grants or  
15 enter cooperative agreements not to exceed  
16 \$3,150,000.

17           “(o) There are authorized to be appropriated to the  
18 Administration for fiscal year 1996 such sums as may be  
19 necessary to carry out the provisions of this Act, including  
20 administrative expenses and necessary loan capital for dis-  
21 aster loans pursuant to section 7(b), and to carry out the  
22 provisions of the Small Business Investment Act of 1958,  
23 including salaries and expenses of the Administration.

24           “(p) The following program levels are authorized for  
25 fiscal year 1997:

1           “(1) For the programs authorized by this Act,  
2           the Administration is authorized to make  
3           \$284,000,000 in direct and immediate participation  
4           loans; and of such sum the Administration is author-  
5           ized to make \$14,000,000 in loans as provided in  
6           section 7(a)(10) and \$270,000,000 in loans as pro-  
7           vided in section 7(m).

8           “(2) For the programs authorized by this Act,  
9           the Administration is authorized to make  
10          \$18,875,000,000 in deferred participation loans and  
11          other financings. Of such sum, the Administration is  
12          authorized to make—

13                 “(A) \$14,175,000,000 in general business  
14                 loans as provided in section 7(a);

15                 “(B) \$3,000,000,000 in financings as pro-  
16                 vided in section 7(a)(13) and section 504 of the  
17                 Small Business Investment Act of 1958; and

18                 “(C) \$20,000,000 in loans as provided in  
19                 section 7(m).

20          “(3) For the programs authorized by title III of  
21          the Small Business Investment Act of 1958, the Ad-  
22          ministration is authorized to make—

23                 “(A) \$45,000,000 in purchases of pre-  
24                 ferred securities;

1           “(B) \$555,000,000 in guarantees of de-  
2           bentures, of which \$55,000,000 is authorized in  
3           guarantees of debentures from companies oper-  
4           ating pursuant to section 301(d) of such Act;  
5           and

6           “(C) \$1,125,000,000 in guarantees of par-  
7           ticipating securities.

8           “(4) For the programs authorized by part B of  
9           title IV of the Small Business Investment Act of  
10          1958, the Administration is authorized to enter into  
11          guarantees not to exceed \$1,800,000,000, of which  
12          not more than \$600,000,000 may be in bonds ap-  
13          proved pursuant to the provisions of section  
14          411(a)(3) of such Act.

15          “(5) For the Service Corps of Retired Execu-  
16          tives program authorized by section 8(b)(1) of this  
17          Act, the Administration is authorized to make  
18          grants or enter cooperative agreements not to exceed  
19          \$3,860,000, and for the small business institute pro-  
20          gram authorized by section 8(b)(1) of this Act, the  
21          Administration is authorized to make grants or  
22          enter cooperative agreements not to exceed  
23          \$3,310,000.

24          “(q) There are authorized to be appropriated to the  
25          Administration for fiscal year 1997 such sums as may be

1 necessary to carry out the provisions of this Act, including  
2 administrative expenses and necessary loan capital for dis-  
3 aster loans pursuant to section 7(b), and to carry out the  
4 provisions of the Small Business Investment Act of 1958,  
5 including salaries and expenses of the Administration.”.

## 6 **TITLE II—FINANCIAL** 7 **ASSISTANCE PROGRAMS**

### 8 **SEC. 201. MICROLOAN FINANCING PILOT.**

9 Section 7(m) of the Small Business Act (15 U.S.C.  
10 636(m)) is amended by adding the following new para-  
11 graph at the end:

12 “(12) DEFERRED PARTICIPATION LOAN  
13 PILOT.—During fiscal years 1995 through 1997, on  
14 a pilot basis, in lieu of making direct loans to  
15 intermediaries as authorized in paragraph (1)(B),  
16 the Administration may participate on a deferred  
17 basis of up to 100 percent on loans made to  
18 intermediaries by a for-profit or non-profit entity or  
19 by alliances of such entities subject to the following  
20 conditions:

21 “(A) NUMBER OF LOANS.—The Adminis-  
22 tration shall not participate in providing financ-  
23 ing on a deferred basis to more than ten  
24 intermediaries in urban areas per year and to

1 more than ten intermediaries in rural areas per  
2 year.

3 “(B) TERM OF LOANS.—The term of such  
4 loans shall be ten years. During the first five  
5 years of the loan, the intermediary shall be re-  
6 quired to pay interest only; and during the sec-  
7 ond five years of the loan, the intermediary  
8 shall be required to fully amortize principal and  
9 interest payments.

10 “(C) INTEREST RATE.—The interest rate  
11 on such loans shall be the rate specified by  
12 paragraph (3)(F) for direct loans.”.

13 **SEC. 202. MICROLOAN STATE LIMITATION.**

14 Section 7(m)(7)(C) of the Small Business Act (15  
15 U.S.C. 636(m)(7)(C)) is repealed.

16 **SEC. 203. LIMIT ON PARTICIPATION.**

17 Section 7(m)(7)(A) of the Small Business Act (15  
18 U.S.C. 636(m)(7)(A)) is amended to read as follows:

19 “(A) NUMBER OF PARTICIPANTS.—During  
20 this demonstration program, the Administration  
21 is authorized to fund, on a competitive basis,  
22 not more than 240 microloan programs.”.

23 **SEC. 204. EQUITABLE DISTRIBUTION.**

24 Section 7(m)(8) of the Small Business Act (15  
25 U.S.C. 636(m)(8)) is amended to read as follows:

1           “(8)       EQUITABLE       DISTRIBUTION       OF  
2       INTERMEDIARIES.—In approving microloan program  
3       applicants, the Administration shall select participa-  
4       tion by such intermediaries as will ensure appro-  
5       priate availability of loans to small businesses lo-  
6       cated in urban areas and in rural areas.”.

7       **SEC. 205. AMOUNT OF LOANS TO INTERMEDIARIES.**

8       Section 7(m)(3)(C) of the Small Business Act (15  
9       U.S.C. 636(m)(3)(C)) is amended to read as follows:

10           “(C) LOAN LIMITS.—In determining the  
11           amount of funding which the Administration  
12           may provide to one intermediary, it shall take  
13           into consideration the small business population  
14           in the area served by the intermediary.”.

15       **SEC. 206. LOANS TO EXPORTERS.**

16       Section 7(a)(14)(A) of the Small Business Act (15  
17       U.S.C. 636(a)(14)(A)) is amended to read as follows:

18           “(A) The Administration may provide ex-  
19           tensions, standby letters of credit, revolving  
20           lines of credit for export purposes, and other fi-  
21           nancing to enable small business concerns, in-  
22           cluding small business export trading companies  
23           and small business export management compa-  
24           nies, to develop foreign markets. A bank or par-  
25           ticipating lending institution may establish the

1 rate of interest on such financings as may be  
2 legal and reasonable.”.

3 **SEC. 207. WORKING CAPITAL INTERNATIONAL TRADE**  
4 **LOANS.**

5 Section 7(a)(3)(B) of the Small Business Act (15  
6 U.S.C. 636(a)(3)(B)) is amended to read as follows:

7 “(B) if the total amount outstanding and  
8 committed (on a deferred basis) solely for the  
9 purposes provided in paragraph (16) to the bor-  
10 rower from the business loan and investment  
11 fund established by this Act would exceed  
12 \$1,250,000, of which not more than \$750,000  
13 may be used for working capital, supplies, or  
14 financings under section 7(a)(14) for export  
15 purposes; and”.

16 **SEC. 208. GUARANTEES ON INTERNATIONAL TRADE LOANS.**

17 Section 7(a)(2)(B)(iv) of the Small Business Act (15  
18 U.S.C. 636(a)(2)(B)(iv)) is amended to read as follows:

19 “(iv) not less than 85 percent nor more  
20 than 90 percent of the financing outstanding at  
21 the time of disbursement if such financing is a  
22 loan under paragraph (14) or under paragraph  
23 (16).”.

1 **SEC. 209. ACCREDITED LENDERS PROGRAM.**

2 (a) Title V of the Small Business Investment Act of  
3 1958 (15 U.S.C. 695 et seq.) is amended by adding at  
4 the end the following new section:

5 **“SEC. 507. ACCREDITED LENDERS PROGRAM.**

6 “(a) The Administration is authorized to establish an  
7 Accredited Lenders Program for qualified State and local  
8 development companies which meet the requirements of  
9 subsection (b).

10 “(b) The Administration may designate a qualified  
11 State or local development company as an accredited lend-  
12 er if such company—

13 “(1) has been an active participant in the devel-  
14 opment company program for at least the last 12  
15 months;

16 “(2) has well-trained, qualified personnel who  
17 are knowledgeable in the Administration’s lending  
18 policies and procedures for the development company  
19 program;

20 “(3) has the ability to process, close, and serv-  
21 ice financing for plant and equipment under section  
22 502 of this Act;

23 “(4) has a loss rate on its debentures that is  
24 acceptable to the Administration;

1           “(5) has a history of submitting to the Admin-  
2           istration complete and accurate debenture guaranty  
3           application packages; and

4           “(6) has demonstrated the ability to serve small  
5           business credit needs for financing plant and equip-  
6           ment as provided in section 502 of this Act.

7           “(c) The Administration shall expedite the processing  
8           of a loan application or servicing action submitted by a  
9           qualified State or local development company that has  
10          been designated as an accredited lender in accordance with  
11          subsection (b).

12          “(d) The designation of a qualified State or local de-  
13          velopment company as an accredited lender may be sus-  
14          pended or revoked if the Administration determines that  
15          the development company has not continued to meet the  
16          criteria for eligibility under subsection (b) or that the de-  
17          velopment company has failed to adhere to the Adminis-  
18          tration’s rules and regulations or is violating any other  
19          applicable provision of law. Suspension or revocation shall  
20          not affect any outstanding debenture guarantee.

21          “(e) For purposes of this section, the term ‘qualified  
22          State or local development company’ has the same mean-  
23          ing as in section 503(e).”.

1 (b) The Administration shall promulgate regulations  
2 to carry out this section within 90 days of the date of  
3 the enactment of this Act.

4 (c) The Administration shall report to the Small  
5 Business Committee of the United States Senate and to  
6 the Small Business Committee of the United States House  
7 of Representatives within one year, and annually there-  
8 after, on the implementation of this section, specifically  
9 including data on the number of development companies  
10 designated as accredited lenders, their debenture guaran-  
11 tee volume, their loss rates, and the average processing  
12 time on their guarantee applications, along with such  
13 other information as the Administration deems appro-  
14 priate.

15 **SEC. 210. PREMIER LENDERS PROGRAM.**

16 (a) Title V of the Small Business Investment Act of  
17 1958 (15 U.S.C. 695 et seq.) is further amended by add-  
18 ing at the end the following new section:

19 **“SEC. 508. PREMIER LENDERS PROGRAM.**

20 “(a) The Administration is authorized to establish a  
21 Premier Lenders Program for certified development com-  
22 panies which meet the requirements of subsection (b).

23 “(b) The Administration may designate a participant  
24 in the accredited lenders program as a premier lender if  
25 such company—

1           “(1) has been an active participant in the ac-  
2 credited lenders program for at least the last 12  
3 months: *Provided*, That prior to January 1, 1996,  
4 the Administration may waive this provision if the  
5 applicant is qualified to participate in the accredited  
6 lenders program;

7           “(2) has a history of submitting to the Admin-  
8 istration adequately analyzed debenture guarantee  
9 application packages; and

10           “(3) agrees to assume and to reimburse the Ad-  
11 ministration for 5 percent of any loss sustained by  
12 the Administration on account of default by the cer-  
13 tified development company in the payment of prin-  
14 cipal or interest on a debenture issued by such com-  
15 pany and guaranteed by the Administration under  
16 this section.

17           “(c) Upon approval of an applicant as a premier lend-  
18 er, the certified development company shall establish a loss  
19 reserve in an amount equal to the anticipated losses to  
20 the certified development company pursuant to subsection  
21 (b)(3) based upon the historic loss rate on debentures is-  
22 sued by such company, or 3 percent of the aggregate prin-  
23 cipal amount of debentures issued by such company and  
24 guaranteed by the Administration under this section,  
25 whichever is greater. The loss reserve shall be comprised

1 of segregated assets of the development company which  
2 shall be securitized in favor of the Administration or of  
3 such unqualified letters of credit or indemnity agreements  
4 from a third party as the Administration deems appro-  
5 priate.

6 “(d) Upon designation and qualification of a com-  
7 pany as a premier lender, and subject to such terms and  
8 conditions as the Administration may determine, and not-  
9 withstanding the provisions of section 503(b)(6), the Ad-  
10 ministration may permit a premier lender to approve loans  
11 to be funded with the proceeds of and to authorize the  
12 guarantee of a debenture issued by such company. The  
13 approval by the premier lender shall be subject to the final  
14 approval as to eligibility of any such guarantee by the Ad-  
15 ministration pursuant to subsection 503(a) of this Act,  
16 but such final approval shall not include decisions by the  
17 company involving creditworthiness, loan closing, or com-  
18 pliance with legal requirements imposed by law or regula-  
19 tion.

20 “(e) The designation of a qualified State or local de-  
21 velopment company as a premier lender may be suspended  
22 or revoked if the Administration determines that the com-  
23 pany—

24 “(1) has not continued to meet the criteria for  
25 eligibility under subsection (b);

1           “(2) has not established or maintained the loss  
2           reserve required under subsection (c); or

3           “(3) is failing to adhere to the Administration’s  
4           rules and regulations or is violating any other appli-  
5           cable provision of law.

6           “(f) Suspension or revocation shall not affect any out-  
7           standing debenture guarantee.”.

8           (b) The Administration shall promulgate such regula-  
9           tions to carry out this section within 180 days of the date  
10          of the enactment of this Act.

11          (c) The Administration shall report to the Small  
12          Business Committee of the United States Senate and to  
13          the Small Business Committee of the United States House  
14          of Representatives within one year, and annually there-  
15          after, on the implementation of this section, specifically  
16          including data on the number of development companies  
17          designated as premier lenders, their debenture guarantee  
18          volume, and the loss rate for premier lenders as compared  
19          to accredited and other lenders, along with such other in-  
20          formation as the Administration deems appropriate.

21          (d) Section 508 of the Small Business Investment Act  
22          of 1958 is repealed on October 1, 1999.

23          (e) The table of contents contained in section 101 of  
24          the Small Business Investment Act of 1958 is amended

1 by adding at the end of the matter relating to title V the  
2 following:

“Sec. 507. Accredited lenders program.

“Sec. 508. Premier lenders program.”.

3 **SEC. 211. SSBIC ADVISORY COUNCIL.**

4 (a) COUNCIL ESTABLISHED.—Not later than 90 days  
5 after the date of the enactment of this Act, the Adminis-  
6 trator of the Small Business Administration shall appoint  
7 an Investment Advisory Council for the Specialized Small  
8 Business Investment Company Program. The Council  
9 shall consist of not less than 12 individuals from the pri-  
10 vate sector, including individuals—

11 (1) who have experience in providing venture  
12 capital to small business, particularly minority small  
13 business;

14 (2) who are current participants in the Special-  
15 ized Small Business Investment Company Program;

16 (3) who are former participants in the Special-  
17 ized Small Business Investment Company Program;

18 or

19 (4) who are or who represent small business  
20 concerns.

21 (b) CHAIRMAN AND STAFF.—The Administrator  
22 shall designate one of the members of the Council as chair-  
23 person. The Investment Division of the Small Business  
24 Administration shall provide such staff, technical support,

1 and information as shall be deemed appropriate. Council  
2 members shall be deemed to be an advisory board pursu-  
3 ant to section 8(b)(13) of the Small Business Act for pur-  
4 poses of reimbursement of expenses.

5 (C) REPORT.—Within six months of the date of ap-  
6 pointment, the Council shall make a written report with  
7 findings and recommendations on the venture capital  
8 needs, including debt and equity, of socially or economi-  
9 cally disadvantaged small business concerns and any need-  
10 ed Federal incentives to assist the private sector to meet  
11 such needs. The report shall specifically address—

12 (1) the history of the Specialized Small Busi-  
13 ness Investment Company program in providing as-  
14 sistance to such concerns and the impact of such as-  
15 sistance on the economy;

16 (2) the appropriateness and ability of the Spe-  
17 cialized Small Business Investment Company Pro-  
18 gram to meet these needs;

19 (3) the problems affecting the Specialized Small  
20 Business Investment Company Program; and

21 (4) the effectiveness of the Specialized Small  
22 Business Investment Company Program and its ad-  
23 ministration by the Small Business Administration.

1 **SEC. 212. PARTICIPATING SECURITIES FOR SMALLER**  
2 **SBICS.**

3 Section 303(g) of the Small Business Investment Act  
4 of 1958 (15 U.S.C. 683(g)) is amended by adding the fol-  
5 lowing new paragraph at the end:

6 “(13) Of the amount of the annual program  
7 level of participating securities approved in Appro-  
8 priations Acts, 50 percent shall be reserved for fund-  
9 ing Small Business Investment Companies with pri-  
10 vate capital of less than \$20,000,000; except that  
11 during the last quarter of each fiscal year, the Ad-  
12 ministrator may, if he determines that there is a  
13 lack of qualified applicants with private capital  
14 under such amount, utilize all or any part of the se-  
15 curities so reserved.”.

16 **SEC. 213. REPORT ON SBIC PROGRAM.**

17 The Small Business Administration shall provide the  
18 Committee on Small Business of the House of Representa-  
19 tives and Senate with a comprehensive report on the sta-  
20 tus and disposition of all Small Business Investment Com-  
21 panies, active or in liquidation, and a complete accounting  
22 of the assets in and the basis of their portfolios, the pro-  
23 jected and actual loss rates for all portfolios in liquidation  
24 or active, and a detailed accounting of valuation of the  
25 SBIC program’s investments. This report shall be deliv-

1 ered to the respective Committees on Small Business no  
2 later than April 15, 1995.

3 **TITLE III—SIZE STANDARDS AND**  
4 **BOND GUARANTEES**

5 **SEC. 301. COMPETITIVE DEMONSTRATION PROJECT SIZE**  
6 **STANDARDS.**

7 Section 732 of the Business Opportunity Develop-  
8 ment Reform Act of 1988 (Public Law 100–656) is  
9 amended by repealing the second sentence of such section.

10 **SEC. 302. SIZE STANDARD CRITERIA.**

11 Section 3(a)(2) of the Small Business Act (15 U.S.C.  
12 632(a)(2)) is amended to read as follows:

13 “(2) In addition to the criteria specified in paragraph  
14 (1), the Administrator may specify detailed definitions or  
15 standards by which a business concern may be determined  
16 to be a small business concern for the purposes of this  
17 Act or any other Act. Such standards may utilize number  
18 of employees, dollar volume of business, net worth, net in-  
19 come, or a combination thereof. Unless specifically author-  
20 ized by statute, no Federal department or agency may pre-  
21 scribe a size standard for categorizing a business concern  
22 as a small business concern, unless such proposed size  
23 standard—

24 “(A) is being proposed after an opportunity for  
25 public notice and comment;

1 “(B) provides for determining—

2 “(i) the size of a manufacturing concern as  
3 measured by its average employment based  
4 upon employment during each of the concern’s  
5 pay periods for the preceding twelve calendar  
6 months;

7 “(ii) the size of a concern providing serv-  
8 ices on the basis of the annual average gross re-  
9 cepts of the concern over a period of not less  
10 than 3 years; and

11 “(iii) the size of other concerns on the  
12 basis of data over a period of not less than 3  
13 years; and

14 “(C) is approved by the Administrator if it is  
15 not being proposed by the Small Business Adminis-  
16 tration.”.

17 **SEC. 303. SUNSET ON PREFERRED SURETY BOND GUARAN-**  
18 **TEE PROGRAM.**

19 Section 207 of the Small Business Administration  
20 Reauthorization and Amendment Act of 1988 (Public Law  
21 100–590) is amended by striking “September 30, 1994”  
22 and by inserting in lieu thereof “September 30, 1997”.

23 **SEC. 304. VERY SMALL BUSINESS CONCERNS.**

24 The Small Business Act (15 U.S.C. 631 et seq.) is  
25 amended by redesignating section 30 as section 41 and

1 by inserting after section 29, as redesignated by section  
2 606 of this Act, the following:

3 **“SEC. 30. PILOT PROGRAM FOR VERY SMALL BUSINESS**  
4 **CONCERNS.**

5 “(a) ESTABLISHMENT.—The Administration shall es-  
6 tablish and carry out a pilot program in accordance with  
7 the requirements of this section to provide procurement  
8 opportunities to very small business concerns.

9 “(b) SUBCONTRACTING OF PROCUREMENT CON-  
10 TRACTS.—

11 “(1) IN GENERAL.—In carrying out the pro-  
12 gram, the Administration is authorized to enter into  
13 procurement contracts with the United States Gov-  
14 ernment and to arrange for the performance of such  
15 contracts through the award of subcontracts to very  
16 small business concerns.

17 “(2) TERMS AND CONDITIONS.—The authority  
18 of the Administration under paragraph (1) shall be  
19 subject to the same terms and conditions as apply  
20 to the authority of the Administration under section  
21 8(a), except that—

22 “(A) the Administration may make such  
23 modifications to such terms and conditions as  
24 the Administration determines necessary; and

1           “(B) all contract opportunities offered for  
2           award under the program shall be awarded on  
3           the basis of competition restricted to eligible  
4           program participants.

5           “(c) PROGRAM PARTICIPATION.—Very small business  
6           concerns participating in the program shall be subject to  
7           the same terms and conditions for program participation  
8           as apply to program participants under sections 7(j) and  
9           8(a); except that—

10           “(1) the Administration may make such modi-  
11           fications to such terms and conditions as the Admin-  
12           istration determines necessary; and

13           “(2) eligibility shall be determined on the basis  
14           of qualifying as a very small business concern as de-  
15           fined in subsection (g), in lieu of the requirements  
16           contained in paragraphs (4), (5), and (6) of section  
17           8(a).

18           “(d) TECHNICAL AND FINANCIAL ASSISTANCE.—In  
19           order to assist very small business concerns participating  
20           in the program, the Administration is authorized—

21           “(1) to provide technical assistance to such con-  
22           cerns in the same manner and to the same extent  
23           as technical assistance is provided to small business  
24           concerns pursuant to section 7(j); and

1           “(2) to provide pre-authorization to such con-  
2           cerns for the purpose of receiving financial assist-  
3           ance under section 7(a).

4           “(e) PROGRAM TERM.—The Administration shall  
5           carry out the program in each of fiscal years 1995, 1996,  
6           and 1997.

7           “(f) REPORT TO CONGRESS.—On or before December  
8           31, 1996, the Administration shall transmit to Congress  
9           a report containing an analysis of the results of the pro-  
10          gram, together with recommendations for appropriate leg-  
11          islative and administrative actions.

12          “(g) DEFINITIONS.—For the purposes of this section,  
13          the following definitions apply:

14                 “(1) PROGRAM.—The term ‘program’ means  
15                 the program established pursuant to subsection (a).

16                 “(2) VERY SMALL BUSINESS CONCERN.—The  
17                 term ‘very small business concern’ means a small  
18                 business concern that—

19                         “(A) has 10 employees or less; or

20                         “(B) has average annual receipts that total  
21                         \$1,000,000 or less.”.

1           **TITLE IV—MANAGEMENT**  
2                           **ASSISTANCE**

3   **SEC. 401. SUNSET ON COSPONSORED TRAINING.**

4           (a) The authority of the Small Business Administra-  
5   tion to cosponsor training as authorized by section 5(a)  
6   of the Small Business Computer Security and Education  
7   Act of 1984 (15 U.S.C. 633 note) is hereby repealed Sep-  
8   tember 30, 1997.

9           ~~(b) Section 7(b) of the Small Business Computer Se-~~  
10   ~~curity and Education Act of 1984 (15 U.S.C. 633 note)~~  
11   ~~is amended by striking from the second sentence “and the~~  
12   ~~amendments made to section 8(b)(1)(A) of the Small~~  
13   ~~Business Act by section 5(a)(2) of this Act are” and by~~  
14   ~~inserting in lieu thereof “is”.~~

15           *(b) Section 7(b) of the Small Business Computer Secu-*  
16   *rity and Education Act of 1984 (15 U.S.C. 633 note) is*  
17   *amended by striking the second sentence.*

18   **SEC. 402. SMALL BUSINESS DEVELOPMENT CENTER PRO-**  
19                           **GRAM LEVEL.**

20           Section 21(a)(4) of the Small Business Act (15  
21   U.S.C. 648(a)(4)) is amended to read as follows:

22           “(4) The Administration shall require as a condition  
23   of any grant (or amendment or modification thereof) made  
24   to an applicant under this section, that a matching  
25   amount (excluding any fees collected from recipients of

1 such assistance) equal to the amount of such grant be pro-  
2 vided from sources other than the Federal Government,  
3 to be comprised of not less than 50 per centum cash and  
4 not more than 50 per centum of indirect costs and in-  
5 kind contributions: *Provided*, That this matching amount  
6 shall not include any indirect costs or in-kind contribu-  
7 tions derived from any Federal program: *Provided further*,  
8 That no recipient of funds under this section shall receive  
9 a grant which would exceed its pro rata share of a national  
10 program based upon the population to be served by the  
11 Small Business Development Center as compared to the  
12 total population in the United States, plus \$125,000, or  
13 \$200,000, whichever is greater, per year. The amount of  
14 the national program shall be—

15           “(A) \$70,000,000 through September 30, 1995;

16           “(B) \$77,500,000 from October 1, 1995  
17 through September 30, 1996; and

18           “(C) \$85,000,000 beginning October 1, 1996.

19 The amount of eligibility of each Small Business Develop-  
20 ment Center shall be based upon the amount of the na-  
21 tional program in effect as of the date for commencement  
22 of performance of the Center’s grant.”.

1 **SEC. 403. FEDERAL CONTRACTS WITH SMALL BUSINESS DE-**  
2 **VELOPMENT CENTERS.**

3 (a) Section 21(a)(5) of the Small Business Act (15  
4 U.S.C. 648(a)(5)) is amended to read as follows:

5 “(5) A Small Business Development Center may  
6 enter a contract with a Federal department or agency to  
7 provide specific assistance to small business concerns if  
8 the contract is approved in advance by the Deputy Associ-  
9 ate Administrator of the Small Business Development  
10 Center program. Approval shall be based upon a deter-  
11 mination that the contract will provide assistance to small  
12 business concerns and that its performance will not hinder  
13 the Center in carrying out the terms of its grant from  
14 the Administration. The amount of any such contract shall  
15 not be subject to the matching funds requirements of  
16 paragraph (4) nor shall the amount of eligibility under  
17 such paragraph: *Provided*, That notwithstanding any  
18 other provision of law, such contracts for assistance to  
19 small business concerns shall not be counted toward any  
20 Federal department or agency’s small business, women-  
21 owned business, or socially and economically disadvan-  
22 taged business contracting goal as established by section  
23 15(g) of the Small Business Act (15 U.S.C. 644(g)).”.

24 (b) Section 21(a)(6) of the Small Business Act (15  
25 U.S.C. 648(a)(6)) is amended by striking “paragraphs (4)  
26 and (5)” and by inserting in lieu thereof “paragraph (4)”.

1 **SEC. 404. CENTRAL EUROPEAN SMALL BUSINESS DEVELOP-**  
2 **MENT.**

3 Section 25(i) of the Small Business Act (15 U.S.C.  
4 652(i)) is amended by striking “and \$2,000,000 for each  
5 of fiscal years 1993 and 1994” and by inserting in lieu  
6 thereof “, \$2,000,000 for each of fiscal years 1993 and  
7 1994, and \$1,000,000 for fiscal year 1995”.

8 **SEC. 405. MOBILE RESOURCE CENTER PILOT PROGRAM.**

9 (a) ESTABLISHMENT.—The Administrator of the  
10 Small Business Administration may establish and carry  
11 out in each of fiscal years 1995, 1996, and 1997 a mobile  
12 resource pilot program (in this section referred to as the  
13 “program” in accordance with the requirements of this  
14 section.

15 (b) MOBILE RESOURCE CENTER VEHICLES.—Under  
16 the program, the Administration may use mobile resource  
17 center vehicles to provide technical assistance, informa-  
18 tion, and other services available from the Small Business  
19 Administration to traditionally underserved populations.  
20 Two of such vehicles should be utilized in rural areas and  
21 2 of such vehicles should be utilized in urban areas.

22 (c) REPORT TO CONGRESS.—If the Administrator  
23 conducts the program authorized in this section, not later  
24 than December 31, 1996, he shall transmit to Congress  
25 a report containing the results of such program, together

1 with recommendations for appropriate legislative and ad-  
2 ministrative actions.

3 (d) AUTHORIZATION OF APPROPRIATIONS.—There is  
4 authorized to be appropriated for fiscal year 1995  
5 \$900,000 to carry out this section. Of such sums—

6 (1) \$800,000 may be made available for the  
7 purchase or lease of mobile resource center vehicles;  
8 and

9 (2) \$100,000 may be made available for stud-  
10 ies, startup expenses, and other administrative ex-  
11 penses.

12 Such sums shall remain available until expended.

13 **TITLE V—RELIEF FROM FFB DE-**  
14 **BENTURE PREPAYMENT PEN-**  
15 **ALTIES**

16 **SEC. 501. CITATION.**

17 This title may be cited as the “Small Business Pre-  
18 payment Penalty Relief Act of 1994.”.

19 **SEC. 502. MODIFICATION OF DEVELOPMENT COMPANY DE-**  
20 **BENTURE INTEREST RATES.**

21 (a) IN GENERAL.—Upon the request of the issuer  
22 and the concurrence of the borrower, the Small Business  
23 Administration is authorized to transfer to the Federal Fi-  
24 nancing Bank such sums as may be necessary to carry  
25 out the provisions of this section in order to reduce the

1 interest rate on a debenture issued by a certified develop-  
2 ment company. The reduction shall be effective January  
3 2, 1995 and shall apply for the remainder of the term  
4 of the debenture.

5 (b) INTEREST RATE MODIFICATION.—Upon receipt  
6 of such payment, the Federal Financing Bank shall mod-  
7 ify the interest rate of each debenture for which the pay-  
8 ment is made. No other change shall be made in the terms  
9 and conditions of the debenture, and the modification in  
10 the interest rate shall not be construed as new budget au-  
11 thority nor require any additional appropriation for credit  
12 subsidy on account of the modification.

13 (c) DEFINITIONS.—For the purposes of this sec-  
14 tion—

15 (1) the term “issuer” means the issuer of a de-  
16 benture pursuant to section 503 of the Small Busi-  
17 ness Investment Act of 1958 which has been pur-  
18 chased by the Federal Financing Bank if the deben-  
19 ture is outstanding on the date of enactment of this  
20 Act, and neither the loan that secures the debenture  
21 nor the debenture is in default on such date; and

22 (2) the term “borrower” means the small busi-  
23 ness concern whose loan secures a debenture issued  
24 pursuant to such section.

1 (d) OTHER RIGHTS.—A modification of the interest  
2 rate on a debenture as authorized in this section shall not  
3 affect any rights or options of the issuer or borrower which  
4 are otherwise authorized by contract or by law.

5 (e) REFINANCING.—Debentures authorized by sec-  
6 tions 504 and 505 of the Small Business Investment Act  
7 of 1958 may be used to refinance debentures issued under  
8 section 503 of such Act if the amount of the new financing  
9 is limited to such amounts as are needed to repay the ex-  
10 isting debenture, including any prepayment penalty im-  
11 posed by the Federal Financing Bank. Any such refinanc-  
12 ing shall be subject to all of the other provisions of sec-  
13 tions 504 and 505 of such Act and the rules and regula-  
14 tions of the Administration promulgated thereunder, in-  
15 cluding, but not limited to, rules and regulations govern-  
16 ing payment of authorized expenses and commissions, fees  
17 and discounts to brokers and dealers in trust certificates  
18 issued pursuant to section 505: *Provided, however,* That  
19 no applicant for refinancing under section 504 of this Act  
20 need demonstrate that the requisite number of jobs will  
21 be created or preserved with the proceeds of such refinanc-  
22 ing: *Provided further,* That a development company which  
23 provides refinancing under this subsection shall be limited  
24 to a loan processing fee not to exceed one-half of one per-

1 cent to cover the cost of packaging, processing and other  
2 nonlegal staff functions.

3 **SEC. 503. MODIFICATION OF SMALL BUSINESS INVEST-**  
4 **MENT COMPANY DEBENTURE INTEREST**  
5 **RATES.**

6 (a) IN GENERAL.—Upon the request of the issuer,  
7 the Small Business Administration is authorized to trans-  
8 fer to the Federal Financing Bank such sums as may be  
9 necessary to carry out the provisions of this section in  
10 order to reduce the interest rate on a debenture issued  
11 by a Small Business Investment Company under the provi-  
12 sions of title III of the Small Business Investment Act  
13 of 1958. The reduction shall be effective January 2, 1995  
14 and shall apply for the remainder of the term of the deben-  
15 ture.

16 (b) INTEREST RATE MODIFICATION.—Upon receipt  
17 of such payment, the Federal Financing Bank shall mod-  
18 ify the interest rate of each debenture for which the pay-  
19 ment is made. No other change shall be made in the terms  
20 and conditions of the debenture, and the modification in  
21 the interest rate shall not be construed as new budget au-  
22 thority nor require any additional appropriation for credit  
23 subsidy on account of the modification.

24 (c) DEFINITIONS.—For the purposes of this section,  
25 the term “issuer” means the issuer of a debenture pursu-

1 ant to section 303 of the Small Business Investment Act  
2 of 1958 which has been purchased by the Federal Financ-  
3 ing Bank if the debenture is outstanding on the date of  
4 enactment of this Act, and is not in default on such date.

5 (d) OTHER RIGHTS.—A modification of the interest  
6 rate on a debenture as authorized in this section shall not  
7 affect any rights or options of the issuer which are other-  
8 wise authorized by contract or by law.

9 **SEC. 504. MODIFICATION OF SPECIALIZED SMALL BUSI-**  
10 **NESS INVESTMENT COMPANY DEBENTURE**  
11 **INTEREST RATES.**

12 (a) INTEREST RATE MODIFICATION.—Upon the re-  
13 quest of the issuer, the Small Business Administration is  
14 authorized to modify the interest rate on a debenture is-  
15 sued by a Small Business Investment Company licensed  
16 under the provisions of section 301(d) of the Small Busi-  
17 ness Investment Act of 1958 and which is held by the Ad-  
18 ministration. No debenture which has been sold to a third  
19 party shall be eligible for modification under this section.  
20 The reduction shall be effective January 2, 1995 and shall  
21 apply for the remainder of the term of the debenture. No  
22 other change shall be made in the terms and conditions  
23 of the debenture, and the modification in the interest rate  
24 shall not be construed as new budget authority nor require

1 any additional appropriation for credit subsidy on account  
2 of the modification.

3 (b) DEFINITIONS.—For the purposes of this section,  
4 the term “issuer” means a Specialized Small Business In-  
5 vestment Company licensed under the provisions of section  
6 301(d) of the Small Business Investment Act of 1958  
7 which has issued a debenture which has been funded by  
8 the Small Business Administration, providing the debenture  
9 is outstanding on the date of enactment of this Act  
10 and is not in default on such date.

11 (c) OTHER RIGHTS.—A modification of the interest  
12 rate on a debenture as authorized in this section shall not  
13 affect any rights or options of the issuer which are other-  
14 wise authorized by contract or by law.

15 **SEC. 505. INTEREST RATE REDUCTIONS.**

16 (a) IN GENERAL.—Upon enactment of an Appropria-  
17 tions Act providing funds to carry out the provisions of  
18 this Act and limited to amounts specifically provided in  
19 advance in Appropriations Acts, the Small Business Ad-  
20 ministration shall evaluate the outstanding portfolio of de-  
21 bentures which are eligible for interest rate relief under  
22 this Act. The Administration shall apply the funds appro-  
23 priated to carry out this Act in order to reduce the highest  
24 interest rate on all eligible debentures to a uniform rate.

1 (b) AUTHORIZATION.—There are authorized to be ap-  
2 propriated \$30 million to carry out the provisions of this  
3 Act in fiscal year 1995.

4 **TITLE VI—DEVELOPMENT OF**  
5 **WOMEN-OWNED BUSINESSES**

6 **SEC. 601. STATUS OF COUNCIL.**

7 Section 401 of the Women’s Business Ownership Act  
8 of 1988 (15 U.S.C. 631 note) is redesignated as section  
9 405 of such Act and, as redesignated, is amended—

10 (1) in the heading by inserting “**OF THE**  
11 **COUNCIL**” after “**ESTABLISHMENT**”; and

12 (2) by striking the period at the end and insert-  
13 ing the following: “which shall serve as an independ-  
14 ent advisory council to the Interagency Committee  
15 on Women’s Business Enterprise, to the Adminis-  
16 trator of the Small Business Administration, and to  
17 the Congress of the United States. The Council, in  
18 order to carry out its function as an independent ad-  
19 visory council to the Congress, is authorized and di-  
20 rected to report independently of the Interagency  
21 Committee directly to the Congress at such times  
22 and on such matters as it, in its discretion, deems  
23 appropriate.”.

1 **SEC. 602. DUTIES OF NATIONAL WOMEN'S BUSINESS COUN-**  
2 **CIL.**

3 Section 402 of the Women's Business Ownership Act  
4 of 1988 (15 U.S.C. 631 note) is redesignated as section  
5 406 of such Act and, as redesignated, is amended to read  
6 as follows:

7 **"SEC. 406. DUTIES OF THE COUNCIL.**

8 "The Council shall meet at such times as it deter-  
9 mines necessary in order to advise and consult with the  
10 Interagency Committee on Women's Business Enterprise  
11 on matters relating to the activities, functions, and policies  
12 of such Committee as provided in this title. The Council  
13 shall make annual recommendations for consideration by  
14 the Committee. The Council also shall provide reports and  
15 make such other recommendations as it deems appropriate  
16 to the Committee, to the Administrator of the Small Busi-  
17 ness Administration, and to the Small Business Commit-  
18 tee of the United States Senate and to the Small Business  
19 Committee of the United States House of Representa-  
20 tives."

21 **SEC. 603. MEMBERSHIP OF THE COUNCIL.**

22 Section 403 of the Women's Business Ownership Act  
23 of 1988 (15 U.S.C. 631 note) is redesignated as section  
24 407 of such Act, and, as redesignated, is amended to read  
25 as follows:

1 **“SEC. 407. MEMBERSHIP OF THE COUNCIL.**

2       “(a) The Council shall be composed of 15 members  
3 who shall be appointed by the Administrator of the Small  
4 Business Administration and who shall serve at the Ad-  
5 ministrator’s discretion. In making the appointments, the  
6 Administrator shall include racial, geographic and eco-  
7 nomic diversity, and representation from diverse sectors  
8 of the economy, including manufacturing, high technology,  
9 services and credit institutions, and shall give priority to  
10 include representation of major women’s business organi-  
11 zations.

12       “(b) Only the owner, operator or employee of a  
13 woman-owned business shall be eligible for appointment,  
14 and not more than eight appointees shall be members of  
15 the same political party. If any member of the Council  
16 subsequently becomes an officer or employee of the Fed-  
17 eral Government or of the Congress, such individual may  
18 continue as a member of the Council for not longer than  
19 the thirty-day period beginning on the date such individual  
20 becomes such an officer or employee.

21       “(c) The Council annually shall select one member  
22 to serve as its Chairperson. The Chairperson of the Coun-  
23 cil, or her designee, shall be the representative of the  
24 Council to all meetings of the Interagency Committee on  
25 Women’s Business Enterprise.

1 “(d) The Council shall meet not less than four times  
2 per year. Meetings shall be at the call of the Chairperson  
3 at such times as she deems appropriate.

4 “(e) Members of the Council shall serve without pay  
5 for such membership, except they shall be entitled to reim-  
6 bursement for travel, subsistence, and other necessary ex-  
7 penses incurred by them in carrying out the functions of  
8 the Council, in the same manner as persons serving on  
9 advisory boards pursuant to section 8(b) of the Small  
10 Business Act.”.

11 **SEC. 604. INTERAGENCY COMMITTEE.**

12 Title IV of the Women’s Business Ownership Act of  
13 1988 (15 U.S.C. 631 note) is amended by striking section  
14 404 and by inserting the following new sections prior to  
15 section 405 as redesignated by section 601 of this Act:

16 **“SEC. 401. ESTABLISHMENT OF THE COMMITTEE.**

17 “There is established an Interagency Committee to  
18 be known as the ‘Interagency Committee on Women’s  
19 Business Enterprise’ (hereinafter in this title referred to  
20 as the Committee).

21 **“SEC. 402. DUTIES OF THE COMMITTEE.**

22 “The Committee shall—

23 “(1) promote, coordinate and monitor the  
24 plans, programs and operations of the departments  
25 and agencies of the Federal Government which may

1 contribute to the establishment, preservation and  
2 strengthening of women's business enterprise. It  
3 may, as appropriate, develop comprehensive inter-  
4 agency plans and specific program goals for women's  
5 business enterprise with the cooperation of Federal  
6 departments and agencies;

7       “(2) promote the better utilization of the activi-  
8 ties and resources of State and local governments,  
9 business and trade associations, private industry,  
10 colleges and universities, foundations, professional  
11 organizations, and volunteer and women's business  
12 enterprise, and facilitate the coordination of the ef-  
13 forts of these groups with those of Federal depart-  
14 ments and agencies;

15       “(3) consult with the Council to develop and  
16 promote new initiatives designed to foster women's  
17 business enterprise, and to develop policies, pro-  
18 grams, and plans intended to promote such develop-  
19 ment;

20       “(4) consider the Council's recommendations  
21 and public and private sector studies of the problems  
22 of women entrepreneurs, and promote further re-  
23 search into such problems; and

24       “(5) design a comprehensive plan for a joint  
25 public-private sector effort to facilitate the develop-

1       ment and growth of women-owned businesses. The  
2       Committee should submit the plan to the President  
3       for review within six months of the effective date of  
4       this Act.

5       **“SEC. 403. MEMBERSHIP OF THE COMMITTEE.**

6       “(a) The Committee shall be composed of representa-  
7       tives of the following departments and agencies: The De-  
8       partments of Agriculture, Commerce, Defense, Energy,  
9       Health and Human Services, Education, Housing and  
10      Urban Development, Interior, Justice, Labor, Transpor-  
11      tation, Treasury, the Federal Trade Commission, General  
12      Services Administration, National Science Foundation,  
13      Office of Federal Procurement Policy, and the Director  
14      of the Office of Women’s Business Ownership of the Small  
15      Business Administration, who shall serve as Vice Chair-  
16      person of the Committee. The head of each such depart-  
17      ment and agency shall designate a representative who  
18      shall be a policy making official within the department or  
19      agency.

20      “(b) The Committee shall have a Chairperson ap-  
21      pointed by the President, after consultation with the Ad-  
22      ministrators of the Small Business Administration and the  
23      Chief Counsel for Advocacy of the Small Business Admin-  
24      istration. The Chairperson shall be the head of a Federal  
25      department or agency. If the Chairperson is the head of

1 one of the departments or agencies enumerated in sub-  
2 section (a), he or she shall also serve as the representative  
3 of such department or agency.

4 “(c) The Committee shall meet not less than four  
5 times per year. Meetings shall be at the call of the Chair-  
6 person at such times as he or she deems appropriate.

7 “(d) The members of the Committee shall serve with-  
8 out additional pay for such membership.

9 “(e) The Chairperson of the Committee may des-  
10 ignate a Director of the Committee, after consultation  
11 with the Administrator of the Small Business Administra-  
12 tion and the Chief Counsel for Advocacy of the Small  
13 Business Administration.

14 “(f) The Chief Counsel for Advocacy is authorized to  
15 appoint to his staff under the provisions of section 204  
16 of Public Law 94–305 (15 U.S.C. 634(d)) the person so  
17 designated under subsection (e). He or she is also author-  
18 ized to provide additional staff and administrative support  
19 for the Committee.

20 “(g) The Director of the Office of Women’s Business  
21 Ownership of the Small Business Administration is au-  
22 thorized to provide additional staff and administrative  
23 support for the Committee.

1 **“SEC. 404. REPORTS FROM THE COMMITTEE.**

2 “The Committee shall transmit to the President and  
3 to the Small Business Committee of the United States  
4 Senate and to the Small Business Committee of the Unit-  
5 ed States House of Representatives a report no less than  
6 once in every twelve-month period. The first such report  
7 shall be submitted no later than March 31, 1995. Such  
8 reports shall contain any recommendations from the  
9 Council and any comments of the Committee thereon, a  
10 detailed statement on the activities of the Committee, the  
11 findings and conclusions of the Committee, together with  
12 its recommendations for such legislation and administra-  
13 tive actions as it considers appropriate to promote the de-  
14 velopment of small business concerns owned and con-  
15 trolled by women.”.

16 **SEC. 605. REPEALER.**

17 Sections 404 through 407 of the Women’s Business  
18 Ownership Act of 1988, as in effect on the day before the  
19 date of the enactment of this Act, are repealed and the  
20 following new section is added at the end of title IV of  
21 such Act:

22 **“SEC. 408. DEFINITIONS.**

23 “For the purposes of this Act, the term—

24 “(1) ‘woman-owned business’ shall mean a  
25 small business which is at least 51 percent owned by  
26 a woman or women who also control and operate it;

1           “(2) ‘control’ shall mean exercising the power  
2           to make policy decisions;

3           “(3) ‘operate’ shall mean being actively involved  
4           in the day-to-day management; and

5           “(4) ‘women’s business enterprise’ shall mean a  
6           woman-owned business or businesses or the efforts  
7           of a woman or women to establish, maintain, or de-  
8           velop such a business or businesses.”.

9   **SEC. 606. EXTENSION OF AUTHORITY FOR DEMONSTRATION PROJECTS.**  
10

11           Section 28 of the Small Business Act, as added by  
12 section 2 of Public Law 102–191, is redesignated as section  
13 29 and, as so redesignated, is amended by striking  
14 from subsection (g) “1995” and by inserting “1997”.

15   **SEC. 607. ESTABLISHMENT OF OFFICE OF WOMEN’S BUSINESS OWNERSHIP.**  
16

17           Section 29 of the Small Business Act, as redesignated  
18 by section 606 of this Act, is amended by adding the following  
19 new subsection at the end:

20           “(h) There is established within the Administration  
21 an Office of Women’s Business Ownership, which shall be  
22 responsible for the administration of the Administration’s  
23 programs for the development of women’s business enterprises  
24 as defined in section 408 of the Women’s Business

1 Ownership Act of 1988. The Office shall be headed by a  
2 director who shall be appointed by the Administrator.”.

3 **SEC. 608. TECHNICAL AND CONFORMING AMENDMENTS.**

4 (a) Title IV of the table of contents of the Women’s  
5 Business Ownership Act of 1988 (15 U.S.C. 631 note) is  
6 amended to read as follows:

“TITLE IV—DEVELOPMENT OF WOMEN’S BUSINESS ENTERPRISE

“Sec. 401. Establishment of the Committee.

“Sec. 402. Duties of the Committee.

“Sec. 403. Membership of the Committee.

“Sec. 404. Reports from the Committee.

“Sec. 405. Establishment of the Council.

“Sec. 406. Duties of the Council.

“Sec. 407. Membership of the Council.

“Sec. 408. Definitions.”.

7 (b) The heading to title IV of the Women’s Business  
8 Ownership Act of 1988 (15 U.S.C. 631 note) is amended  
9 to read as follows:

10 **“TITLE IV—DEVELOPMENT OF WOMEN’S**  
11 **BUSINESS ENTERPRISES”.**

12 **SEC. 609. AUTHORIZATION.**

13 There is authorized to be appropriated \$200,000 in  
14 each of fiscal years 1995 through 1997 to carry out the  
15 provisions of title IV of the Women’s Business Ownership  
16 Act of 1988 (15 U.S.C. 631 note).

1           **TITLE VII—MISCELLANEOUS**  
2                                   **AMENDMENTS**

3   **SEC. 701. HANDICAPPED PARTICIPATION IN SMALL BUSI-**  
4                                   **NESS SET ASIDE CONTRACTS.**

5           Section 15(c) of the Small Business Act (15 U.S.C.  
6 644(c)) is amended—

7                   (1) by amending paragraph (2)(A) to read as  
8 follows:

9           “(2)(A) During each fiscal year, public or private or-  
10 ganizations for the handicapped shall be eligible to partici-  
11 pate in programs authorized under this section in an ag-  
12 gregate amount not to exceed \$50,000,000.”; and

13                   (2) by adding the following new paragraph at  
14 the end thereof:

15           “(7) Any contract awarded to such an organization  
16 pursuant to the provisions of this subsection may be ex-  
17 tended for up to two additional years.”.

18   **SEC. 702. SBA INTEREST PAYMENTS TO TREASURY.**

19           Section 4(c)(5)(B)(ii) of the Small Business Act (15  
20 U.S.C. 633(c)(5)(B)(ii)) is amended to read as follows:

21           “(ii) The Administration shall pay into the mis-  
22 cellaneous receipts of the Treasury following the close of  
23 each fiscal year the actual interest it collects during that  
24 fiscal year on all financings made under the authority of  
25 this Act.”.

1 **SEC. 703. IMPOSITION OF FEES.**

2 Section 5(b) of the Small Business Act (15 U.S.C.  
3 634(b)) is amended—

4 (1) in paragraph (10) by striking “and” at the  
5 end;

6 (2) in paragraph (11) by striking the period at  
7 the end and inserting a semicolon; and

8 (3) by adding the following new paragraphs at  
9 the end:

10 “(12) impose, retain and use only those fees  
11 which are specifically authorized by law or which are  
12 in effect on September 30, 1994, and in the  
13 amounts and at the rates in effect on such date. The  
14 administrator is authorized to impose, retain and  
15 utilize, subject to approval in appropriations Acts,  
16 the following additional fees—

17 “(A) not to exceed \$100 for each loan  
18 servicing action requested after disbursement of  
19 the loan, including substitution of collateral,  
20 loan assumptions, release or substitution of  
21 guarantors, reamortizations or similar actions;

22 “(B) to recover the direct, incremental cost  
23 involved in the production and dissemination of  
24 compilations of information produced by the  
25 Administration under the authority of the Small

1 Business Act and the Small Business Invest-  
2 ment Act of 1958; and

3 “(13) to collect, retain and utilize, subject to  
4 approval in appropriations Acts, any amounts col-  
5 lected by fiscal transfer agents and not used by such  
6 agent as payment of the cost of loan pooling or de-  
7 benture servicing operations: *Provided*, That any  
8 monies so collected shall be utilized solely to facili-  
9 tate the administration of the program which gen-  
10 erated the excess monies.”.

11 **SEC. 704. SBIR VENDORS.**

12 Section 9(q)(2) of the Small Business Act (15 U.S.C.  
13 638(q)(2)) is amended to read as follows:

14 “(2) **VENDOR SELECTION.**—Each agency may  
15 select a vendor to assist small business concerns to  
16 meet the goals listed in paragraph (1). Such selec-  
17 tion shall be competitive using merit-based criteria,  
18 for a term not to exceed 3 years.”.

19 **SEC. 705. MANUFACTURING CONTRACTS.**

20 (a) **ESTABLISHMENT OF PILOT PROGRAM.**—Section  
21 15 of the Small Business Act (15 U.S.C. 644) is amended  
22 by adding at the end the following:

23 “(p) **MANUFACTURING MODERNIZATION PILOT PRO-**  
24 **GRAM.**—

1           “(1) ESTABLISHMENT.—The Administrator  
2           may establish and carry out a manufacturing mod-  
3           ernization pilot program (hereinafter in this section  
4           referred to as the ‘program’) for the purpose of pro-  
5           moting the award of Federal procurement contracts  
6           to small business concerns that participate in manu-  
7           facturing application and education centers that are  
8           established or certified pursuant to paragraph (2).

9           “(2) MANUFACTURING APPLICATION AND EDU-  
10          CATION CENTERS.—The Administrator may estab-  
11          lish manufacturing application and education centers  
12          which will provide training to small business con-  
13          cerns on new and innovative manufacturing prac-  
14          tices in a shared-use production environment and  
15          which will assist such concerns in carrying out Fed-  
16          eral procurement contracts for the manufacture of  
17          components and subsystems. The Administrator may  
18          also certify existing manufacturing application and  
19          education centers for participation in the program.

20          “(3) USE OF PRIVATE CENTERS AS EXAM-  
21          PLES.—In establishing any manufacturing applica-  
22          tion and education centers pursuant to paragraph  
23          (2), the Administrator may use as examples manu-  
24          facturing application and education centers in the  
25          private sector that provide the following services:

1 technology demonstration, technology education,  
2 technology application support, technology advance-  
3 ment support, and technology awareness.

4 “(4) IDENTIFICATION OF CONTRACTS.—The  
5 Administrator and the head of a contracting agency  
6 may identify for additional small business set-asides  
7 pursuant to subsection (a) any procurement, and in  
8 particular any procurement which is being foreign-  
9 sourced or is considered critical, which is susceptible  
10 to performance by a small business concern if the  
11 concern is assisted by a manufacturing application  
12 and education center under the program. Any such  
13 procurement shall be subject to the requirements of  
14 subsection (a), including requirements relating to  
15 any failure of the Administrator and the head of the  
16 contracting agency to agree on procurement meth-  
17 ods.

18 “(5) NONAPPLICABILITY OF PERFORMANCE RE-  
19 QUIREMENT.—The requirement of subsection  
20 (o)(1)(B) shall not apply with respect to any con-  
21 tract carried out by a small business concern under  
22 the program with the assistance of a manufacturing  
23 application and education center.

24 “(6) REGULATIONS.—Not later than 6 months  
25 after the date of the enactment of this subsection,

1 the Administrator shall issue regulations to carry  
2 out this subsection if he determines it appropriate to  
3 carry out the program authorized by this subsection.

4 “(7) REPORTS.—

5 “(A) PROGRESS REPORT.—Not later than  
6 3 months after the last day of the fiscal year  
7 in which final regulations are issued pursuant  
8 to paragraph (6), the Administrator shall trans-  
9 mit to the Committees on Small Business of the  
10 House of Representatives and the Senate a re-  
11 port on the progress of the program.

12 “(B) FINAL REPORT.—If the Adminis-  
13 trator establishes the program authorized here-  
14 in, not later than March 31, 1999, he shall  
15 transmit to the Committees on Small Business  
16 of the House of Representatives and the Senate  
17 a report on the success of the program in—

18 “(i) enabling deployment of tech-  
19 nology to small business concerns partici-  
20 pating in the program, and

21 “(ii) assisting manufacturing applica-  
22 tion and education centers in achieving  
23 self-sufficiency,

1           together with recommendations concerning con-  
2           tinuation, modification, or discontinuance of the  
3           program.

4           “(8) PROGRAM TERM.—The Administrator may  
5           carry out the program during the period beginning  
6           on the date of issuance of final regulations under  
7           paragraph (5) and ending on September 30, 1999.

8           “(9) AUTHORIZATION OF APPROPRIATIONS.—  
9           There are authorized to be appropriated such sums  
10          as may be necessary to carry out this subsection.”.

11 **SEC. 706. DENIAL OF USE OF FUNDS FOR INDIVIDUALS NOT**  
12 **LAWFULLY WITHIN THE UNITED STATES.**

13          The Small Business Act (15 U.S.C. 631 et seq.) is  
14 amended by inserting after section 30, as added by section  
15 304 of this Act, the following:

16 **“SEC. 31. DENIAL OF USE OF FUNDS FOR INDIVIDUALS NOT**  
17 **LAWFULLY WITHIN THE UNITED STATES.**

18          “None of the funds made available pursuant to this  
19 Act may be used to provide any direct benefit or assistance  
20 to any individual in the United States when it is made  
21 known to the Administrator of the Small Business Admin-  
22 istration or the official to which the funds are made avail-  
23 able that the individual is not lawfully within the United  
24 States.”.

1 **SEC. 707. OFFICE OF ADVOCACY EMPLOYEES.**

2 Section 204 of Public Law 94-305 (15 U.S.C. 634d)  
3 is amended as follows—

4 (1) by striking “after consultation with and  
5 subject to the approval of the Administrator,”; and

6 ~~(2) by striking from paragraph (1) “ten” and~~  
7 ~~by inserting “14”.~~

8 *(2) in paragraph (1) by striking “GS-15 of the*  
9 *General Schedule” and all that follows and inserting*  
10 *“GS-15 of the General Schedule: Provided, however,*  
11 *That not more than 14 staff personnel at any one*  
12 *time may be employed and compensated at a rate in*  
13 *excess of GS-15, step 10, of the General Schedule;”.*

14 **SEC. 708. ADVOCACY STUDY OF PAPERWORK AND TAX IM-**  
15 **PACT.**

16 The Chief Counsel for Advocacy of the Small Busi-  
17 ness Administration shall conduct a study of the impact  
18 of all Federal regulatory paperwork and tax requirements  
19 upon small business and report its findings to the Con-  
20 gress within 1 year of the date of the enactment of this  
21 Act.

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