

109TH CONGRESS
2D SESSION

S. 3785

To amend the Small Business Investment Act of 1958 to improve surety bond guarantees, and for other purposes.

IN THE SENATE OF THE UNITED STATES

AUGUST 3, 2006

Ms. SNOWE introduced the following bill; which was read twice and referred to the Committee on Small Business and Entrepreneurship

A BILL

To amend the Small Business Investment Act of 1958 to improve surety bond guarantees, 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 “Surety Bond Improve-
5 ment Act of 2006”.

6 **SEC. 2. SURETY BONDS.**

7 (a) RATES.—Section 411(a) of the Small Business
8 Investment Act of 1958 (15 U.S.C. 694b(a)) is amend-
9 ed—

1 (1) in paragraph (1), by striking “\$2,000,000”
2 and inserting “\$3,000,000”; and

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

4 “(6) The Administrator may authorize a surety that
5 issues, monitors, or services bonds under paragraph (3)
6 to use rates approved by the insurance commissioner in
7 the State in which such contract will be performed.”.

8 (b) PAYMENT OF GUARANTEES.—Section 411(b) of
9 the Small Business Investment Act of 1958 (15 U.S.C.
10 694b(b)) is amended—

11 (1) by redesignating paragraphs (1) through
12 (3) as subparagraphs (A) through (C), respectively,
13 and adjusting the margins accordingly;

14 (2) by striking “Subject to the provisions” and
15 inserting the following:

16 “(1) IN GENERAL.—Subject to the provisions”;

17 (3) by striking “: *Provided, however*” and in-
18 serting “.

19 “(2) CONDITIONS.—For a guarantee under this
20 subsection—”;

21 (4) by striking “In no event shall” and insert-
22 ing the following:

23 “(3) MAXIMUM AMOUNT.—In no event shall”;

24 and

25 (5) by adding at the end the following:

1 “(4) PAYMENT OF GUARANTEES.—The Admin-
2 istrator may not refuse to make payment on a guar-
3 antee under this subsection based on facts, cir-
4 cumstances, or defects that the Administrator rea-
5 sonably should have identified during the process of
6 making the guarantee.”.

7 (c) REPORTS TO CONGRESS.—

8 (1) IN GENERAL.—On the date on which the
9 Administrator of the Small Business Administration
10 provides notice of a proposed change in fees under
11 section 411(h) of the Small Business Investment Act
12 of 1958 (15 U.S.C. 694b(h)), the Administrator
13 shall submit to the Committee on Small Business
14 and Entrepreneurship of the Senate and the Com-
15 mittee on Small Business of the House of Rep-
16 resentatives, and make publically available, a report
17 regarding the basis for the change in fees.

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

20 (A) the contents of any study used by the
21 Administrator in determining whether to
22 change fees under section 411(h) of the Small
23 Business Investment Act of 1958; and

24 (B) the total amount of fees received under
25 such section 411(h) and the total cost of the

1 program under part B of title IV of the Small
2 Business Investment Act of 1958 (15 U.S.C.
3 694a et seq.)—

4 (i) for the first report submitted
5 under paragraph (1), during the 3-year pe-
6 riod ending on the date of the submission
7 of the report; and

8 (ii) for each subsequent report, during
9 the period beginning on the date of the
10 submission of the prior report submitted
11 under paragraph (1) and ending on the
12 date of submission of such subsequent re-
13 port.

14 (d) SENSE OF CONGRESS.—It is the sense of Con-
15 gress that the program under part B of title IV of the
16 Small Business Investment Act of 1958 (15 U.S.C. 694a
17 et seq.) is not required to be self-funding and, therefore,
18 the program may at times operate at a loss.

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