

Calendar No. 720

110TH CONGRESS
2D SESSION

S. 2920

To reauthorize and improve the financing and entrepreneurial development programs of the Small Business Administration, and for other purposes.

IN THE SENATE OF THE UNITED STATES

APRIL 24, 2008

Mr. KERRY (for himself, Ms. SNOWE, and Mr. LEVIN) introduced the following bill; which was read the first time

APRIL 28, 2008

Read the second time and placed on the calendar

A BILL

To reauthorize and improve the financing and entrepreneurial development programs of the Small Business Administration, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “SBA Reauthorization
5 and Improvement Act of 2008”.

6 **SEC. 2. TABLE OF CONTENTS.**

7 The table of contents for this Act is as follows:

- Sec. 1. Short title.
- Sec. 2. Table of contents.
- Sec. 3. Definitions.

TITLE I—SMALL BUSINESS LENDING

- Sec. 101. Authorization of appropriations.

Subtitle A—Microloan Programs

- Sec. 121. Conforming technical change in average smaller loan size.
- Sec. 122. Inclusion of persons with disabilities.
- Sec. 123. Microloan program improvements.
- Sec. 124. Prime reauthorization and transfer to the Small Business Act.
- Sec. 125. Report to congress on the microloan program.

Subtitle B—Intermediary Lending Pilot Program

- Sec. 141. Findings.
- Sec. 142. Small business intermediary lending pilot program.

Subtitle C—7(a) Loan Program

- Sec. 161. Preferred lenders program.
- Sec. 162. Maximum loan amount.
- Sec. 163. Maximum 504 and 7(a) loan eligibility.
- Sec. 164. Loan pooling.
- Sec. 165. Alternative size standard.
- Sec. 166. Alternative variable interest rate.
- Sec. 167. Minority small business development.
- Sec. 168. Lowering of fees.
- Sec. 169. International trade loans.
- Sec. 170. Rural lending outreach program.

Subtitle D—Certified Development Companies; 504 Loan Program

- Sec. 181. Development company loan programs.
- Sec. 182. Loan liquidations.
- Sec. 183. Additional equity injections.
- Sec. 184. Uniform leasing policy.
- Sec. 185. Businesses in low-income communities.
- Sec. 186. Combinations of certain goals.
- Sec. 187. Refinancing under the local development business loan program.
- Sec. 188. Technical correction.
- Sec. 189. Definitions for the Small Business Investment Act of 1958.
- Sec. 190. Repeal of sunset on reserve requirements for premier certified lenders.
- Sec. 191. Certified development companies.
- Sec. 192. Conforming amendments.
- Sec. 193. Closing costs.
- Sec. 194. Definition of rural.
- Sec. 195. Regulations and effective date.
- Sec. 196. Limitation on time for final approval of companies.
- Sec. 197. Child care lending pilot program.
- Sec. 198. Debenture repayment.
- Sec. 199. Real estate appraisals.

TITLE II—SMALL BUSINESS VENTURE CAPITAL

Subtitle A—Small Business Investment Company Program

- Sec. 221. Reauthorization.
- Sec. 222. Leverage.
- Sec. 223. Investments in smaller enterprises.
- Sec. 224. Maximum investment in a company.

Subtitle B—New Markets Venture Capital Program

- Sec. 241. Diversification of New Markets Venture Capital Program.
- Sec. 242. Establishment of Office of New Markets Venture Capital.
- Sec. 243. Low-income geographic areas.
- Sec. 244. Applications for New Markets Venture Capital Program.
- Sec. 245. Operational assistance grants.
- Sec. 246. Authorization.

TITLE III—SMALL BUSINESS ENTREPRENEURIAL DEVELOPMENT

Subtitle A—Reauthorization

- Sec. 301. Reauthorization.

Subtitle B—Women’s Small Business Ownership Programs

- Sec. 311. Office of Women’s Business Ownership.
- Sec. 312. Women’s Business Center Program.
- Sec. 313. National Women’s Business Council.
- Sec. 314. Interagency Committee on Women’s Business Enterprise.
- Sec. 315. Preserving the independence of the National Women’s Business Council.
- Sec. 316. Study and report on women’s business centers.

Subtitle C—International Trade

- Sec. 321. Small Business Administration Associate Administrator for International Trade.
- Sec. 322. Office of International Trade.

Subtitle D—Native American Small Business Development Program

- Sec. 331. Short title.
- Sec. 332. Native American Small Business Development Program.
- Sec. 333. Pilot programs.

Subtitle E—National Small Business Regulatory Assistance

- Sec. 341. Short title.
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1 **SEC. 3. DEFINITIONS.**

2 In this Act—

3 (1) the terms “Administration” and “Adminis-
 4 trator” mean the Small Business Administration
 5 and the Administrator thereof, respectively;

6 (2) the term “504 Loan Program” means the
 7 program to provide financing to small business con-
 8 cerns by guarantees of loans under title V of the
 9 Small Business Investment Act of 1958 (15 U.S.C.
 10 695 et seq.), which are funded by debentures guar-
 11 anteed by the Administrator;

12 (3) the term “low-income geographic area” has
 13 the meaning given that term in section 351 of the
 14 Small Business Investment Act of 1958 (15 U.S.C.
 15 689), as amended by this Act;

16 (4) the term “New Markets Venture Capital
 17 company” has the meaning given that term in sec-

1 tion 351 of the Small Business Investment Act of
2 1958 (15 U.S.C. 689);

3 (5) the term “New Markets Venture Capital
4 Program” means the program under part B of title
5 III of the Small Business Investment Act of 1958
6 (15 U.S.C. 689 et seq.); and

7 (6) the term “small business concern” has the
8 same meaning as in section 3 of the Small Business
9 Act (15 U.S.C. 632).

10 **TITLE I—SMALL BUSINESS** 11 **LENDING**

12 **SEC. 101. AUTHORIZATION OF APPROPRIATIONS.**

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

15 (1) by redesignating subsection (j) as sub-
16 section (f); and

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

18 “(g) MICROLOAN.—For each of fiscal years 2008
19 through 2010, the Administration is authorized to make,
20 as provided in section 7(m)—

21 “(1) \$80,000,000 in technical assistance grants;

22 “(2) \$110,000,000 in direct loans; and

23 “(3) \$50,000,000 in deferred participation
24 loans.

1 “(h) GENERAL BUSINESS LOANS.—The Administra-
2 tion is authorized to make, as provided in section 7(a)—

3 “(1) \$19,000,000,000 in general business loans
4 in fiscal year 2008;

5 “(2) \$20,000,000,000 in general business loans
6 in fiscal year 2009; and

7 “(3) \$21,000,000,000 in general business loans
8 in fiscal year 2010.

9 “(i) CERTIFIED DEVELOPMENT COMPANY
10 FINANCINGS.—The Administration is authorized to make,
11 as provided in section 7(a)(13) and as provided in section
12 504 of the Small Business Investment Act of 1958 (15
13 U.S.C. 697a)—

14 “(1) \$8,500,000,000 in certified development
15 company financings in fiscal year 2008;

16 “(2) \$9,000,000,000 in certified development
17 company financings in fiscal year 2009; and

18 “(3) \$9,500,000,000 in certified development
19 company financings in fiscal year 2010.

20 “(j) DEPARTMENT OF DEFENSE.—For each of fiscal
21 years 2008 through 2010, the Administration is author-
22 ized to make \$500,000,000 in loans as provided in section
23 7(a)(21).

24 “(k) PRIME PROGRAM.—

1 “(1) IN GENERAL.—There are authorized to be
2 appropriated to the Administrator \$15,000,000 for
3 each of fiscal years 2008 through 2010 to carry out
4 section 37, which shall remain available until ex-
5 pended.

6 “(2) CERTAIN PROGRAMS.—In addition to the
7 amount authorized under paragraph (1), there are
8 authorized to be appropriated to the Administrator
9 \$2,000,000 each of fiscal years 2008 through 2010
10 to carry out section 37(c)(4), which shall remain
11 available until expended.

12 “(1) ADDITIONAL AUTHORIZATIONS AND LIMITA-
13 TIONS.—

14 “(1) IN GENERAL.—There are authorized to be
15 appropriated to the Administration for each of fiscal
16 years 2008 through 2010 such sums as may be nec-
17 essary to carry out the provisions of this Act not
18 elsewhere provided for, including administrative ex-
19 penses and necessary loan capital for disaster loans
20 pursuant to section 7(b), and to carry out the Small
21 Business Investment Act of 1958, including salaries
22 and expenses of the Administration.

23 “(2) LIMITATIONS.—Notwithstanding any other
24 provision of this section, for each of fiscal years
25 2008 through 2010—

1 “(A) no funds are authorized to be used as
2 loan capital for the loan program authorized by
3 section 7(a)(21) in any such fiscal year, except
4 by transfer from another Federal department or
5 agency to the Administration, unless the pro-
6 gram level authorized for general business loans
7 under subsection (h) is fully funded for that fis-
8 cal year; and

9 “(B) the Administration may not approve
10 loans on its own behalf or on behalf of any
11 other Federal department or agency, by con-
12 tract or otherwise, under terms and conditions
13 other than those specifically authorized under
14 this Act or the Small Business Investment Act
15 of 1958, except that it may approve loans under
16 section 7(a)(21) of this Act in gross amounts of
17 not more than \$2,000,000.”.

18 **Subtitle A—Microloan Programs**

19 **SEC. 121. CONFORMING TECHNICAL CHANGE IN AVERAGE** 20 **SMALLER LOAN SIZE.**

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

23 (1) in paragraph (3)(F)(iii), by striking
24 “\$7,500” and inserting “\$10,000”; and

1 (2) in paragraph (6)(C), by striking “\$7,500”
2 each place that term appears and inserting
3 “\$10,000”.

4 **SEC. 122. INCLUSION OF PERSONS WITH DISABILITIES.**

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

8 **SEC. 123. MICROLOAN PROGRAM IMPROVEMENTS.**

9 (a) INTERMEDIARY ELIGIBILITY REQUIREMENTS.—
10 Section 7(m)(2) of the Small Business Act (15 U.S.C.
11 636(m)(2)) is amended—

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

15 (2) in subparagraph (B)—

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

18 “ (B) has—

19 “ (i) at least”; and

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

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

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

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

8 (1) in the clause heading, by striking “TECH-
9 NICAL ASSISTANCE” and inserting “THIRD PARTY
10 TECHNICAL ASSISTANCE”; and

11 (2) by striking “25 percent” and inserting “30
12 percent”.

13 (c) **INCREASED FLEXIBILITY FOR PROVIDING TECH-**
14 **NICAL ASSISTANCE TO POTENTIAL BORROWERS.**—Section
15 7(m)(4)(E)(i) of the Small Business Act (15 U.S.C.
16 636(m)(4)(E)(i)) is amended by striking “25 percent” and
17 inserting “30 percent”.

18 **SEC. 124. PRIME REAUTHORIZATION AND TRANSFER TO**
19 **THE SMALL BUSINESS ACT.**

20 (a) **PROGRAM REAUTHORIZATION.**—The Small Busi-
21 ness Act (15 U.S.C. 631 et seq.) is amended—

22 (1) by redesignating section 37 as section 40;
23 and

24 (2) by inserting after section 36 the following:

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

3 “(a) DEFINITIONS.—In this section:

4 “(1) CAPACITY BUILDING SERVICES.—The term
5 ‘capacity building services’ means services provided
6 to an organization that is, or that is in the process
7 of becoming, a microenterprise development organi-
8 zation or program, for the purpose of enhancing its
9 ability to provide training and services to disadvan-
10 taged entrepreneurs.

11 “(2) COLLABORATIVE.—The term ‘collabo-
12 rative’ means 2 or more nonprofit entities that agree
13 to act jointly as a qualified organization under this
14 section.

15 “(3) DISADVANTAGED ENTREPRENEUR.—The
16 term ‘disadvantaged entrepreneur’ means a micro-
17 entrepreneur that—

18 “(A) is a low-income person;

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

20 “(C) lacks adequate access to capital or
21 other resources essential for business success,
22 or is economically disadvantaged, as determined
23 by the Administrator.

24 “(4) DISADVANTAGED NATIVE AMERICAN EN-
25 TREPRENEUR.—The term ‘disadvantaged Native

1 American entrepreneur’ means a disadvantaged en-
2 trepreneur who is also a member of an Indian Tribe.

3 “(5) INDIAN TRIBE.—The term ‘Indian tribe’
4 has the meaning given that term in section 4(a) of
5 the Indian Self-Determination and Education Assist-
6 ance Act.

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

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

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

16 “(B) for nonmetropolitan areas, the great-
17 er of—

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

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

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

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

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

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

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

15 “(11) TRAINING AND TECHNICAL ASSIST-
16 ANCE.—The term ‘training and technical assistance’
17 means services and support provided to disadvan-
18 taged entrepreneurs, such as assistance for the pur-
19 pose of enhancing business planning, marketing,
20 management, financial management skills, and as-
21 sistance for the purpose of accessing financial serv-
22 ices.

23 “(12) VERY LOW-INCOME PERSON.—The term
24 ‘very low-income person’ means having an income,
25 adjusted for family size, of not more than 150 per-

1 cent of the poverty line (as defined in section 673(2)
2 of the Community Services Block Grant Act (42
3 U.S.C. 9902(2)), including any revision required by
4 that section).

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

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

12 “(1) to provide training and technical assist-
13 ance to disadvantaged entrepreneurs;

14 “(2) to provide training and capacity building
15 services to microenterprise development organiza-
16 tions and programs and groups of such organiza-
17 tions to assist such organizations and programs in
18 developing microenterprise training and services;

19 “(3) to aid in researching and developing the
20 best practices in the field of microenterprise and
21 technical assistance programs for disadvantaged en-
22 trepreneurs;

23 “(4) to provide training and technical assist-
24 ance to disadvantaged Native American entre-
25 preneurs and prospective entrepreneurs; and

1 “(5) for such other activities as the Adminis-
2 trator determines are consistent with the purposes of
3 this section.

4 “(d) QUALIFIED ORGANIZATIONS.—For purposes of
5 eligibility for assistance under this section, a qualified or-
6 ganization shall be—

7 “(1) a nonprofit microenterprise development
8 organization or program (or a group or collaborative
9 thereof) that has a demonstrated record of delivering
10 microenterprise services to disadvantaged entre-
11 preneurs;

12 “(2) an intermediary;

13 “(3) a microenterprise development organiza-
14 tion or program that is accountable to a local com-
15 munity, working in conjunction with a State or local
16 government or Indian tribe; or

17 “(4) an Indian tribe acting on its own, if the
18 Indian tribe certifies that no private organization or
19 program referred to in this subsection exists within
20 its jurisdiction.

21 “(e) ALLOCATION OF ASSISTANCE; SUBGRANTS.—

22 “(1) ALLOCATION OF ASSISTANCE.—

23 “(A) IN GENERAL.—The Administrator
24 shall allocate assistance from the Administra-
25 tion under this section to ensure that—

1 “(i) activities described in subsection
2 (c)(1) are funded using not less than 75
3 percent of amounts made available for
4 such assistance; and

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

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

13 “(2) TARGETED ASSISTANCE.—The Adminis-
14 trator shall ensure that not less than 50 percent of
15 the grants made under this section are used to ben-
16 efit very low-income persons, including those resid-
17 ing on Indian reservations.

18 “(3) SUBGRANTS AUTHORIZED.—

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

1 “(B) LIMIT ON ADMINISTRATIVE EX-
2 PENSES.—Not more than 7.5 percent of assist-
3 ance received by a qualified organization under
4 this section may be used for administrative ex-
5 penses in connection with the making of sub-
6 grants under subparagraph (A).

7 “(4) DIVERSITY.—In making grants under this
8 section, the Administrator shall ensure that grant
9 recipients include both large and small microenter-
10 prise organizations, serving urban, rural, and Indian
11 tribal communities serving diverse populations.

12 “(5) PROHIBITION ON PREFERENTIAL CONSID-
13 ERATION OF CERTAIN ADMINISTRATION PROGRAM
14 PARTICIPANTS.—In making grants under this sec-
15 tion, the Administrator shall ensure that any appli-
16 cation made by a qualified organization that is a
17 participant in the program established under section
18 7(m) does not receive preferential consideration over
19 applications from other qualified organizations that
20 are not participants in such program.

21 “(f) MATCHING REQUIREMENTS.—

22 “(1) IN GENERAL.—Financial assistance under
23 this section shall be matched with funds from
24 sources other than the Federal Government on the

1 basis of not less than 50 percent of each dollar pro-
2 vided by the Administration.

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

8 “(3) EXCEPTION.—

9 “(A) IN GENERAL.—In the case of an ap-
10 plicant for assistance under this section with se-
11 vere constraints on available sources of match-
12 ing funds, the Administrator may reduce or
13 eliminate the matching requirements of para-
14 graph (1).

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

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

25 “(h) RECORDKEEPING AND REPORTING.—

1 “(1) IN GENERAL.—Each organization that re-
2 ceives assistance from the Administration under this
3 section shall—

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

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

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

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

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

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

24 “(B) the number of hours of counseling
25 provided;

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

3 “(D) the number of small business con-
4 cerns expanded;

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

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

9 (b) CONFORMING REPEAL.—Subtitle C of title I of
10 the Riegle Community Development and Regulatory Im-
11 provement Act of 1994 (15 U.S.C. 6901 note) is repealed.

12 (c) REFERENCES.—All references in Federal law,
13 other than subsection (d) of this section, to the “Program
14 for Investment in Microentrepreneurs Act of 1999” or the
15 “PRIME Act” shall be deemed to be references to section
16 37 of the Small Business Act, as added by this section.

17 (d) RULE OF CONSTRUCTION.—Nothing in this sec-
18 tion or the amendments made by this section shall affect
19 any grant or assistance provided under the Program for
20 Investment in Microentrepreneurs Act of 1999, before the
21 date of enactment of this Act, and any such grant or as-
22 sistance shall be subject to the Program for Investment
23 in Microentrepreneurs Act of 1999, as in effect on the day
24 before the date of enactment of this Act.

1 **SEC. 125. REPORT TO CONGRESS ON THE MICROLOAN PRO-**
2 **GRAM.**

3 Section 7(m)(10) of the Small Business Act (15
4 U.S.C. 638(m)(10)) is amended to read as follows:

5 “(10) REPORT TO CONGRESS ON THE
6 MICROLOAN PROGRAM.—

7 “(A) IN GENERAL.—Not later than 6
8 months after the date of enactment of the SBA
9 Reauthorization and Improvement Act of 2008,
10 the Comptroller General of the United States
11 shall submit to the Committee on Small Busi-
12 ness and Entrepreneurship of the Senate and
13 the Committee on Small Business of the House
14 of Representatives, a report which includes—

15 “(i) an analysis of the effectiveness of
16 the Microloan Program and the microloan
17 technical assistance program;

18 “(ii) a description of the loan portfolio
19 of each intermediary, including the extent
20 to which it provides microloans to small
21 business concerns in rural areas;

22 “(iii) the numbers and amounts of
23 microloans made by the intermediaries to
24 small business concern borrowers;

1 “(iv) an accurate measure of the cost
2 of the microloan and microloan technical
3 assistance programs; and

4 “(v) any recommendations for legisla-
5 tive changes that would improve the pro-
6 gram operations.

7 “(B) CONSIDERATIONS AND CONSULTA-
8 TIONS.—In developing the report required by
9 subparagraph (A), the Comptroller General
10 shall consult with the microloan intermediaries,
11 the Committee on Small Business and Entre-
12 preneurship of the Senate and the Committee
13 on Small Business of the House of Representa-
14 tives, and other appropriate industry members,
15 and shall allow for industry comment.”.

16 **Subtitle B—Intermediary Lending**
17 **Pilot Program**

18 **SEC. 141. FINDINGS.**

19 Congress finds the following:

20 (1) Small and emerging businesses, particularly
21 startups and businesses that lack sufficient or con-
22 ventional collateral, continue to face barriers access-
23 ing midsize loans in amounts between \$35,000 and
24 \$200,000, with affordable terms and conditions.

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

6 (A) credit scoring techniques replacing re-
7 lationship-based lending, which often works to
8 the disadvantage of small or start-up businesses
9 that do not conform with a bank’s standardized
10 credit formulas; and

11 (B) less flexible terms and conditions,
12 which are often necessary for small and emerg-
13 ing businesses.

14 (3) In the environment described in paragraphs
15 (1) and (2), nonprofit intermediary lenders, includ-
16 ing community development corporations, provide fi-
17 nancial resources that supplement the small business
18 lending and investments of a bank by—

19 (A) providing riskier, up front, or subordi-
20 nated capital;

21 (B) offering flexible terms and under-
22 writing procedures; and

23 (C) providing technical assistance to busi-
24 nesses in order to reduce the transaction costs
25 and risk exposure of banks.

1 (4) Several Federal programs, including the
2 Microloan Program under section 7(m) of the Small
3 Business Act (15 U.S.C. 636(m)) and the Inter-
4 mediary Relending Program of the Department of
5 Agriculture, have demonstrated the effectiveness of
6 working through nonprofit intermediaries to address
7 the needs of small business concerns that are unable
8 to access capital through conventional sources.

9 (5) More than 1,000 nonprofit intermediary
10 lenders in the United States are—

11 (A) successfully providing financial and
12 technical assistance to small and emerging busi-
13 nesses;

14 (B) working with banks and other lenders
15 to leverage additional capital for their business
16 borrowers; and

17 (C) creating employment opportunities for
18 low-income individuals through their lending
19 and business development activities.

20 **SEC. 142. SMALL BUSINESS INTERMEDIARY LENDING PILOT**
21 **PROGRAM.**

22 (a) IN GENERAL.—Section 7 of the Small Business
23 Act (15 U.S.C. 636) is amended by inserting after sub-
24 section (k) the following:

1 “(1) SMALL BUSINESS INTERMEDIARY LENDING
2 PROGRAM.—

3 “(1) DEFINITIONS.—In this subsection—

4 “(A) the term ‘intermediary’ means a pri-
5 vate, nonprofit entity that seeks to borrow, or
6 has borrowed, funds from the Administration to
7 provide midsize loans to small business con-
8 cerns under this subsection, including—

9 “(i) a private, nonprofit community
10 development corporation;

11 “(ii) a consortium of private, non-
12 profit organizations or nonprofit commu-
13 nity development corporations;

14 “(iii) a quasi-governmental economic
15 development entity (such as a planning
16 and development district), other than a
17 State, county, or municipal government;
18 and

19 “(iv) an agency of or nonprofit entity
20 established by a Native American Tribal
21 Government; and

22 “(B) the term ‘midsize loan’ means a fixed
23 rate loan of not less than \$35,000 and not
24 more than \$200,000, made by an intermediary

1 to a startup, newly established, or growing
2 small business concern.

3 “(2) ESTABLISHMENT.—There is established a
4 3-year pilot program to be know as the ‘Small Busi-
5 ness Intermediary Lending Pilot Program’ (referred
6 to in this subsection as the ‘Program’), under which
7 the Administrator may provide direct loans to eligi-
8 ble intermediaries, for the purpose of making fixed
9 interest rate midsize loans to startup, newly estab-
10 lished, and growing small business concerns.

11 “(3) PURPOSES.—The purposes of the Program
12 are—

13 “(A) to assist small business concerns in
14 those areas suffering from a lack of credit due
15 to poor economic conditions;

16 “(B) to create employment opportunities
17 for low-income individuals;

18 “(C) to establish a midsize loan program
19 to be administered by the Administrator to pro-
20 vide loans to eligible intermediaries to enable
21 such intermediaries to provide midsize loans,
22 particularly loans in amounts averaging not
23 more than \$150,000, to startup, newly estab-
24 lished, or growing small business concerns for

1 working capital or the acquisition of materials,
2 supplies, or equipment;

3 “(D) to test the effectiveness of nonprofit
4 intermediaries—

5 “(i) as a delivery system for a midsize
6 loan program; and

7 “(ii) in addressing the credit needs of
8 small business concerns and leveraging
9 other sources of credit; and

10 “(E) to determine the advisability and fea-
11 sibility of implementing a midsize loan program
12 nationwide.

13 “(4) ELIGIBILITY FOR PARTICIPATION.—An
14 intermediary shall be eligible to receive loans under
15 the Program if the intermediary has not less than
16 1 year of experience making loans to startup, newly
17 established, or growing small business concerns.

18 “(5) LOANS TO INTERMEDIARIES.—

19 “(A) APPLICATION.—Each intermediary
20 desiring a loan under this subsection shall sub-
21 mit an application to the Administrator that de-
22 scribes—

23 “(i) the type of small business con-
24 cerns to be assisted;

1 “(ii) the size and range of loans to be
2 made;

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

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

9 “(v) the qualifications of the applicant
10 to carry out this subsection.

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

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

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

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

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

7 “(F) LEVERAGE.—Any loan to a small
8 business concern under this subsection shall not
9 exceed 75 percent of the total cost of the
10 project funded by such loan, with the remaining
11 funds being leveraged from other sources, in-
12 cluding—

13 “(i) banks or credit unions;

14 “(ii) community development financial
15 institutions; and

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

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

23 “(6) PROGRAM FUNDING FOR MIDSIZE
24 LOANS.—

1 “(A) NUMBER OF PARTICIPANTS.—Under
2 the Program, the Administrator may provide
3 loans, on a competitive basis, to not more than
4 20 intermediaries.

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

11 “(7) REPORT TO CONGRESS.—

12 “(A) ANNUAL REPORT.—Not later than 12
13 months after the date of enactment of the SBA
14 Reauthorization and Improvement Act of 2008,
15 and annually thereafter, the Administrator shall
16 submit a report containing an evaluation of the
17 effectiveness of the Program to—

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

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

22 “(B) CONTENTS.—Each report submitted
23 under subparagraph (A) shall include, for the
24 12-month period before the date of that re-
25 port—

1 “(i) the numbers and locations of the
2 intermediaries receiving funds to provide
3 midsize loans;

4 “(ii) the amounts of each loan to an
5 intermediary;

6 “(iii) the numbers and amounts of
7 midsize loans made by intermediaries to
8 small business concerns;

9 “(iv) the repayment history of each
10 intermediary;

11 “(v) a description of the loan portfolio
12 of each intermediary, including the extent
13 to which it provides midsize loans to small
14 business concerns in rural and economi-
15 cally depressed areas;

16 “(vi) an estimate of the number of
17 low-income individuals who have been em-
18 ployed as a direct result of the Program;
19 and

20 “(vii) any recommendations for legis-
21 lative changes that would improve the op-
22 eration of the Program.

23 “(8) TERMINATION.—The authority to make
24 loans under this subsection shall terminate 3 years

1 after the date of enactment of the SBA Reauthoriza-
2 tion and Improvement Act of 2008.”.

3 (b) RULEMAKING AUTHORITY.—Not later than 180
4 days after the date of enactment of this Act, the Adminis-
5 trator shall issue regulations to carry out section 7(l) of
6 the Small Business Act, as added by subsection (a).

7 (c) AUTHORIZATION OF APPROPRIATIONS.—

8 (1) IN GENERAL.—There are authorized to be
9 appropriated to the Administrator such sums as may
10 be necessary for each of fiscal years 2008 through
11 2010 to provide \$20,000,000 in loans under section
12 7(l) of the Small Business Act, as added by sub-
13 section (a).

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

17 **Subtitle C—7(a) Loan Program**

18 **SEC. 161. PREFERRED LENDERS PROGRAM.**

19 (a) IN GENERAL.—Section 7(a) of the Small Busi-
20 ness Act (15 U.S.C. 636(a)) is amended—

21 (1) by redesignating paragraph (32) relating to
22 increased veteran participation, as added by section
23 208 of the Military Reservist and Veteran Small
24 Business Reauthorization and Opportunity Act of

1 2008 (Public Law 110–186; 122 Stat. 631), as
2 paragraph (33); and

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

4 “(34) PREFERRED LENDERS PROGRAM.—

5 “(A) DEFINITIONS.—In this paragraph—

6 “(i) the term ‘national preferred lend-
7 er’ means a preferred lender authorized to
8 operate in any area served by an office of
9 the Administration under subparagraph
10 (G);

11 “(ii) the term ‘preferred lender’
12 means a qualified lender participating in
13 the program;

14 “(iii) the term ‘program’ means the
15 Preferred Lenders Program established
16 under subparagraph (B); and

17 “(iv) the term ‘qualified lender’ means
18 a lender that demonstrates—

19 “(I) knowledge of and proficiency
20 in the requirements of the program
21 under this subsection;

22 “(II) the ability to process, close,
23 service, and liquidate loans;

24 “(III) the ability to develop and
25 analyze complete loan packages; and

1 “(IV) a satisfactory performance
2 history of participation in the pro-
3 gram under this subsection.

4 “(B) ESTABLISHMENT.—There is estab-
5 lished a Preferred Lenders Program under
6 which the Administrator may authorize quali-
7 fied lenders to make and service loans.

8 “(C) APPLICATION.—A qualified lender de-
9 siring to participate in the program shall sub-
10 mit an application at such time, in such man-
11 ner, and accompanied by such information as
12 the Administrator shall establish.

13 “(D) DELEGATED AUTHORITY.—The Ad-
14 ministrator shall authorize a preferred lender to
15 take actions relating to loan servicing on behalf
16 of the Administrator, including—

17 “(i) determining eligibility and credit-
18 worthiness and loan monitoring, collection,
19 and liquidation;

20 “(ii) authority to make and close
21 loans with a guarantee from the Adminis-
22 trator without obtaining the prior specific
23 approval of the Administrator; and

24 “(iii) authority to service and liq-
25 uidate such loans without obtaining the

1 prior specific approval of the Administrator
2 for routine servicing and liquidation activi-
3 ties.

4 “(E) AREA OF OPERATIONS.—The Admin-
5 istrator shall designate the area for which a
6 preferred lender may exercise the authority
7 under subparagraph (D).

8 “(F) CONFLICT.—A preferred lender shall
9 not take any action creating an actual or appar-
10 ent conflict of interest.

11 “(G) NATIONAL OPERATION.—

12 “(i) IN GENERAL.—A preferred lender
13 may request designation as a national pre-
14 ferred lender by the Administrator, and,
15 upon such designation, shall have the au-
16 thority to operate in any area served by an
17 office of the Administration.

18 “(ii) ELIGIBILITY.—The Administra-
19 tion shall designate a preferred lender as a
20 national preferred lender if the Adminis-
21 trator determines that preferred lender
22 has—

23 “(I) satisfactorily operated as a
24 preferred lender in areas encom-
25 passing all or part of the territory in

1 not fewer than 5 district offices of the
2 Administration for a minimum of 3
3 years in each territory;

4 “(II) centralized loan approval,
5 servicing, and liquidation functions
6 and processes that are satisfactory to
7 the Administration;

8 “(III) uniform written policies
9 and procedures;

10 “(IV) a currency rate that is not
11 less than the Administration’s na-
12 tional average currency rate for all
13 loans under this subsection;

14 “(V) a currency rate for loans
15 made under this subsection that is not
16 less than the Administration’s na-
17 tional average currency rate for loans
18 made under this subsection;

19 “(VI) a default rate that is not
20 more than the Administration’s na-
21 tional average default rate for loans
22 made under this subsection; and

23 “(VII) received, in the most re-
24 cent audit and review as a preferred
25 lender conducted by the Adminis-

1 trator, a rating that is acceptable or
2 acceptable with corrective actions re-
3 quired.

4 “(H) CORRECTIVE ACTION.—If a national
5 preferred lender fails to continue to meet the
6 eligibility criteria under subparagraph (G)(ii),
7 the Administrator shall notify that national pre-
8 ferred lender of the deficiency and allow a rea-
9 sonable period of time for that national pre-
10 ferred lender to meet such criteria.

11 “(I) SUSPENSION OR REVOCATION.—

12 “(i) IN GENERAL.—The designation of
13 a lender as a national preferred lender
14 shall be suspended or revoked at any time
15 that the Administration determines that
16 the lender—

17 “(I) is not adhering to the rules
18 or regulations established by the Ad-
19 ministrator for the program; or

20 “(II) has failed to continue to
21 meet the eligibility criteria specified in
22 paragraph (G) or take corrective ac-
23 tion under subparagraph (H).

24 “(ii) EFFECT.—A suspension or rev-
25 ocation under clause (i) shall not affect

1 any outstanding guarantee of a national
2 preferred lender.”.

3 (b) CLERICAL AMENDMENT.—Section 7(a)(2)(C) of
4 the Small Business Act (15 U.S.C. 636(a)(2)(C)) is
5 amended to read as follows:

6 “(C) INTEREST RATE UNDER PREFERRED
7 LENDERS PROGRAM.—The maximum interest
8 rate for a loan guaranteed under the Preferred
9 Lenders Program under paragraph (34) shall
10 not exceed the maximum interest rate as deter-
11 mined by the Administration, applicable to
12 other loans guaranteed under this subsection.”.

13 (c) CONFORMING AMENDMENT.—Section 7(a)(19) of
14 the Small Business Act (15 U.S.C. 636(a)(19)) is amend-
15 ed by striking “the proviso in section 5(b)(7)” and insert-
16 ing “paragraph (34)”.

17 **SEC. 162. MAXIMUM LOAN AMOUNT.**

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

23 **SEC. 163. MAXIMUM 504 AND 7(a) LOAN ELIGIBILITY.**

24 (a) COMBINATION FINANCING.—

1 (1) IN GENERAL.—Section 502(2) of the Small
2 Business Investment Act of 1958 (15 U.S.C.
3 696(2)) is amended by adding at the end the fol-
4 lowing:

5 “(C) COMBINATION FINANCING UNDER
6 SMALL BUSINESS ACT.—Notwithstanding any
7 other provision of law, financing under this title
8 may be provided to a borrower in the maximum
9 amount provided in this subsection, and a loan
10 guarantee under section 7(a) of the Small Busi-
11 ness Act may be provided to the same borrower
12 in the maximum amount provided in section
13 7(a)(3)(A) of such Act, to the extent that the
14 borrower otherwise qualifies for such assist-
15 ance.”.

16 (2) CONFORMING AMENDMENT.—Section
17 7(a)(1) of the Small Business Act (15 U.S.C.
18 636(a)(1)) is amended by adding at the end the fol-
19 lowing:

20 “(C) COMBINATION FINANCING UNDER
21 SMALL BUSINESS INVESTMENT ACT OF 1958.—
22 Financing under this subsection may be pro-
23 vided to a borrower in the maximum amount as
24 provided in subsection (b)(2) of section 502 of

1 the Small Business Investment Act of 1958 (15
2 U.S.C. 696).”.

3 (b) REPORTING.—Not later than 90 days after the
4 date of enactment of this Act, and annually thereafter,
5 the Administrator shall submit a report to the Committee
6 on Small Business and Entrepreneurship of the Senate
7 and the Committee on Small Business of the House of
8 Representatives that—

9 (1) includes the number of small business con-
10 cerns that have financings under both section 7(a)
11 of the Small Business Act (15 U.S.C. 636(a)) and
12 title V of the Small Business Investment Act of
13 1958 (15 U.S.C. 695 et seq.) during the year before
14 the year of that report; and

15 (2) describes the total amount and general per-
16 formance of the financings described in paragraph
17 (1).

18 **SEC. 164. LOAN POOLING.**

19 Section 5(g)(1) of the Small Business Act (15 U.S.C.
20 634(g)(1)) is amended—

21 (1) by inserting “(A)” before “The Administra-
22 tion”;

23 (2) by striking the colon and all that follows
24 and inserting a period; and

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

1 “(B) A trust certificate issued under subparagraph
2 (A) shall be based on, and backed by, a trust or pool ap-
3 proved by the Administrator and composed solely of the
4 guaranteed portion of such loans.

5 “(C) The interest rate on a trust certificate issued
6 under subparagraph (A) shall be either—

7 “(i) the lowest interest rate on any individual
8 loan in the pool; or

9 “(ii) the weighted average interest rate of all
10 loans in the pool, subject to such limited variations
11 in loan characteristics as the Administrator deter-
12 mines appropriate to enhance marketability of the
13 pool certificates.”.

14 **SEC. 165. ALTERNATIVE SIZE STANDARD.**

15 Section 3(a) of the Small Business Act (15 U.S.C.
16 632(a)) is amended by adding at the end the following:

17 “(5) OPTIONAL SIZE STANDARD.—

18 “(A) IN GENERAL.—The Administrator shall
19 establish an optional size standard for business loan
20 applicants under section 7(a) and development com-
21 pany loan applicants under title V of the Small
22 Business Investment Act of 1958, which uses max-
23 imum tangible net worth and average net income as
24 an alternative to the use of industry standards.

1 “(B) INTERIM RULE.—Until the date on which
2 the optional size standards established under sub-
3 paragraph (A) are in effect, the alternative size
4 standard in section 121.301(b) of title 13, Code of
5 Federal Regulations, or any successor thereto, may
6 be used by business loan applicants under section
7 7(a) and development company loan applicants
8 under title V of the Small Business Investment Act
9 of 1958.”.

10 **SEC. 166. ALTERNATIVE VARIABLE INTEREST RATE.**

11 (a) IN GENERAL.—Section 7(a)(4)(A) of the Small
12 Business Act (15 U.S.C. 636(a)(4)(A)) is amended by
13 striking “prescribed by the Administration,” and insert-
14 ing: “prescribed by the Administration, including, on vari-
15 able rate loans, a nationally recognized prime rate of inter-
16 est and at least 1 other index as an alternative thereto
17 at the option of the participating lender,”.

18 (b) APPLICABILITY.—Not later than 180 days after
19 the date of enactment of this Act, the Administrator of
20 the Small Business Administration shall select not less
21 than 1 alternative index under section 7(a)(4)(A) of the
22 Small Business Act, as amended by subsection (a), and
23 make such index available for use by participating lenders.

1 **SEC. 167. MINORITY SMALL BUSINESS DEVELOPMENT.**

2 (a) IN GENERAL.—The Small Business Act (15
3 U.S.C. 631 et seq.) is amended by inserting after section
4 37, as added by this Act, the following:

5 **“SEC. 38. MINORITY SMALL BUSINESS DEVELOPMENT.**

6 “(a) OFFICE OF MINORITY SMALL BUSINESS DE-
7 VELOPMENT.—There is established in the Administration
8 an Office of Minority Small Business Development, which
9 shall be administered by the Associate Administrator for
10 Minority Small Business Development (in this section re-
11 ferred to as the ‘Associate Administrator’) appointed
12 under section 4(b)(1).

13 “(b) ASSOCIATE ADMINISTRATOR FOR MINORITY
14 SMALL BUSINESS DEVELOPMENT.—The Associate Ad-
15 ministrator—

16 “(1) shall be either—

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

19 “(B) an employee in the competitive serv-
20 ice;

21 “(2) shall be responsible for the formulation,
22 execution, and promotion of policies and programs of
23 the Administration that provide assistance to small
24 business concerns owned and controlled by minori-
25 ties;

1 “(3) shall act as an ombudsman for full consid-
2 eration of minorities in all programs of the Adminis-
3 tration (including those under sections 7(j) and
4 8(a));

5 “(4) shall work with the Associate Deputy Ad-
6 ministrators for Capital Access to increase the pro-
7 portion of loans and loan dollars, and investments
8 and investment dollars, going to minorities through
9 the finance programs under this Act and the Small
10 Business Investment Act of 1958 (including sub-
11 sections (a), (b), and (m) of section 7 of this Act
12 and the programs under part A and B of title III
13 and title V of the Small Business Investment Act of
14 1958);

15 “(5) shall work with the Associate Deputy Ad-
16 ministrators for Entrepreneurial Development to in-
17 crease the proportion of counseling and training that
18 goes to minorities through the entrepreneurial devel-
19 opment programs of the Administration;

20 “(6) shall work with the Associate Deputy Ad-
21 ministrators for Government Contracting and Minor-
22 ity Enterprise Development to increase the propor-
23 tion of contracts, including through the Small Busi-
24 ness Innovation Research Program and the Small

1 Business Technology Transfer Program, to minori-
2 ties;

3 “(7) shall work with the partners of the Admin-
4 istration, trade associations, and business groups to
5 identify and carry out policies and procedures to
6 more effectively market the resources of the Admin-
7 istration to minorities;

8 “(8) shall work with the Office of Field Oper-
9 ations to ensure that district offices and regional of-
10 fices have adequate staff, funding, and other re-
11 sources to market the programs of the Administra-
12 tion to meet the objectives described in paragraphs
13 (4) through (7); and

14 “(9) shall report to and be responsible directly
15 to the Administrator.

16 “(c) AUTHORIZATION OF APPROPRIATIONS.—There
17 are authorized to be appropriated to carry out this sec-
18 tion—

19 “(1) \$5,000,000 for fiscal year 2008;

20 “(2) \$5,000,000 for fiscal year 2009; and

21 “(3) \$5,000,000 for fiscal year 2010.”.

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

1 through the end of the sentence and inserting “Minority
2 Small Business Development.”.

3 **SEC. 168. LOWERING OF FEES.**

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

7 “(C) LOWERING OF FEES.—

8 “(i) IN GENERAL.—Subject to clause
9 (ii), for loan guarantees made or approved
10 in each full fiscal year after the date of en-
11 actment of the SBA Reauthorization and
12 Improvement Act of 2008, if the fees paid
13 by all small business borrowers and by
14 lenders for guarantees under this sub-
15 section, or the sum of such fees plus any
16 funds made available for the purpose of re-
17 ducing fees for loans under this subsection,
18 as applicable, is more than the amount
19 necessary to equal the cost to the Adminis-
20 tration of making such guarantees, the Ad-
21 ministrator shall reduce fees paid by small
22 business borrowers and lenders under
23 clauses (i) through (iv) of paragraph
24 (18)(A) and subparagraph (A) of this
25 paragraph.

1 “(ii) MAXIMUM REDUCTION.—A re-
2 duction in fees under clause (i) in any fis-
3 cal year may not exceed the average
4 amount by which fees paid by all small
5 business borrowers and by lenders for
6 guarantees under this subsection exceeded
7 the amount necessary to equal the cost to
8 the Administration of making such guaran-
9 tees during the 3 most recent fiscal years
10 for which such information is available be-
11 fore that fiscal year.

12 “(iii) MAXIMUM FEES.—The fees paid
13 by small business borrowers and lenders
14 for guarantees under this subsection may
15 not be increased above the maximum level
16 authorized under the amendments made by
17 division K of the Consolidated Appropria-
18 tions Act, 2005 (Public Law 108–447; 118
19 Stat. 3441).”.

20 **SEC. 169. INTERNATIONAL TRADE LOANS.**

21 (a) IN GENERAL.—Section 7(a)(3)(B) of the Small
22 Business Act (15 U.S.C. 636(a)(3)(B)) is amended by
23 striking “\$1,750,000, of which not more than
24 \$1,250,000” and inserting “\$2,750,000 (or if the gross

1 loan amount would exceed \$3,670,000), of which not more
2 than \$2,000,000”.

3 (b) WORKING CAPITAL.—Section 7(a)(16)(A) of the
4 Small Business Act (15 U.S.C. 636(a)(16)(A)) is amend-
5 ed—

6 (1) in the matter preceding clause (i), by strik-
7 ing “in—” and inserting “—”;

8 (2) in clause (i)—

9 (A) by inserting “in” after “(i)”; and

10 (B) by striking “or” at the end;

11 (3) in clause (ii)—

12 (A) by inserting “in” after “(ii)”; and

13 (B) by striking the period and inserting “;
14 or”; and

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

16 “(iii) by providing working capital.”.

17 (c) COLLATERAL.—Section 7(a)(16)(B) of the Small
18 Business Act (15 U.S.C. 636(a)(16)(B)) is amended—

19 (1) by striking “Each loan” and inserting the
20 following:

21 “(i) IN GENERAL.—Except as pro-
22 vided in clause (ii), each loan”; and

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

24 “(ii) EXCEPTION.—A loan under this
25 paragraph may be secured by a second lien

1 position on the property or equipment fi-
 2 nanced by the loan or on other assets of
 3 the small business concern, if the Adminis-
 4 trator determines such lien provides ade-
 5 quate assurance of the payment of such
 6 loan.”.

7 (d) REFINANCING.—Section 7(a)(16)(A)(ii) of the
 8 Small Business Act (15 U.S.C. 636(a)(16)(A)(ii)), as
 9 amended by this section, is amended by inserting “, in-
 10 cluding any debt that qualifies for refinancing under any
 11 other provision of this subsection” before the semicolon.

12 **SEC. 170. RURAL LENDING OUTREACH PROGRAM.**

13 Section 7(a) of the Small Business Act (15 U.S.C.
 14 636(a)), as amended by this Act, is amended—

15 (1) by striking paragraph (25)(C); and

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

17 “(35) RURAL LENDING OUTREACH PROGRAM.—

18 “(A) IN GENERAL.—The Administrator
 19 shall carry out a rural lending outreach pro-
 20 gram to provide not more than an 85 percent
 21 guaranty for loans of not more than \$250,000.
 22 The program shall be carried out only through
 23 lenders located in rural areas (as the term
 24 ‘rural’ is defined in section 501(f) of the Small

1 Business Investment Act of 1958 (15 U.S.C.
2 695(f)).

3 “(B) LOAN TERMS.—For a loan made
4 through the program under this paragraph—

5 “(i) the Administrator shall approve
6 or disapprove the loan within 36 hours of
7 the time the Administrator receives the ap-
8 plication;

9 “(ii) the program shall use abbrevi-
10 ated application and documentation re-
11 quirements; and

12 “(iii) minimum credit standards, as
13 the Administrator considers necessary to
14 limit the rate of default on loans made
15 under the program, shall apply.”.

16 **Subtitle D—Certified Development**
17 **Companies; 504 Loan Program**

18 **SEC. 181. DEVELOPMENT COMPANY LOAN PROGRAMS.**

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

22 **“SEC. 511. PROGRAM TITLE.**

23 “(a) IN GENERAL.—Except as provided in subsection
24 (b), the programs authorized by this title shall be known
25 collectively as the ‘Local Development Business Loan Pro-

1 gram'. The Administrator may refer to such program as
2 the '504 Loan Program', until such usage is no longer
3 necessary.

4 “(b) EXISTING NAME.—Participants in the Local
5 Development Business Loan Program may continue to
6 refer to such program as ‘the 504 Loan Program’.”.

7 (b) EXISTING MATERIALS.—The Administrator may
8 use informational materials created, or that were in the
9 process of being created, before the date of enactment of
10 this Act that do not refer to a program under title V of
11 the Small Business Investment Act of 1958 (15 U.S.C.
12 695 et seq.) as the “Local Development Business Loan
13 Program”.

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

22 **SEC. 182. LOAN LIQUIDATIONS.**

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

1 (1) by redesignating subsection (e) as sub-
2 section (g); and

3 (2) by inserting after subsection (d) the fol-
4 lowing:

5 “(e) PARTICIPATION.—

6 “(1) IN GENERAL.—Any qualified State or local
7 development company which elects not to apply for
8 authority to foreclose and liquidate defaulted loans
9 under this section, or which the Administrator deter-
10 mines to be ineligible for such authority, shall con-
11 tract with a qualified third-party to perform fore-
12 closure and liquidation of defaulted loans in its port-
13 folio. The contract shall be contingent upon approval
14 by the Administrator with respect to the qualifica-
15 tions of the contractor and the terms and conditions
16 of liquidation activities.

17 “(2) COMMENCEMENT.—This subsection does
18 not require any development company to liquidate
19 defaulted loans until the Administrator has adopted
20 and implemented a program to compensate and re-
21 imburse development companies, as provided under
22 subsection (f).

23 “(f) COMPENSATION AND REIMBURSEMENT.—

24 “(1) REIMBURSEMENT OF EXPENSES.—The
25 Administrator shall reimburse each qualified State

1 or local development company for all expenses paid
2 by such company as part of the foreclosure and liq-
3 uidation activities, if the expenses—

4 “(A) were—

5 “(i) approved in advance by the Ad-
6 ministrator, either specifically or generally;

7 or

8 “(ii) incurred by the development
9 company on an emergency basis without
10 prior approval from the Administrator, if
11 the Administrator determines that the ex-
12 penses were reasonable and appropriate;

13 and

14 “(B) are submitted by the development
15 company to the Administrator not later than 3
16 years after the date of the purchase of the de-
17 benture by the Administrator.

18 “(2) COMPENSATION FOR RESULTS.—

19 “(A) DEVELOPMENT.—The Administrator
20 shall develop a schedule to compensate and pro-
21 vide an incentive to qualified State or local de-
22 velopment companies that foreclose and liq-
23 uidate defaulted loans.

24 “(B) CRITERIA.—The schedule required
25 under this paragraph shall—

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

4 “(ii) not apply to any foreclosure
5 which is conducted under a contract be-
6 tween a development company and a quali-
7 fied third party to perform the foreclosure
8 and liquidation.”.

9 **SEC. 183. ADDITIONAL EQUITY INJECTIONS.**

10 Section 502(3)(B)(ii) of the Small Business Invest-
11 ment Act of 1958 (15 U.S.C. 696(3)(B)(ii)) is amended
12 to read as follows:

13 “(ii) FUNDING FROM INSTITU-
14 TIONS.—If a small business concern—

15 “(I) provides the minimum con-
16 tribution required under subpara-
17 graph (C), not less than 50 percent of
18 the total cost of any project financed
19 under clause (i), (ii), or (iii) of sub-
20 paragraph (C) shall come from the in-
21 stitutions described in subclauses (I),
22 (II), and (III) of clause (i); and

23 “(II) provides more than the
24 minimum contribution required under
25 subparagraph (C), any excess con-

1 tribution may be used to reduce the
2 amount required from the institutions
3 described in subclauses (I), (II), and
4 (III) of clause (i), except that the
5 amount from such institutions may
6 not be reduced to an amount that is
7 less than the amount of the loan made
8 by the Administrator.”.

9 **SEC. 184. UNIFORM LEASING POLICY.**

10 (a) IN GENERAL.—Section 502 of the Small Business
11 Investment Act of 1958 (15 U.S.C. 696) is amended—

12 (1) by striking paragraphs (4) and (5) and in-
13 serting the following:

14 “(4) LIMITATION ON LEASING.—If the use of a
15 loan under this section includes the acquisition of a
16 facility or the construction of a new facility, the
17 small business concern assisted—

18 “(A) shall permanently occupy and use not
19 less than a total of 50 percent of the space in
20 the facility; and

21 “(B) may, on a temporary or permanent
22 basis, lease to others not more than 50 percent
23 of the space in the facility.”; and

24 (2) by redesignating paragraph (6) as para-
25 graph (5).

1 (b) POLICY FOR 7(a) LOANS.—Section 7(a)(28) of
2 the Small Business Act (15 U.S.C. 636(a)(28)) is amend-
3 ed to read as follows:

4 “(28) LIMITATION ON LEASING.—If the use of
5 a loan under this subsection includes the acquisition
6 of a facility or the construction of a new facility, the
7 small business concern assisted—

8 “(A) shall permanently occupy and use not
9 less than a total of 50 percent of the space in
10 the facility; and

11 “(B) may, on a temporary or permanent
12 basis, lease to others not more than 50 percent
13 of the space in the facility.”.

14 **SEC. 185. BUSINESSES IN LOW-INCOME COMMUNITIES.**

15 (a) GOALS.—Section 501(d)(3)(A) of the Small Busi-
16 ness Investment Act of 1958 (15 U.S.C. 695(d)(3)(A)) is
17 amended by inserting after “business district revitaliza-
18 tion,” the following: “or expansion of businesses in low-
19 income communities which would be eligible for a new
20 markets tax credit under section 45D(a) of the Internal
21 Revenue Code of 1986, or implementing regulations issued
22 under that section,”.

23 (b) ADDITIONAL INCENTIVES.—Section 502 of the
24 Small Business Investment Act of 1958 (15 U.S.C. 696),

1 as amended by this Act, is amended by adding at the end
2 the following:

3 “(6) LOW-INCOME COMMUNITIES.—

4 “(A) LOAN AMOUNT.—Notwithstanding
5 paragraph (2)(A)(ii), a loan under this section
6 for use in a low-income community (as that
7 term is used in section 501(d)(3)(A)) may be
8 for not more than \$4,000,000.

9 “(B) SIZE STANDARDS.—For purposes of
10 determining eligibility for a loan under this sec-
11 tion for use in a low-income community (as that
12 term is used in section 501(d)(3)(A)), the size
13 standards established under section 3 of the
14 Small Business Act (15 U.S.C. 632) shall be in-
15 creased by 25 percent.

16 “(C) PERSONAL LIQUIDITY.—

17 “(i) IN GENERAL.—For any loan
18 under this section for use in a low-income
19 community (as that term is used in section
20 501(d)(3)(A)), the amount of personal re-
21 sources of an owner that are excluded from
22 the amount required to be provided to re-
23 duce the portion of the project funded by
24 the Administration shall be not less than

1 25 percent more than that required for
2 other loans under this section.

3 “(ii) DEFINITION.—In this subpara-
4 graph, the term ‘owner’ means any person
5 that owns not less than 20 percent of the
6 equity of the small business concern apply-
7 ing for the applicable loan.”.

8 **SEC. 186. COMBINATIONS OF CERTAIN GOALS.**

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

12 “(7) A small business concern that is unconditionally
13 owned by more than 1 individual, or a corporation, the
14 stock of which is owned by more than 1 individual, shall
15 be deemed to have achieved a public policy goal required
16 under subsection (d)(3) if a combined ownership share of
17 not less than 51 percent is held by individuals who are
18 in 1 of, or a combination of, the groups described in sub-
19 paragraph (C) or (E) of subsection (d)(3).”.

20 **SEC. 187. REFINANCING UNDER THE LOCAL DEVELOPMENT**
21 **BUSINESS LOAN PROGRAM.**

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

25 “(7) PERMISSIBLE DEBT REFINANCING.—

1 “(A) IN GENERAL.—Any financing ap-
2 proved under this title may include a limited
3 amount of debt refinancing.

4 “(B) EXPANSIONS.—If the project involves
5 expansion of a small business concern which
6 has existing indebtedness collateralized by fixed
7 assets, any amount of existing indebtedness
8 that does not exceed $\frac{1}{2}$ of the project cost of
9 the expansion may be refinanced and added to
10 the expansion cost, if—

11 “(i) the proceeds of the indebtedness
12 were used to acquire land, including a
13 building situated thereon, to construct a
14 building thereon, or to purchase equip-
15 ment;

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

20 “(iii) the financing under section 504
21 will provide better terms or rate of interest
22 than exists on the debt at the time of refi-
23 nancing.”.

1 **SEC. 188. TECHNICAL CORRECTION.**

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

5 **SEC. 189. DEFINITIONS FOR THE SMALL BUSINESS INVEST-**
6 **MENT ACT OF 1958.**

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

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

11 “(6) the term ‘development company’ means an
12 entity incorporated under State law with the author-
13 ity to promote and assist the growth and develop-
14 ment of small business concerns in the areas in
15 which it is authorized to operate by the Adminis-
16 trator;”;

17 (2) in paragraph (18), by striking “and” at the
18 end;

19 (3) in paragraph (19), by striking the period at
20 the end and inserting “; and”; and

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

22 “(20) the term ‘certified development company’
23 means a development company that the Adminis-
24 trator has certified meets the criteria of section
25 506.”.

1 **SEC. 190. REPEAL OF SUNSET ON RESERVE REQUIRE-**
 2 **MENTS FOR PREMIER CERTIFIED LENDERS.**

3 Section 508(c)(6)(B) of the Small Business Invest-
 4 ment Act of 1958 (15 U.S.C. 697e(c)(6)(B)) is amend-
 5 ed—

6 (1) in the subparagraph heading, by striking
 7 “TEMPORARY REDUCTION” and inserting “REDUC-
 8 TION”; and

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

13 **SEC. 191. CERTIFIED DEVELOPMENT COMPANIES.**

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

16 (1) in the section heading, by striking “**RE-**
 17 **STRICTIONS ON DEVELOPMENT COMPANY AS-**
 18 **SISTANCE**” and inserting “**CERTIFIED DEVELOP-**
 19 **MENT COMPANIES**”; and

20 (2) by inserting before “Notwithstanding any
 21 other provision of law” the following:

22 “(a) **AUTHORITY TO ISSUE DEBENTURES.**—A devel-
 23 opment company may issue debentures under this title if
 24 the Administrator certifies that the company meets the
 25 following criteria:

26 “(1) **SIZE.**—

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

8 “(B) EXCEPTION.—Any development com-
9 pany that was certified by the Administrator
10 before December 31, 2005, may continue to
11 issue debentures under this title.

12 “(2) PRIMARY PURPOSE.—The primary purpose
13 of the development company shall be to benefit the
14 community by fostering economic development to
15 create and preserve jobs and stimulate private in-
16 vestment.

17 “(3) PRIMARY FUNCTION.—A primary function
18 of the development company shall be to accomplish
19 its purpose by providing long-term financing to
20 small business concerns under the Local Develop-
21 ment Business Loan Program. The development
22 company shall also provide or support other commu-
23 nity and local economic development activities to as-
24 sist the community.

25 “(4) NONPROFIT STATUS.—

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

4 “(B) EXCEPTION.—A development com-
5 pany certified by the Administrator before Jan-
6 uary 1, 1987, may continue to issue debentures
7 under this title and retain its status as a for-
8 profit enterprise.

9 “(5) GOOD STANDING.—The development com-
10 pany—

11 “(A) shall be in good standing in the State
12 in which such company is incorporated and in
13 any other State in which it conducts business;
14 and

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

19 “(6) MEMBERSHIP OF DEVELOPMENT COM-
20 PANY.—There shall be—

21 “(A) not fewer than 25 members of the de-
22 velopment company (or owners or stockholders,
23 if the corporation is a for-profit entity), none of
24 whom may own or control more than 10 percent
25 of the voting membership of the company; and

1 “(B) at least 1 member of the development
2 company (none of whom is in a position to con-
3 trol the development company) from each of the
4 following:

5 “(i) Government organizations that
6 are responsible for economic development.

7 “(ii) Financial institutions that pro-
8 vide commercial long-term fixed asset fi-
9 nancing.

10 “(iii) Community organizations that
11 are dedicated to economic development.

12 “(iv) Businesses.

13 “(7) BOARD OF DIRECTORS.—

14 “(A) IN GENERAL.—The development com-
15 pany shall have a board of directors.

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

18 “(i) a member of the development
19 company; and

20 “(ii) elected by a majority of the
21 members of the development company.

22 “(C) REPRESENTATION OF ORGANIZA-
23 TIONS AND INSTITUTIONS.—

24 “(i) IN GENERAL.—There shall be at
25 least 1 member of the board of directors

1 from not fewer than 3 of the 4 organiza-
2 tions and institutions described in para-
3 graph (6)(B), none of whom is in a posi-
4 tion to control the development company.

5 “(ii) MAXIMUM PERCENTAGE.—Not
6 more than 50 percent of the members of
7 the board of directors shall be from any 1
8 of the organizations and institutions de-
9 scribed in paragraph (6)(B).

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

14 “(8) PROFESSIONAL MANAGEMENT AND
15 STAFF.—

16 “(A) IN GENERAL.—The development com-
17 pany shall have full-time professional manage-
18 ment, including a chief executive officer to man-
19 age daily operations and a full-time professional
20 staff qualified to market the Local Development
21 Business Loan Program and handle all aspects
22 of loan approval and servicing, including liq-
23 uidation, if appropriate.

24 “(B) INDEPENDENT MANAGEMENT AND
25 OPERATION.—Except as provided in paragraph

1 (9), the development company shall be inde-
2 pendently managed and operated to pursue the
3 economic development purpose of the company
4 and shall employ directly the chief executive of-
5 ficer.

6 “(9) MANAGEMENT AND OPERATION EXCEP-
7 TIONS.—

8 “(A) AFFILIATION.—A development com-
9 pany may be an affiliate of another local non-
10 profit service corporation (other than a develop-
11 ment company), a purpose of which is to sup-
12 port economic development in the area in which
13 the development company operates.

14 “(B) STAFFING.—A development company
15 may satisfy the requirement for full-time pro-
16 fessional staff under paragraph (8)(A) by con-
17 tracting for the required staffing with—

18 “(i) a local nonprofit service corpora-
19 tion;

20 “(ii) a nonprofit affiliate of a local
21 nonprofit service corporation;

22 “(iii) an entity wholly or partially op-
23 erated by a governmental agency; or

24 “(iv) another entity approved by the
25 Administrator.

1 “(C) DIRECTORS.—A development com-
2 pany and a local nonprofit service corporation
3 with which it is affiliated may have in common
4 some, but not all, members of their respective
5 board of directors.

6 “(D) RURAL AREAS.—A development com-
7 pany in a rural area may satisfy the require-
8 ments of a full-time professional staff and pro-
9 fessional management ability under paragraph
10 (8)(A) by contracting for such services with an-
11 other certified development company that—

12 “(i) has such staff and management
13 ability; and

14 “(ii) is located in the same State as
15 the development company or in a State
16 that is contiguous to the State in which
17 the development company is located.

18 “(E) PREVIOUSLY CERTIFIED.—A develop-
19 ment company that, on or before December 31,
20 2005, was certified by the Administrator and
21 had contracted with a for-profit company to
22 provide staffing and management services, may
23 continue to do so.

24 “(b) USE OF EXCESS FUNDS.—

1 “(1) IN GENERAL.—Any funds generated by a
2 certified development company from making loans
3 under section 503 or 504 that remain unexpended
4 after payment of staff, operating, and overhead ex-
5 penses shall be used by the certified development
6 company for—

7 “(A) operating reserves;

8 “(B) expanding the area in which the cer-
9 tified development company operates through
10 the methods authorized by this Act; or

11 “(C) investment in other community and
12 local economic development activity or commu-
13 nity development primarily in the State from
14 which such funds were generated.

15 “(2) REPORTING.—Not later than July 1,
16 2009, and every year thereafter, the Administrator
17 shall compile and submit to Congress a report re-
18 garding the economic and community development
19 activities of each certified development company dur-
20 ing the fiscal year before the year of that report,
21 other than loans made under this title.

22 “(c) ETHICAL REQUIREMENTS.—

23 “(1) IN GENERAL.—A certified development
24 company and the officers, employees, and other staff
25 of the company shall at all times act ethically and

1 avoid activities which constitute a conflict of interest
2 or appear to constitute a conflict of interest.

3 “(2) PROHIBITED CONFLICT IN PROJECT
4 LOANS.—

5 “(A) IN GENERAL.—No certified develop-
6 ment company may—

7 “(i) recommend or approve a guar-
8 antee of a debenture by the Administrator
9 under the Local Business Development
10 Loan Program that is collateralized by a
11 second lien position on the property being
12 constructed or acquired; and

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

17 “(B) EXCEPTION.—During the 2-year pe-
18 riod beginning on the date of enactment of the
19 SBA Reauthorization and Improvement Act of
20 2008, a certified development company that was
21 participating as a first mortgage lender for the
22 Local Business Development Loan Program in
23 either of fiscal years 2004 or 2005 may con-
24 tinue to do so.

1 “(3) OTHER ECONOMIC DEVELOPMENT ACTIVI-
2 TIES.—It shall not be a conflict of interest for a cer-
3 tified development company to operate multiple pro-
4 grams to assist small business concerns as part of
5 carrying out its economic development purpose.

6 “(d) MULTISTATE OPERATIONS.—

7 “(1) AUTHORIZATION.—Notwithstanding any
8 other provision of law, the Administrator shall per-
9 mit a certified development company to make loans
10 in any State that is contiguous to the State of incor-
11 poration of that certified development company, only
12 if such company—

13 “(A) is—

14 “(i) an accredited lender under section
15 507; or

16 “(ii) a premier certified lender under
17 section 508;

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

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

1 “(D) maintains not fewer than 1 loan com-
2 mittee, which shall have not fewer than 1 mem-
3 ber from each State in which the company
4 makes loans; and

5 “(E) submits to the Administrator, in writ-
6 ing—

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

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

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

15 “(2) REVIEW.—The Administrator shall verify
16 whether a certified development company satisfies
17 the requirements of paragraph (1) on an expedited
18 basis and, not later than 30 days after the date on
19 which the Administrator receives the statement de-
20 scribed in paragraph (1)(E)(iii), the Administrator
21 shall determine whether such company satisfies such
22 criteria and provide notice to such company.

23 “(3) LOAN COMMITTEE PARTICIPATION.—For
24 any loan made by a company described in paragraph
25 (1), not fewer than 1 member of the loan committee

1 from the State in which the loan is to be made shall
2 participate in the review of such loan.

3 “(4) AGGREGATE ACCOUNTING.—A company
4 described in paragraph (1) may maintain an aggre-
5 gate accounting of all revenue and expenses of the
6 company for purposes of this title.

7 “(5) SERVICE TO CERTIFIED DEVELOPMENT
8 COMPANIES.—

9 “(A) IN GENERAL.—Except as provided in
10 subparagraph (B), an associate of a certified
11 development company may not be an officer, di-
12 rector, or manager of more than 1 certified de-
13 velopment company.

14 “(B) EXCEPTION.—

15 “(i) IN GENERAL.—Notwithstanding
16 any other provision of law, a person who is
17 serving on the board of directors of a cer-
18 tified development company may serve on
19 the board of directors, but not as an offi-
20 cer, of not more than 1 additional certified
21 development company, if—

22 “(I) such companies are not lo-
23 cated in the same State;

24 “(II) each board of directors de-
25 termines that the service by such per-

1 son on such board does not constitute
2 a conflict of interest; and

3 “(III) there is not a contractual
4 relationship between—

5 “(aa) the person and such
6 additional certified development
7 company, except for the contract
8 of such person to serve as a
9 member of the board of directors
10 of such company, if any; or

11 “(bb) the certified develop-
12 ment companies of which such
13 person is a member of the board
14 of directors.

15 “(ii) MAXIMUM NUMBER OF MEM-
16 BERS.—A certified development company
17 may not have more than 1 member of the
18 board of directors of such company in com-
19 mon with any other board of directors of
20 a certified development company.

21 “(C) DEFINITION.—As used in this para-
22 graph, the term ‘associate of a certified develop-
23 ment company’ has the meaning given the term
24 ‘Associate of a CDC’ in section 120.10 of title

1 13, Code of Federal Regulations (or any cor-
2 responding similar regulation or ruling).

3 “(6) LOCAL JOB CREATION REQUIREMENTS.—

4 “(A) IN GENERAL.—Subject to subpara-
5 graph (B), any certified development company
6 making loans in multiple States shall satisfy
7 any applicable job creation or retention require-
8 ments separately for each such State. Such a
9 company shall not count jobs created or re-
10 tained in 1 State towards any applicable job
11 creation or retention requirement in another
12 State.

13 “(B) APPLICABILITY.—This paragraph
14 shall apply to a certified development company
15 relating to a State beginning 2 years after the
16 date that certified development company began
17 making loans in that State.

18 “(7) CONTIGUOUS STATES.—For purposes of
19 this subsection, the States of Alaska and Hawaii
20 shall be deemed to be contiguous to any State abut-
21 ting the Pacific Ocean.

22 “(8) LOCAL ECONOMIC AREA REQUIREMENT
23 AND EXEMPTION.—

1 “(A) DEFINITION.—In this paragraph, the
2 term ‘local economic area’ means an area, as
3 determined by the Administrator, that—

4 “(i) is in a State other than the State
5 in which a development company is incor-
6 porated;

7 “(ii) shares a border with the area of
8 operations of the development company;
9 and

10 “(iii) is a part of a local trade area
11 (including a city that is bisected by a State
12 line and a metropolitan statistical area
13 that is bisected by a State line) that is
14 contiguous to the area of operations of the
15 development company.

16 “(B) EXEMPTION.—An applicant operating
17 in a local economic area shall not be considered
18 to be operating in a multistate area, and shall
19 not be required to comply with the require-
20 ments for multistate operation.

21 “(e) RESTRICTIONS ON DEVELOPMENT COMPANY
22 ASSISTANCE.—”.

23 **SEC. 192. CONFORMING AMENDMENTS.**

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

1 (1) in subsection (a)(1), by striking “qualified
2 State or local development company” and inserting
3 “certified development company”; and

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

6 “(e) SECTION 7(a) LOANS.—Notwithstanding any
7 other provision of law, a certified development company
8 is authorized to prepare applications for deferred partici-
9 pation loans under section 7(a) of the Small Business Act,
10 to service such loans, and to charge a reasonable fee for
11 servicing such loans.”.

12 **SEC. 193. CLOSING COSTS.**

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

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

22 **SEC. 194. DEFINITION OF RURAL.**

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

1 “(f) As used in this title, the term ‘rural’ includes
2 any area that is not—

3 “(1) a city or town that has a population great-
4 er than 50,000 inhabitants; or

5 “(2) the urbanized area contiguous and adja-
6 cent to a city or town described in paragraph (1).”.

7 **SEC. 195. REGULATIONS AND EFFECTIVE DATE.**

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

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

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

17 (b) MULTISTATE OPERATIONS.—As soon as is prac-
18 ticable after the date of enactment of this Act, the Admin-
19 istrator shall promulgate regulations to implement section
20 506(d) of the Small Business Investment Act of 1958, as
21 added by this subtitle. Such regulations shall become ef-
22 fective not later than 120 days after the date of enactment
23 of this Act.

24 (c) EFFECTIVE DATE.—

1 (1) IN GENERAL.—Except as otherwise specifi-
2 cally provided this subtitle, this subtitle and the
3 amendments made by this subtitle shall become ef-
4 fective 240 days after the date of enactment of this
5 Act, regardless of whether the Administrator has
6 promulgated the regulations required under sub-
7 section (a).

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

14 **SEC. 196. LIMITATION ON TIME FOR FINAL APPROVAL OF**
15 **COMPANIES.**

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

20 **SEC. 197. CHILD CARE LENDING PILOT PROGRAM.**

21 (a) CHILD CARE LENDING PILOT PROGRAM.—Sec-
22 tion 502 of the Small Business Investment Act of 1958
23 (15 U.S.C. 696), as amended by this Act, is amended—

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

1 (A) by striking “The Administration” and
2 inserting the following:

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

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

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

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

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

14 (2) in subsection (b)(1), as so redesignated—

15 (A) by inserting after “**USE OF PRO-**
16 **CEEDS.**—” the following:

17 “(A) IN GENERAL.—”; and

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

19 “(B) LOANS TO SMALL, NONPROFIT CHILD
20 CARE BUSINESSES.—

21 “(i) IN GENERAL.—Notwithstanding
22 subsection (a), the proceeds of any loan de-
23 scribed in subsection (a) may be used by
24 the certified development company to as-

1 sist a small, nonprofit child care business,
2 if—

3 “(I) the loan is used for a sound
4 business purpose that has been ap-
5 proved by the Administrator;

6 “(II) each such business meets
7 all of the same eligibility requirements
8 applicable to for-profit businesses
9 under this title, except for status as a
10 for-profit business;

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

13 “(IV) each such business has
14 clear and singular title to the collat-
15 eral for the loan;

16 “(V) each such business has suf-
17 ficient cash flow from its operations to
18 meet its obligations on the loan and
19 its normal and reasonable operating
20 expenses; and

21 “(VI) each such business is lo-
22 cated in Arkansas, Connecticut, Geor-
23 gia, Indiana, Iowa, Louisiana, Maine,
24 Maryland, Massachusetts, Michigan,
25 Minnesota, Missouri, Montana, North

1 Carolina, South Dakota, Tennessee,
2 Washington, or Wyoming.

3 “(ii) LIMITATION ON VOLUME.—Not
4 more than 7 percent of the total number of
5 loans guaranteed in any fiscal year under
6 this title may be awarded under this sub-
7 paragraph.

8 “(iii) DEFINED TERM.—For purposes
9 of this subparagraph, the term ‘small, non-
10 profit child care business’ means an estab-
11 lishment that—

12 “(I) is organized in accordance
13 with section 501(c)(3) of the Internal
14 Revenue Code of 1986;

15 “(II) is primarily engaged in pro-
16 viding child care for infants, toddlers,
17 pre-school, or pre-kindergarten chil-
18 dren (or any combination thereof),
19 and may provide care for older chil-
20 dren when they are not in school, and
21 may offer pre-kindergarten edu-
22 cational programs;

23 “(III) including its affiliates, has
24 tangible net worth that does not ex-
25 ceed \$7,000,000, and has average net

1 income (excluding any carryover
2 losses) for the 2 completed fiscal years
3 preceding the date of the application
4 for assistance under this subpara-
5 graph that does not exceed
6 \$2,500,000; and

7 “(IV) is licensed as a child care
8 provider by the State, insular area, or
9 the District of Columbia, in which it
10 is located.

11 “(iv) SUNSET PROVISION.—This sub-
12 paragraph shall cease to have effect on
13 September 30, 2010, and shall apply to all
14 loans authorized under this subparagraph
15 that are applied for, approved, or dis-
16 bursed during the period beginning on the
17 date of enactment of this subparagraph
18 and ending on September 30, 2010.”.

19 (b) REPORTS.—

20 (1) SMALL BUSINESS ADMINISTRATION.—

21 (A) IN GENERAL.—Not later than 6
22 months after the date of enactment of this Act,
23 and every 6 months thereafter until September
24 30, 2010, the Administrator shall submit a re-
25 port on the implementation of the program

1 under section 502(b)(1)(B) of the Small Busi-
2 ness Investment Act of 1958, as added by this
3 Act, to—

4 (i) the Committee on Small Business
5 and Entrepreneurship of the Senate; and

6 (ii) the Committee on Small Business
7 of the House of Representatives.

8 (B) CONTENTS.—Each report under sub-
9 paragraph (A) shall contain—

10 (i) the date on which the program is
11 implemented;

12 (ii) the date on which the rules are
13 issued under subsection (c); and

14 (iii) the number and dollar amount of
15 loans under the program applied for, ap-
16 proved, and disbursed during the 6-month
17 period ending on the date of that report—

18 (I) with respect to nonprofit child
19 care businesses; and

20 (II) with respect to for-profit
21 child care businesses.

22 (2) GOVERNMENT ACCOUNTABILITY OFFICE.—

23 (A) IN GENERAL.—Not later than March
24 31, 2010, the Comptroller General of the
25 United States shall submit a report on the child

1 care small business loans authorized by section
2 502(b)(1)(B) of the Small Business Investment
3 Act of 1958, as added by this Act, to—

4 (i) the Committee on Small Business
5 and Entrepreneurship of the Senate; and

6 (ii) the Committee on Small Business
7 of the House of Representatives.

8 (B) CONTENTS.—The report under sub-
9 paragraph (A) shall—

10 (i) contain information gathered dur-
11 ing the first 2 years of the loan program,
12 including—

13 (I) an evaluation of the timeli-
14 ness of the implementation of the loan
15 program;

16 (II) a description of the effective-
17 ness and ease with which certified de-
18 velopment companies, lenders, and
19 small business concerns have partici-
20 pated in the loan program;

21 (III) a description and assess-
22 ment of how the loan program was
23 marketed;

24 (IV) by location (State, insular
25 area, and the District of Columbia)

1 and in total, the number of child care
2 small businesses, categorized by status
3 as a for-profit or nonprofit business,
4 that—

5 (aa) applied for a loan under
6 the program (and whether it was
7 a new or expanding child care
8 provider);

9 (bb) were approved for a
10 loan under the program; and

11 (cc) received a loan dis-
12 bursement under the program
13 (and whether they are a new or
14 expanding child care provider);
15 and

16 (V) with respect to businesses de-
17 scribed under subclause (IV)(cc)—

18 (aa) the number of such
19 businesses in each State, insular
20 area, and the District of Colum-
21 bia, as of the year of enactment
22 of this Act;

23 (bb) the total amount loaned
24 to such businesses under the pro-
25 gram;

1 (cc) the total number of
2 loans to such businesses under
3 the program;

4 (dd) the average loan
5 amount and term;

6 (ee) the currency rate, delin-
7 quencies, defaults, and losses of
8 the loans;

9 (ff) the number and percent
10 of children served who receive
11 subsidized assistance; and

12 (gg) the number and percent
13 of children served who are low in-
14 come; and

15 (ii) assess whether there are govern-
16 ment programs in place making loans or
17 providing grant funding to nonprofit child
18 care centers to address child care short-
19 ages.

20 (C) ACCESS TO INFORMATION.—

21 (i) IN GENERAL.—The Administration
22 shall collect and maintain such information
23 as may be necessary to carry out this para-
24 graph from certified development compa-
25 nies and child care providers, and such

1 companies and providers shall comply with
2 a request for information from the Admin-
3 istration for that purpose.

4 (ii) PROVISION OF INFORMATION TO
5 GOVERNMENT ACCOUNTABILITY OFFICE.—
6 The Administration shall provide informa-
7 tion collected under this subparagraph to
8 the Comptroller General of the United
9 States for purposes of the report required
10 by this paragraph.

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

16 **SEC. 198. DEBENTURE REPAYMENT.**

17 Section 503(a) of the Small Business Investment Act
18 of 1958 (15 U.S.C. 697(a)) is amended by adding at the
19 end the following:

20 “(5) Any debenture that is issued under this section
21 shall provide for the payment of principal and interest on
22 a semiannual basis.”.

1 **SEC. 199. REAL ESTATE APPRAISALS.**

2 (a) IN GENERAL.—Section 7(a)(29) of the Small
3 Business Act (15 U.S.C. 636(a)(29)) is amended to read
4 as follows:

5 “(29) REAL ESTATE APPRAISALS.—

6 “(A) IN GENERAL.—For any loan under
7 this subsection that is secured by commercial
8 real property, an appraisal of that property by
9 an appraiser licensed or certified by the State
10 in which that property is located—

11 “(i) shall be required by the Adminis-
12 trator if the estimated value of that prop-
13 erty is more than \$400,000; and

14 “(ii) may be required by the Adminis-
15 trator or the lender if—

16 “(I) the estimated value of that
17 property is less than \$400,000; and

18 “(II) an appraisal is necessary
19 for the appropriate evaluation of cred-
20 itworthiness.

21 “(B) ADJUSTMENT.—The Administrator—

22 “(i) shall periodically adjust the
23 amount under subparagraph (A) to ac-
24 count for the effects of inflation; and

1 “(ii) may not make an adjustment
2 under clause (i) in an amount less than
3 \$50,000.”.

4 (b) CONFORMING AMENDMENT.—Section
5 502(b)(3)(E), as so designated by section 197(a) of this
6 Act, is amended—

7 (1) in clause (ii), by striking “\$250,000” each
8 place that term appears and inserting “\$400,000”;
9 and

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

11 “(iii) ADJUSTMENT.—The Adminis-
12 trator—

13 “(I) shall periodically adjust the
14 amount under clause (ii) to account
15 for the effects of inflation; and

16 “(II) may not make an adjust-
17 ment under subclause (I) in an
18 amount less than \$50,000.”.

1 **TITLE II—SMALL BUSINESS**
2 **VENTURE CAPITAL**
3 **Subtitle A—Small Business**
4 **Investment Company Program**

5 **SEC. 221. REAUTHORIZATION.**

6 Section 20 of the Small Business Act (15 U.S.C. 631
7 note), as amended by this Act, is amended by adding at
8 the end the following:

9 “(m) **SMALL BUSINESS VENTURE CAPITAL.**—For
10 the programs authorized under part A of title III of the
11 Small Business Investment Act of 1958 (15 U.S.C. 681
12 et seq.), the Administrator is authorized to make—

13 “(1) \$2,250,000,000 in guarantees of debentures for fiscal year 2008;

15 “(2) \$2,500,000,000 in guarantees of debentures for fiscal year 2009; and

17 “(3) \$2,750,000,000 in guarantees of debentures for fiscal year 2010.”.

19 **SEC. 222. LEVERAGE.**

20 (a) **IN GENERAL.**—Section 303(b)(2) of the Small
21 Business Investment Act of 1958 (15 U.S.C. 683(b)(2))
22 is amended to read as follows:

23 “(2) **MAXIMUM LEVERAGE.**—

24 “(A) **IN GENERAL.**—The maximum
25 amount of outstanding leverage made available

1 to any 1 company licensed under section 301(c)
2 may not exceed the lesser of—

3 “(i) 300 percent of private capital; or

4 “(ii) \$150,000,000.

5 “(B) MULTIPLE LICENSES UNDER COM-
6 MON CONTROL.—The maximum amount of out-
7 standing leverage made available to 2 or more
8 companies licensed under section 301(c) that
9 are commonly controlled (as determined by the
10 Administrator) may not exceed \$225,000,000.

11 “(C) INVESTMENTS IN WOMEN-OWNED
12 AND MINORITY-OWNED BUSINESSES AND IN
13 LOW-INCOME GEOGRAPHIC AREAS.—

14 “(i) IN GENERAL.—The maximum
15 amount of outstanding leverage made
16 available to—

17 “(I) any 1 company described in
18 clause (ii) may not exceed the lesser
19 of—

20 “(aa) 300 percent of private
21 capital; or

22 “(bb) \$175,000,000; and

23 “(II) 2 or more companies de-
24 scribed in clause (ii) that are com-
25 monly controlled (as determined by

1 the Administrator) may not exceed
2 \$250,000,000.

3 “(ii) APPLICABILITY.—A company de-
4 scribed in this clause is a company licensed
5 under section 301(c) that certifies in writ-
6 ing that not less than 50 percent of the
7 dollar amount of investments of that com-
8 pany shall be made in companies that,
9 prior to that investment, are owned by
10 women or minorities (as determined by the
11 Administrator) or are located in a low-in-
12 come geographic area (as that term is de-
13 fined in section 351).

14 “(D) INVESTMENTS IN ENERGY SAVING
15 SMALL BUSINESSES.—

16 “(i) IN GENERAL.—Subject to clause
17 (ii), in calculating the outstanding leverage
18 of a company for purposes of subpara-
19 graph (A) or (C), the Administrator shall
20 exclude the amount of the cost basis of any
21 Energy Saving qualified investment in a
22 smaller enterprise made in the first fiscal
23 year after the date of enactment of this
24 subparagraph or any fiscal year thereafter

1 by a company licensed in the applicable fis-
2 cal year.

3 “(ii) LIMITATIONS.—

4 “(I) AMOUNT OF EXCLUSION.—

5 The amount excluded under clause (i)
6 for a company shall not exceed 33
7 percent of the private capital of that
8 company.

9 “(II) MAXIMUM INVESTMENT.—

10 A company shall not make an Energy
11 Saving qualified investment in any
12 one entity in an amount equal to more
13 than 20 percent of the private capital
14 of that company.

15 “(III) OTHER TERMS.—The ex-

16 clusion of amounts under clause (i)
17 shall be subject to such terms as the
18 Administrator may impose to ensure
19 that there is no cost (as that term is
20 defined in section 502 of the Federal
21 Credit Reform Act of 1990 (2 U.S.C.
22 661a)) with respect to purchasing or
23 guaranteeing any debenture involved.

24 “(E) EXCEPTION.—The Administrator

25 may, on a case-by-case basis, impose such addi-

1 tional terms and conditions relating to the max-
2 imum amount of outstanding leverage made
3 available as the Administrator determines to be
4 appropriate to minimize the risk of loss to the
5 Administration in the event of a default.”.

6 (b) **TECHNICAL AND CONFORMING AMENDMENTS.**—
7 Section 303(b) of the Small Business Investment Act of
8 1958 (15 U.S.C. 683(b)) is amended by striking para-
9 graph (4).

10 **SEC. 223. INVESTMENTS IN SMALLER ENTERPRISES.**

11 Section 303(d) of the Small Business Investment Act
12 of 1958 (15 U.S.C. 683(d)) is amended to read as follows:

13 “(d) **INVESTMENTS IN SMALLER ENTERPRISES.**—
14 The Administrator shall require each licensee, as a condi-
15 tion of an application for leverage, to certify in writing
16 that not less than 25 percent of the aggregate dollar
17 amount of financings of that licensee shall be provided to
18 smaller enterprises.”.

19 **SEC. 224. MAXIMUM INVESTMENT IN A COMPANY.**

20 Section 306(a) of the Small Business Investment Act
21 of 1958 (15 U.S.C. 686(a)) is amended by striking “20
22 per centum” and inserting “30 percent”.

1 **Subtitle B—New Markets Venture**
2 **Capital Program**

3 **SEC. 241. DIVERSIFICATION OF NEW MARKETS VENTURE**
4 **CAPITAL PROGRAM.**

5 (a) SELECTION OF COMPANIES IN EACH GEO-
6 GRAPHIC REGION.—Section 354 of the Small Business In-
7 vestment Act of 1958 (15 U.S.C. 689e) is amended by
8 adding at the end the following:

9 “(f) GEOGRAPHIC GOAL.—In selecting companies to
10 participate as New Markets Venture Capital companies in
11 the program established under this part, the Adminis-
12 trator shall have as a goal to select, from among compa-
13 nies submitting applications under subsection (b), at least
14 1 company from each geographic region of the Adminis-
15 tration.”.

16 (b) PARTICIPATION IN NEW MARKETS VENTURE
17 CAPITAL PROGRAM.—

18 (1) ADMINISTRATION PARTICIPATION RE-
19 QUIRED.—Section 353 of the Small Business Invest-
20 ment Act of 1958 (15 U.S.C. 689b) is amended in
21 the matter preceding paragraph (1), by striking
22 “under which the Administrator may” and inserting
23 “under which the Administrator shall”.

24 (2) SMALL MANUFACTURER PARTICIPATION.—
25 Section 353(1) of the Small Business Investment

1 Act of 1958 (15 U.S.C. 689b(1)) is amended by in-
 2 sserting after “section 352” the following: “(with a
 3 goal of at least 1 such agreement to be with a com-
 4 pany engaged primarily in the development of and
 5 investment in small manufacturers, to the extent
 6 practicable)”.

7 **SEC. 242. ESTABLISHMENT OF OFFICE OF NEW MARKETS**
 8 **VENTURE CAPITAL.**

9 Title II of the Small Business Investment Act of
 10 1958 (15 U.S.C. 671) is amended by adding at the end
 11 the following:

12 **“SEC. 202. OFFICE OF NEW MARKETS VENTURE CAPITAL.**

13 “(a) ESTABLISHMENT.—There is established in the
 14 Investment Division of the Administration, the Office of
 15 New Markets Venture Capital.

16 “(b) DIRECTOR.—The head of the Office of New
 17 Markets Venture Capital shall be an individual appointed
 18 in the competitive service or excepted service.

19 “(c) RESPONSIBILITIES OF DIRECTOR.—The respon-
 20 sibilities of the head of the Office of New Markets Venture
 21 Capital include—

22 “(1) to administer the New Markets Venture
 23 Capital Program under part B of title III;

24 “(2) to assess, not less frequently than once
 25 every 2 years, the nature and scope of the New Mar-

1 kets Venture Capital Program and to advise the Ad-
 2 ministrator on recommended changes to the pro-
 3 gram, based on such assessment;

4 “(3) to work to expand the number of small
 5 business concerns participating in the New Markets
 6 Venture Capital Program; and

7 “(4) to encourage investment in small manufac-
 8 turing.”.

9 **SEC. 243. LOW-INCOME GEOGRAPHIC AREAS.**

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

12 (1) by striking paragraph (2);

13 (2) by redesignating paragraphs (3) through
 14 (8) as paragraphs (2) through (7), respectively; and

15 (3) in paragraph (2), as so redesignated—

16 (A) in the matter preceding subparagraph

17 (A)—

18 (i) by striking “the term” and insert-
 19 ing “The term”; and

20 (ii) by striking “means”;

21 (B) by striking subparagraph (A) and in-
 22 serting the following:

23 “(A) means a ‘low-income community’
 24 within the meaning of section 45D(e) of the In-

1 **SEC. 245. OPERATIONAL ASSISTANCE GRANTS.**

2 (a) IN GENERAL.—Section 358(a)(4)(A) of the Small
3 Business Investment Act of 1958 (15 U.S.C.
4 689g(a)(4)(A)) is amended to read as follows:

5 “(A) NEW MARKETS VENTURE CAPITAL
6 COMPANIES.—Notwithstanding section
7 354(d)(2), the amount of a grant made under
8 this subsection to a New Markets Venture Cap-
9 ital company shall be equal to the lesser of—
10 “(i) 10 percent of the private capital
11 raised by the company; or
12 “(ii) \$1,000,000.”.

13 (b) CONFORMING AMENDMENT AND LIMITATION ON
14 TIME FOR FINAL APPROVAL OF COMPANIES.—Section
15 354(d) of the Small Business Investment Act of 1958 (15
16 U.S.C. 689c(d)) is amended to read as follows:

17 “(d) REQUIREMENTS TO BE MET FOR FINAL AP-
18 PROVAL.—The Administrator shall grant each condi-
19 tionally approved company 2 years to raise not less than
20 \$5,000,000 of private capital or binding capital commit-
21 ments from one or more investors (other than agencies
22 or departments of the Federal Government) who met cri-
23 teria established by the Administrator.”.

24 **SEC. 246. AUTHORIZATION.**

25 Section 368(a) of the Small Business Investment Act
26 of 1958 (15 U.S.C. 689q(a)) is amended—

1 (1) in the matter preceding paragraph (1), by
2 striking “fiscal years 2001 through 2006” and in-
3 serting “fiscal years 2008 through 2010”; and

4 (2) in paragraph (2), by striking
5 “\$30,000,000” and inserting “\$20,000,000”.

6 **TITLE III—SMALL BUSINESS EN-**
7 **TREPRENEURIAL DEVELOP-**
8 **MENT**

9 **Subtitle A—Reauthorization**

10 **SEC. 301. REAUTHORIZATION.**

11 (a) IN GENERAL.—Section 20 of the Small Business
12 Act (15 U.S.C. 631 note), as amended by this Act, is
13 amended by adding at the end the following:

14 “(n) SCORE PROGRAM.—There are authorized to be
15 appropriated to the Administrator to carry out the
16 SCORE program authorized by section 8(b)(1) such sums
17 as are necessary for the Administrator to make grants or
18 enter into cooperative agreements for a total of—

19 “(1) \$7,000,000 in fiscal year 2008;

20 “(2) \$8,000,000 in fiscal year 2009; and

21 “(3) \$9,000,000 in fiscal year 2010.”.

22 (b) SMALL BUSINESS DEVELOPMENT CENTERS.—
23 Section 21(a)(4)(C)(vii) of the Small Business Act (15
24 U.S.C. 648(a)(4)(C)(vii)) is amended to read as follows:

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

4 “(I) \$135,000,000 for fiscal year
5 2008;

6 “(II) \$140,000,000 for fiscal
7 year 2009; and

8 “(III) \$145,000,000 for fiscal
9 year 2010.”.

10 (c) PAUL D. COVERDELL DRUG-FREE WORKPLACE
11 PROGRAM.—

12 (1) IN GENERAL.—Section 27(g) of the Small
13 Business Act (15 U.S.C. 654(g)) is amended—

14 (A) in paragraph (1), by striking “fiscal
15 years 2005 and 2006” and inserting “fiscal
16 years 2008 through 2010”; and

17 (B) in paragraph (2), by striking “fiscal
18 years 2005 and 2006” and inserting “fiscal
19 years 2008 through 2010”.

20 (2) CONFORMING AMENDMENT.—Section
21 21(c)(3)(T) of the Small Business Act (15 U.S.C.
22 648(c)(3)(T)) is amended by striking “October 1,
23 2006” and inserting “October 1, 2010”.

1 **Subtitle B—Women’s Small**
2 **Business Ownership Programs**

3 **SEC. 311. OFFICE OF WOMEN’S BUSINESS OWNERSHIP.**

4 Section 29(g) of the Small Business Act (15 U.S.C.
5 656(g)) is amended—

6 (1) in paragraph (2)—

7 (A) in subparagraph (B)(i), by striking “in
8 the areas” and all that follows through the end
9 of subclause (I), and inserting the following: “to
10 address issues concerning management, oper-
11 ations, manufacturing, technology, finance, re-
12 tail and product sales, international trade, and
13 other disciplines required for—

14 “(I) starting, operating, and
15 growing a small business concern;”;
16 and

17 (B) in subparagraph (C), by inserting be-
18 fore the period at the end the following: “, the
19 National Women’s Business Council, and any
20 association of women’s business centers”; and

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

22 “(3) PROGRAMS AND SERVICES FOR WOMEN-
23 OWNED SMALL BUSINESSES.—The Assistant Admin-
24 istrator, in consultation with the National Women’s
25 Business Council, the Interagency Committee on

1 Women’s Business Enterprise, and 1 or more asso-
2 ciations of women’s business centers, shall develop
3 programs and services for women-owned businesses
4 (as defined in section 408 of the Women’s Business
5 Ownership Act of 1988 (15 U.S.C. 631 note)) in
6 business areas, which may include—

7 “(A) manufacturing;

8 “(B) technology;

9 “(C) professional services;

10 “(D) retail and product sales;

11 “(E) travel and tourism;

12 “(F) international trade; and

13 “(G) Federal Government contract busi-
14 ness development.

15 “(4) TRAINING.—The Administrator shall pro-
16 vide annual programmatic and financial oversight
17 training for women’s business ownership representa-
18 tives and district office technical representatives of
19 the Administration to enable representatives to carry
20 out their responsibilities under this section.

21 “(5) GRANT PROGRAM AND TRANSPARENCY IM-
22 PROVEMENTS.—The Administrator shall improve the
23 transparency of the women’s business center grant
24 proposal process and the programmatic and financial
25 oversight process by—

1 “(A) providing notice to the public of the
2 grant announcement for a grant under sub-
3 section (b) by not later than the end of the first
4 quarter of each fiscal year;

5 “(B) clearly explaining award and program
6 evaluation criteria for a grant under subsection
7 (b) and a grant under subsection (m) in the ini-
8 tial grant announcement;

9 “(C) reducing paperwork and reporting re-
10 quirements for grant applicants and recipients;

11 “(D) standardizing the oversight and re-
12 view process of the Administration; and

13 “(E) providing to each women’s business
14 center, not later than 30 days after the comple-
15 tion of a site visit (whether conducted for an
16 audit, performance review, or other reason) at
17 that center, a copy of site visit reports and eval-
18 uation reports prepared by district office tech-
19 nical representatives or Administration offi-
20 cials.”.

21 **SEC. 312. WOMEN’S BUSINESS CENTER PROGRAM.**

22 (a) WOMEN’S BUSINESS CENTER GRANTS PRO-
23 GRAM.—Section 29 of the Small Business Act (15 U.S.C.
24 656) is amended—

25 (1) in subsection (a)—

1 (A) by redesignating paragraphs (2), (3),
2 and (4), as paragraphs (3), (4), and (5), re-
3 spectively; and

4 (B) by inserting after paragraph (1) the
5 following:

6 “(2) the term ‘association of women’s business
7 centers’ means an organization that represents not
8 fewer than 30 percent of the women’s business cen-
9 ters that are participating in a program under this
10 section, and whose primary purpose is to represent
11 women’s business centers;”;

12 (2) in subsection (b)—

13 (A) by redesignating paragraphs (1), (2),
14 and (3) as subparagraphs (A), (B), and (C),
15 and adjusting the margins accordingly;

16 (B) by striking “The Administration” and
17 inserting the following:

18 “(1) IN GENERAL.—The Administration”;

19 (C) by striking “The projects shall” and
20 inserting the following:

21 “(2) USE OF FUNDS.—The projects shall”; and

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

23 “(3) AMOUNT OF GRANTS.—

1 “(A) IN GENERAL.—The Administrator
2 may award a grant under this subsection of not
3 more than \$150,000 per year.

4 “(B) EQUAL ALLOCATIONS.—In the event
5 that the Administration has insufficient funds
6 to provide grants of \$150,000 for each grant
7 recipient under this subsection in any fiscal
8 year, available funds shall be allocated equally
9 to grant recipients, unless any recipient re-
10 quests a lower amount than the allocable
11 amount.

12 “(4) ASSOCIATIONS OF WOMEN’S BUSINESS
13 CENTERS.—

14 “(A) RECOGNITION.—The Administrator
15 shall recognize the existence and activities of
16 any association of women’s business centers es-
17 tablished to address matters of common con-
18 cern.

19 “(B) CONSULTATION.—The Administrator
20 shall consult with each association of women’s
21 business centers to develop—

22 “(i) a training program for the staff
23 of the women’s business centers and the
24 Administration; and

1 “(ii) recommendations to improve the
2 policies and procedures for governing the
3 general operations and administration of
4 the Women’s Business Center Program, in-
5 cluding grant program improvements
6 under subsection (g)(5).”;

7 (3) by striking subsection (f) and inserting the
8 following:

9 “(f) APPLICATIONS AND CRITERIA FOR INITIAL
10 GRANTS.—

11 “(1) APPLICATION.—Each organization desiring
12 a grant under subsection (b) shall submit to the Ad-
13 ministrators an application that contains—

14 “(A) a certification that the applicant—

15 “(i) is a private nonprofit organiza-
16 tion;

17 “(ii) has designated an executive di-
18 rector or program manager, who may be
19 compensated from grant funds or other
20 sources, to manage the center; and

21 “(iii) as a condition of receiving a
22 grant under subsection (b), agrees—

23 “(I) to receive a site visit as part
24 of the final selection process;

1 “(II) to undergo an annual pro-
2 grammatic and financial examination;
3 and

4 “(III) to the maximum extent
5 practicable, to remedy any problems
6 identified pursuant to the site visit or
7 examination under subclauses (I) and
8 (II);

9 “(B) information demonstrating that the
10 applicant has the ability and resources to meet
11 the needs of the market to be served by the
12 women’s business center site for which a grant
13 under subsection (b) is sought, including the
14 ability to comply with the matching requirement
15 under subsection (c);

16 “(C) information relating to assistance to
17 be provided by the women’s business center site
18 for which a grant under subsection (b) is
19 sought in the area in which the site is located;

20 “(D) information demonstrating the effec-
21 tive experience of the applicant in—

22 “(i) conducting financial, manage-
23 ment, and marketing assistance programs,
24 as described under subsection (b)(2), which
25 are designed to teach or upgrade the busi-

1 ness skills of women who are business own-
2 ers or potential business owners;

3 “(ii) providing training and services to
4 a representative number of women who are
5 both socially and economically disadvan-
6 taged; and

7 “(iii) using resource partners of the
8 Administration and other entities, such as
9 universities;

10 “(E) a 5-year plan that projects the ability
11 of the women’s business center site for which a
12 grant is sought—

13 “(i) to serve women who are business
14 owners or potential owners in the future by
15 improving training and counseling activi-
16 ties; and

17 “(ii) to provide training and services
18 to a representative number of women who
19 are both socially and economically dis-
20 advantaged; and

21 “(F) any additional information that the
22 Administrator may reasonably require, if, not
23 later than 90 days before the date that the rel-
24 evant application is required to be submitted,

1 the Administrator provides written notice to the
2 applicant that such information is required.

3 “(2) REVIEW AND APPROVAL OF APPLICATIONS
4 FOR AN INITIAL GRANT.—

5 “(A) IN GENERAL.—The Administrator
6 shall—

7 “(i) review each application submitted
8 under paragraph (1), based on the infor-
9 mation described in such paragraph and
10 the criteria set forth under subparagraph
11 (B) of this paragraph; and

12 “(ii) as part of the final selection
13 process, conduct a site visit at each wom-
14 en’s business center for which a grant
15 under subsection (b) is sought.

16 “(B) SELECTION CRITERIA.—

17 “(i) IN GENERAL.—The Administrator
18 shall evaluate applicants for grants under
19 subsection (b) in accordance with predeter-
20 mined selection criteria that shall be stated
21 in terms of relative importance. Such cri-
22 teria and their relative importance shall be
23 made publicly available and stated in each
24 solicitation for applications made by the
25 Administrator.

1 “(ii) REQUIRED CRITERIA.—The se-
2 lection criteria for a grant under sub-
3 section (b) shall include—

4 “(I) the experience of the appli-
5 cant in conducting programs or ongo-
6 ing efforts designed to teach or up-
7 grade the business skills of women
8 who are business owners or potential
9 owners;

10 “(II) the ability of the applicant
11 to commence a project within a min-
12 imum amount of time;

13 “(III) the ability of the applicant
14 to provide training and services to a
15 representative number of women who
16 are both socially and economically dis-
17 advantaged; and

18 “(IV) the location for the wom-
19 en’s business center site proposed by
20 the applicant, including whether the
21 applicant is located in a State in
22 which there is not a women’s business
23 center receiving funding from the Ad-
24 ministration.

1 “(C) NOTICE.—The Administrator may
2 not award a grant under subsection (b) to an
3 applicant whose principle place of business is lo-
4 cated less than 50 miles from the principle
5 place of business of another organization receiv-
6 ing a grant under this section unless the Ad-
7 ministrator submits a written justification for
8 the need to award another grant under this sec-
9 tion in that area to the Committee on Small
10 Business and Entrepreneurship of the Senate
11 and the Committee on Small Business of the
12 House of Representatives.

13 “(D) RECORD RETENTION.—The Adminis-
14 trator shall maintain a copy of each application
15 submitted under this subsection for not less
16 than 7 years.”; and

17 (4) in subsection (m), by striking paragraph (3)
18 and inserting the following:

19 “(3) APPLICATION AND APPROVAL.—

20 “(A) APPLICATION.—Each organization
21 desiring a grant this subsection, shall submit to
22 the Administrator an application that con-
23 tains—

24 “(i) a certification that the appli-
25 cant—

1 “(I) is a private nonprofit organi-
2 zation;

3 “(II) has designated an executive
4 director or program manager to man-
5 age the center; and

6 “(III) as a condition of receiving
7 a grant under this subsection,
8 agrees—

9 “(aa) to receive a site visit
10 as part of the final selection
11 process;

12 “(bb) to submit, for the pre-
13 ceding 2 years, annual pro-
14 grammatic and financial exam-
15 ination reports or certified copies
16 of the applicant’s compliance
17 supplemental audits under OMB
18 Circular A-133; and

19 “(cc) to the maximum ex-
20 tent practicable, to remedy any
21 problems identified pursuant to
22 the site visit or examination
23 under items (aa) and (bb);

24 “(ii) information demonstrating that
25 the applicant has the ability and resources

1 to meet the needs of the market to be
2 served by the women’s business center site
3 for which a grant under this subsection is
4 sought, including the ability to comply with
5 the matching requirement under paragraph
6 (4)(C);

7 “(iii) information relating to assist-
8 ance to be provided by the women’s busi-
9 ness center site for which a grant under
10 this subsection is sought in the area in
11 which the site is located;

12 “(iv) information demonstrating the
13 utilization of resource partners of the Ad-
14 ministration and other entities;

15 “(v) a 3-year plan that projects the
16 ability of the women’s business center site
17 for which a grant under this subsection is
18 sought—

19 “(I) to serve women who are
20 business owners or potential owners in
21 the future by improving training and
22 counseling activities; and

23 “(II) to provide training and
24 services to a representative number of

1 women who are both socially and eco-
2 nomically disadvantaged; and

3 “(vi) any additional information that
4 the Administrator may reasonably require.

5 “(B) REVIEW AND APPROVAL OF APPLICA-
6 TIONS FOR GRANTS.—

7 “(i) IN GENERAL.—The Administrator
8 shall—

9 “(I) review each application sub-
10 mitted under subparagraph (A), based
11 on the information described in such
12 subparagraph and the criteria set
13 forth under clause (ii) of this subpara-
14 graph; and

15 “(II) as part of the final selection
16 process, conduct a site visit at each
17 women’s business center for which a
18 grant under this subsection is sought.

19 “(ii) SELECTION CRITERIA.—

20 “(I) IN GENERAL.—The Admin-
21 istrator shall evaluate applicants in
22 accordance with predetermined selec-
23 tion criteria that shall be stated in
24 terms of relative importance. Such cri-
25 teria and their relative importance

1 shall be made publicly available and
2 stated in each solicitation for applica-
3 tions made by the Administrator.

4 “(II) REQUIRED CRITERIA.—The
5 selection criteria for a grant under
6 this subsection shall include—

7 “(aa) the total number of
8 entrepreneurs served by the ap-
9 plicant;

10 “(bb) the total number of
11 new start-up companies assisted
12 by the applicant;

13 “(cc) the percentage of the
14 clients of the applicant that are
15 socially or economically disadvan-
16 taged; and

17 “(dd) the percentage of indi-
18 viduals in the community served
19 by the applicant who are socially
20 or economically disadvantaged.

21 “(iii) CONDITIONS FOR CONTINUED
22 FUNDING.—In determining whether to
23 make a grant under this subsection, the
24 Administrator—

1 “(I) shall consider the results of
2 the most recent evaluation of the cen-
3 ter, and, to a lesser extent, previous
4 evaluations; and

5 “(II) may withhold such a grant,
6 if the Administrator determines that
7 the center has failed to provide the in-
8 formation required to be provided
9 under this paragraph, or the informa-
10 tion provided by the center is inad-
11 equate.

12 “(C) NOTIFICATION.—Not later than 60
13 days after the date of the deadline to submit
14 applications for each fiscal year, the Adminis-
15 trator shall approve or deny any application
16 under this paragraph and notify the applicant
17 for each such application.

18 “(D) RECORD RETENTION.—The Adminis-
19 trator shall maintain a copy of each application
20 submitted under this paragraph for not less
21 than 7 years.”.

22 (b) TECHNICAL AND CONFORMING AMENDMENTS.—
23 Section 29 of the Small Business Act (15 U.S.C. 656) is
24 amended—

1 (1) in subsection (h)(2), by striking “to award
2 a contract (as a sustainability grant) under sub-
3 section (l) or”;

4 (2) in subsection (j)(1), by striking “The Ad-
5 ministration” and inserting “Not later than Novem-
6 ber 1st of each year, the Administrator”;

7 (3) in subsection (k)—

8 (A) by striking paragraph (4);

9 (B) by redesignating paragraph (3) as
10 paragraph (5); and

11 (C) by striking paragraphs (1) and (2) and
12 inserting the following:

13 “(1) IN GENERAL.—There are authorized to be
14 appropriated to the Administration to carry out this
15 section, to remain available until expended—

16 “(A) \$20,000,000 for fiscal year 2008;

17 “(B) \$20,500,000 for fiscal year 2009; and

18 “(C) \$21,000,000 for fiscal year 2010.

19 “(2) ALLOCATION.—Of amounts made available
20 pursuant to paragraph (1), the Administrator shall
21 use not less than 60 percent for grants under sub-
22 section (l).

23 “(3) USE OF AMOUNTS.—Amounts made avail-
24 able under this subsection may only be used for
25 grant awards and may not be used for costs incurred

1 by the Administration in connection with the man-
2 agement and administration of the program under
3 this section.

4 “(4) CONTINUING GRANT AND COOPERATIVE
5 AGREEMENT AUTHORITY.—

6 “(A) IN GENERAL.—The authority of the
7 Administrator to make grants under this sec-
8 tion shall be in effect for each fiscal year only
9 to the extent and in the amounts as are pro-
10 vided in advance in appropriations Acts.

11 “(B) PROMPT DISBURSEMENT.—In order
12 to help women’s business centers operate
13 smoothly and predictably, upon receiving funds
14 to carry out this section for a fiscal year, the
15 Administrator shall promptly disburse funds to
16 any women’s business center awarded a grant
17 under this section.

18 “(C) RENEWAL.—After the Administrator
19 has entered into a grant or cooperative agree-
20 ment with any women’s business center under
21 this section, the Administrator shall not sus-
22 pend, terminate, or fail to renew or extend any
23 such grant or cooperative agreement, unless the
24 Administrator provides the women’s business
25 center with written notification setting forth the

1 reasons for that action and affords the center
2 an opportunity for a hearing, appeal, or other
3 administrative proceeding under chapter 5 of
4 title 5, United States Code.”;

5 (4) in subsection (m)(4)(D), by striking “or
6 subsection (l)”;

7 (5) by redesignating subsections (m) and (n),
8 as amended by this Act, as subsections (l) and (m),
9 respectively.

10 **SEC. 313. NATIONAL WOMEN’S BUSINESS COUNCIL.**

11 (a) **COSPONSORSHIP AUTHORITY.**—Section 406 of
12 the Women’s Business Ownership Act of 1988 (15 U.S.C.
13 7106) is amended by adding at the end the following:

14 “(f) **COSPONSORSHIP AUTHORITY.**—The Council is
15 authorized to enter into agreements as a cosponsor with
16 public and private entities, in the same manner as is pro-
17 vided in section 4(h) of the Small Business Act (15 U.S.C.
18 633(h)), to carry out its duties under this section.”.

19 (b) **MEMBERSHIP.**—Section 407(f) of the Women’s
20 Business Ownership Act of 1988 (15 U.S.C. 7107(f)) is
21 amended by adding at the end the following:

22 “(3) **REPRESENTATION OF MEMBER ORGANIZA-**
23 **TIONS.**—In consultation with the chairperson of the
24 Council and the Administrator, a national women’s
25 business organization or small business concern that

1 is represented on the Council may replace its rep-
2 resentative member on the Council during the serv-
3 ice term to which that member was appointed.”.

4 (c) ESTABLISHMENT OF WORKING GROUPS.—Title
5 IV of the Women’s Business Ownership Act of 1988 (15
6 U.S.C. 7101 et seq.) is amended by inserting after section
7 410, the following new section:

8 **“SEC. 411. WORKING GROUPS.**

9 “(a) ESTABLISHMENT.—There are established within
10 the Council, working groups, as directed by the chair-
11 person.

12 “(b) DUTIES.—The working groups established
13 under subsection (a) shall perform such duties as the
14 chairperson shall direct.”.

15 (d) ELECTRONIC CLEARINGHOUSE FOR HISTORICAL
16 DOCUMENTS.—Section 409 of the Women’s Business
17 Ownership Act of 1988 (15 U.S.C. 7109) is amended by
18 adding at the end the following:

19 “(c) ELECTRONIC CLEARINGHOUSE FOR HISTORICAL
20 DOCUMENTS.—The Council shall serve as an electronic
21 clearinghouse for information on small businesses owned
22 and controlled by women, including research conducted by
23 other organizations and individuals relating to ownership
24 by women of small business concerns in the United
25 States.”.

1 (e) AUTHORIZATION OF APPROPRIATIONS.—Section
2 410(a) of the Women’s Business Ownership Act of 1988
3 (15 U.S.C. 7110(a)) is amended by striking “2001
4 through 2003, of which \$550,000” and inserting “2008
5 through 2010, of which not less than 30 percent”.

6 **SEC. 314. INTERAGENCY COMMITTEE ON WOMEN’S BUSI-**
7 **NESS ENTERPRISE.**

8 (a) CHAIRPERSON.—Section 403(b) of the Women’s
9 Business Ownership Act of 1988 (15 U.S.C. 7103(b)) is
10 amended—

11 (1) by striking “Not later” and inserting the
12 following:

13 “(1) IN GENERAL.—Not later”; and

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

15 “(2) VACANCY.—In the event that a chair-
16 person is not appointed under paragraph (1), the
17 Deputy Administrator of the Small Business Admin-
18 istration shall serve as acting chairperson of the
19 Interagency Committee until a chairperson is ap-
20 pointed under paragraph (1).”.

21 (b) POLICY ADVISORY GROUP.—Section 401 of the
22 Women’s Business Ownership Act of 1988 (15 U.S.C.
23 7101) is amended—

24 (1) by striking “There” and inserting the fol-
25 lowing:

1 “(a) IN GENERAL.—There”; and

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

3 “(b) POLICY ADVISORY GROUP.—

4 “(1) ESTABLISHMENT.—There is established a
5 Policy Advisory Group to assist the chairperson in
6 developing policies and programs under this Act.

7 “(2) MEMBERSHIP.—The Policy Advisory
8 Group shall be composed of 7 policy making offi-
9 cials, of whom—

10 “(A) 1 shall be a representative of the
11 Small Business Administration;

12 “(B) 1 shall be a representative of the De-
13 partment of Commerce;

14 “(C) 1 shall be a representative of the De-
15 partment of Labor;

16 “(D) 1 shall be a representative of the De-
17 partment of Defense;

18 “(E) 1 shall be a representative of the De-
19 partment of the Treasury; and

20 “(F) 2 shall be representatives of the
21 Council.

22 “(3) MEETINGS.—The Policy Advisory Group
23 established under paragraph (1) shall meet not less
24 frequently than 3 times each year to—

25 “(A) plan activities for the new fiscal year;

1 “(B) track year-to-date agency contracting
2 goals; and

3 “(C) evaluate the progress during the fis-
4 cal year and prepare an annual report.”.

5 **SEC. 315. PRESERVING THE INDEPENDENCE OF THE NA-**
6 **TIONAL WOMEN’S BUSINESS COUNCIL.**

7 (a) FINDINGS.—Congress finds the following:

8 (1) The National Women’s Business Council
9 provides an independent source of advice and policy
10 recommendations regarding women’s business devel-
11 opment and the needs of women entrepreneurs in
12 the United States to—

13 (A) the President;

14 (B) Congress;

15 (C) the Interagency Committee on Wom-
16 en’s Business Enterprise; and

17 (D) the Administrator.

18 (2) The members of the National Women’s
19 Business Council are small business owners, rep-
20 resentatives of business organizations, and rep-
21 resentatives of women’s business centers.

22 (3) The chair and ranking member of the Com-
23 mittee on Small Business and Entrepreneurship of
24 the Senate and the Committee on Small Business of
25 the House of Representatives make recommenda-

1 tions to the Administrator to fill 8 of the positions
2 on the National Women’s Business Council. Four of
3 the positions are reserved for small business owners
4 who are affiliated with the political party of the
5 President and 4 of the positions are reserved for
6 small business owners who are not affiliated with the
7 political party of the President. This method of ap-
8 pointment ensures that the National Women’s Busi-
9 ness Council will provide Congress with nonpartisan,
10 balanced, and independent advice.

11 (4) In order to maintain the independence of
12 the National Women’s Business Council and to en-
13 sure that the Council continues to provide the Presi-
14 dent, the Interagency Committee on Women’s Busi-
15 ness Enterprise, the Administrator, and Congress
16 with advice on a nonpartisan basis, it is essential
17 that the Council maintain the bipartisan balance es-
18 tablished under section 407 of the Women’s Busi-
19 ness Ownership Act of 1988 (15 U.S.C. 7107).

20 (b) MAINTENANCE OF PARTISAN BALANCE.—Section
21 407(f) of the Women’s Business Ownership Act of 1988
22 (15 U.S.C. 7107(f)), as amended by this Act, is amended
23 by adding at the end the following:

24 “(4) PARTISAN BALANCE.—When filling a va-
25 cancy under paragraph (1) of this subsection of a

1 member appointed under paragraph (1) or (2) of
2 subsection (b), the Administrator shall, to the extent
3 practicable, ensure that there are an equal number
4 of members on the Council from each of the 2 major
5 political parties.

6 “(5) ACCOUNTABILITY.—If a vacancy is not
7 filled within the 30-day period required under para-
8 graph (1), or if there exists an imbalance of party-
9 affiliated members on the Council for a period ex-
10 ceeding 30 days, the Administrator shall submit a
11 report, not later than 10 days after the expiration
12 of either such 30-day deadline, to the Committee on
13 Small Business and Entrepreneurship of the Senate
14 and the Committee on Small Business of the House
15 of Representatives, that explains why the respective
16 deadline was not met and provides an estimated date
17 on which any vacancies will be filled, as applicable.”.

18 **SEC. 316. STUDY AND REPORT ON WOMEN’S BUSINESS CEN-**

19 **TERS.**

20 (a) IN GENERAL.—The Comptroller General of the
21 United States shall conduct a broad study of the unique
22 economic issues facing women’s business centers located
23 in covered areas to identify—

24 (1) the difficulties such centers face in raising
25 matching funds;

1 (2) the difficulties such centers face competing
2 for grant, matching funds, or other types of assist-
3 ance;

4 (3) the difficulties such centers face in writing
5 grant proposals; and

6 (4) other difficulties such centers face because
7 of the economy in the type of covered area in which
8 such centers are located.

9 (b) REPORT.—Not later than 1 year after the date
10 of enactment of this Act, the Comptroller General shall
11 submit to Congress a report regarding the results of the
12 study conducted under subsection (a), which shall include
13 recommendations, if any, regarding how to—

14 (1) address the unique difficulties women’s
15 business centers located in covered areas face be-
16 cause of the type of covered area in which such cen-
17 ters are located;

18 (2) expand the presence of, and increase the
19 services provided by, women’s business centers lo-
20 cated in covered areas; and

21 (3) best use technology and other resources to
22 better serve women business owners located in cov-
23 ered areas.

24 (c) DEFINITION OF COVERED AREA.—In this section,
25 the term “covered area” means—

1 (1) any State that is predominantly rural, as
2 determined by the Administrator;

3 (2) any State that is predominantly urban, as
4 determined by the Administrator; and

5 (3) any State or territory that is an island.

6 **Subtitle C—International Trade**

7 **SEC. 321. SMALL BUSINESS ADMINISTRATION ASSOCIATE** 8 **ADMINISTRATOR FOR INTERNATIONAL** 9 **TRADE.**

10 (a) ESTABLISHMENT.—Section 22(a) of the Small
11 Business Act (15 U.S.C. 649(a)) is amended by adding
12 at the end the following: “The head of the Office shall
13 be the Associate Administrator for International Trade,
14 who shall be responsible to the Administrator.”.

15 (b) AUTHORITY FOR ADDITIONAL ASSOCIATE AD-
16 MINISTRATOR.—Section 4(b)(1) of the Small Business Act
17 (15 U.S.C. 633(b)(1)) is amended—

18 (1) in the fifth sentence, by striking “five Asso-
19 ciate Administrators” and inserting “Associate Ad-
20 ministrators”; and

21 (2) by adding at the end the following: “One of
22 the Associate Administrators shall be the Associate
23 Administrator for International Trade, who shall be
24 the head of the Office of International Trade estab-
25 lished under section 22.”.

1 (c) DISCHARGE OF ADMINISTRATION INTER-
2 NATIONAL TRADE RESPONSIBILITIES.—Section 22 of the
3 Small Business Act (15 U.S.C. 649) is amended by adding
4 at the end the following:

5 “(h) DISCHARGE OF ADMINISTRATION INTER-
6 NATIONAL TRADE RESPONSIBILITIES.—The Adminis-
7 trator shall ensure that—

8 “(1) the responsibilities of the Administration
9 regarding international trade are carried out
10 through the Associate Administrator for Inter-
11 national Trade;

12 “(2) the Associate Administrator for Inter-
13 national Trade has sufficient resources to carry out
14 such responsibilities; and

15 “(3) the Associate Administrator for Inter-
16 national Trade has direct supervision and control
17 over the staff of the Office of International Trade,
18 and over any employee of the Administration whose
19 principal duty station is a United States Export As-
20 sistance Center or any successor entity.”.

21 (d) ROLE OF ASSOCIATE ADMINISTRATOR IN CAR-
22 RYING OUT INTERNATIONAL TRADE POLICY.—Section
23 2(b)(1) of the Small Business Act (15 U.S.C. 631(b)(1))
24 is amended in the matter preceding subparagraph (A)—

1 (1) by inserting “the Administrator of” before
2 “the Small Business Administration”; and

3 (2) by inserting “through the Associate Admin-
4 istrator for International Trade, and” before “in co-
5 operation with”.

6 (e) TECHNICAL AMENDMENT.—Section 22(c)(5) of
7 the Small Business Act (15 U.S.C. 649(c)(5)) is amended
8 by striking the period at the end and inserting a semi-
9 colon.

10 (f) EFFECTIVE DATE.—Not later than 90 days after
11 the date of enactment of this Act, the Administrator shall
12 appoint an Associate Administrator for International
13 Trade under section 22 of the Small Business Act (15
14 U.S.C. 649), as amended by this section.

15 **SEC. 322. OFFICE OF INTERNATIONAL TRADE.**

16 Section 22 of the Small Business Act (15 U.S.C. 649)
17 is amended—

18 (1) by striking “SEC. 22. (a) There” and in-
19 serting the following:

20 **“SEC. 22. OFFICE OF INTERNATIONAL TRADE.**

21 **“(a) ESTABLISHMENT.—There”.**

22 (2) in subsection (a), by inserting “(referred to
23 in this section as the ‘Office’),” after “Trade”;

24 (3) in subsection (b)—

1 (A) by striking “The Office” and inserting
2 the following:

3 “(b) TRADE DISTRIBUTION NETWORK.—The Office,
4 including United States Export Assistance Centers (re-
5 ferred to as ‘one-stop shops’ in section 2301(b)(8) of the
6 Omnibus Trade and Competitiveness Act of 1988 (15
7 U.S.C. 4721(b)(8)) and as ‘export centers’ in this sec-
8 tion)”;

9 (B) by amending paragraph (1) to read as
10 follows:

11 “(1) assist in maintaining a distribution net-
12 work using regional and local offices of the Adminis-
13 tration, the small business development center net-
14 work, the women’s business center network, the Na-
15 tive American business center network, and export
16 centers for—

17 “(A) trade promotion;

18 “(B) trade finance;

19 “(C) trade adjustment;

20 “(D) trade remedy assistance; and

21 “(E) trade data collection.”;

22 (4) in subsection (c)—

23 (A) by redesignating paragraphs (1)
24 through (8) as paragraphs (2) through (9), re-
25 spectively;

1 (B) by inserting before paragraph (2), as
2 so redesignated, the following:

3 “(1) establish annual goals for the Office relat-
4 ing to—

5 “(A) enhancing the exporting capability of
6 small business concerns and small manufactur-
7 ers;

8 “(B) facilitating technology transfers;

9 “(C) enhancing programs and services to
10 assist small business concerns and small manu-
11 facturers to compete effectively and efficiently
12 against foreign entities;

13 “(D) increasing the access to capital by
14 small business concerns;

15 “(E) disseminating information concerning
16 Federal, State, tribal, and private programs
17 and initiatives; and

18 “(F) ensuring that the interests of small
19 business concerns are adequately represented in
20 trade negotiations;”;

21 (C) in paragraph (2), as so redesignated,
22 by striking “mechanism for” and all that fol-
23 lows through “(D)” and inserting the following:
24 “mechanism for—

1 “(A) identifying subsectors of the small
2 business community with strong export poten-
3 tial;

4 “(B) identifying areas of demand in for-
5 eign markets;

6 “(C) prescreening foreign buyers for com-
7 mercial and credit purposes; and

8 “(D)”;

9 (D) in paragraph (9), as so redesignated—
10 (i) in the matter preceding subpara-
11 graph (A)—

12 (I) by striking “full-time export
13 development specialists to each Ad-
14 ministration regional office and as-
15 signing”;

16 (II) by striking “office. Such spe-
17 cialists” and inserting “office and pro-
18 viding each Administration regional
19 office with a full-time export develop-
20 ment specialist, who”;

21 (ii) in subparagraph (D), by striking
22 “and” at the end;

23 (iii) in subparagraph (E), by striking
24 the period at the end and inserting a semi-
25 colon; and

1 (iv) by adding at the end the fol-
2 lowing:

3 “(F) participate jointly with employees of
4 the Office in an annual training program that
5 focuses on current small business needs for ex-
6 porting; and

7 “(G) jointly develop and conduct training
8 programs for exporters and lenders in coopera-
9 tion with the United States Export Assistance
10 Centers, the Department of Commerce, small
11 business development centers, and other rel-
12 evant Federal agencies.”;

13 (5) in subsection (d)—

14 (A) by inserting “EXPORT FINANCING
15 PROGRAMS.—” after “(d)”;

16 (B) by redesignating paragraphs (1)
17 through (5) as clauses (i) through (v), respec-
18 tively, and adjusting the margins accordingly;

19 (C) by striking “The Office shall work in
20 cooperation” and inserting the following:

21 “(1) IN GENERAL.—The Office shall work in
22 cooperation”; and

23 (D) by striking “To accomplish this goal,
24 the Office shall work” and inserting the fol-
25 lowing:

1 “(2) TRADE FINANCIAL SPECIALIST.—To ac-
2 comply the goal established under paragraph (1),
3 the Office shall—

4 “(A) designate at least 1 individual within
5 the Administration as a trade financial spe-
6 cialist to oversee international loan programs
7 and assist Administration employees with trade
8 finance issues; and

9 “(B) work”;

10 (6) in subsection (e), by inserting “TRADE
11 REMEDIES.—” after “(e)”;

12 (7) by amending subsection (f) to read as fol-
13 lows:

14 “(f) REPORTING REQUIREMENT.—The Office shall
15 submit an annual report to the Committee on Small Busi-
16 ness and Entrepreneurship of the Senate and the Com-
17 mittee on Small Business of the House of Representatives
18 that contains—

19 “(1) a description of the progress of the Office
20 in implementing the requirements of this section;

21 “(2) the destinations of travel by Office staff
22 and benefits to the Administration and to small
23 business concerns therefrom; and

24 “(3) a description of the participation by the
25 Office in trade negotiations.”;

1 (8) in subsection (g), by inserting “STUD-
2 IES.—” after “(g)”; and

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

4 “(i) EXPORT ASSISTANCE CENTERS.—

5 “(1) IN GENERAL.—During the period begin-
6 ning on October 1, 2008, and ending on September
7 30, 2010, the Administrator shall ensure that the
8 number of full-time equivalent employees of the Of-
9 fice assigned to the one-stop shops referred to in
10 section 2301(b) of the Omnibus Trade and Competi-
11 tiveness Act of 1988 (15 U.S.C. 4721 (b)) is not less
12 than the number of such employees so assigned on
13 January 1, 2003.

14 “(2) PRIORITY OF PLACEMENT.—Priority shall
15 be given, to the maximum extent practicable, to
16 placing employees of the Administration at any Ex-
17 port Assistance Center that—

18 “(A) had an Administration employee as-
19 signed to such center before January 2003; and

20 “(B) has not had an Administration em-
21 ployee assigned to such center during the period
22 beginning January 2003, and ending on the
23 date of enactment of this subsection, either
24 through retirement or reassignment.

1 “(3) NEEDS OF EXPORTERS.—The Adminis-
2 trator shall, to the maximum extent practicable,
3 strategically assign Administration employees to Ex-
4 port Assistance Centers, based on the needs of ex-
5 porters.

6 “(4) GOALS.—The Office shall work with the
7 Department of Commerce and the Export-Import
8 Bank to establish shared annual goals for the Ex-
9 port Centers.

10 “(5) OVERSIGHT.—The Office shall designate
11 an individual within the Administration to oversee
12 all activities conducted by Administration employees
13 assigned to Export Centers.”.

14 **Subtitle D—Native American Small**
15 **Business Development Program**

16 **SEC. 331. SHORT TITLE.**

17 This subtitle may be cited as the “Native American
18 Small Business Development Act of 2008”.

19 **SEC. 332. NATIVE AMERICAN SMALL BUSINESS DEVELOP-**
20 **MENT PROGRAM.**

21 The Small Business Act (15 U.S.C. 631 et seq.) is
22 amended by inserting after section 38, as added by this
23 Act, the following:

1 **“SEC. 39. NATIVE AMERICAN SMALL BUSINESS DEVELOP-**
2 **MENT PROGRAM.**

3 “(a) DEFINITIONS.—In this section—

4 “(1) the term ‘Alaska Native’ has the same
5 meaning as the term ‘Native’ in section 3(b) of the
6 Alaska Native Claims Settlement Act (43 U.S.C.
7 1602(b));

8 “(2) the term ‘Alaska Native corporation’ has
9 the same meaning as the term ‘Native Corporation’
10 in section 3(m) of the Alaska Native Claims Settle-
11 ment Act (43 U.S.C. 1602(m));

12 “(3) the term ‘Assistant Administrator’ means
13 the Assistant Administrator of the Office of Native
14 American Affairs established under subsection (b);

15 “(4) the terms ‘center’ and ‘Native American
16 business center’ mean a center established under
17 subsection (c);

18 “(5) the term ‘eligible applicant’ means—

19 “(A) a tribal government;

20 “(B) a tribal college;

21 “(C) a Native Hawaiian Organization;

22 “(D) an Alaska Native corporation; or

23 “(E) a private, nonprofit organization—

24 “(i) that provides business and finan-
25 cial or procurement technical assistance to

1 any entity described in subparagraph (A),
2 (B), (C), or (D); and

3 “(ii) the majority of members of the
4 board of directors of which are members of
5 an Indian tribe;

6 “(6) the term ‘Native American business enter-
7 prise center’ means an entity providing business de-
8 velopment assistance to federally recognized tribes
9 and Native Americans under a grant from the Mi-
10 nority Business Development Agency of the Depart-
11 ment of Commerce;

12 “(7) the term ‘Native American small business
13 concern’ means a small business concern that is
14 owned and controlled by—

15 “(A) a member of an Indian tribe or tribal
16 government;

17 “(B) an Alaska Native or Alaska Native
18 corporation; or

19 “(C) a Native Hawaiian or Native Hawai-
20 ian Organization;

21 “(8) the term ‘Native Hawaiian’ has the same
22 meaning as in section 625 of the Older Americans
23 Act of 1965 (42 U.S.C. 3057k);

24 “(9) the term ‘Native Hawaiian Organization’
25 has the same meaning as in section 8(a)(15);

1 “(10) the term ‘tribal college’ has the same
2 meaning as the term ‘tribally controlled college or
3 university’ has in section 2(a)(4) of the Tribally
4 Controlled Community College Assistance Act of
5 1978 (25 U.S.C. 1801(a)(4));

6 “(11) the term ‘tribal government’ has the
7 same meaning as the term ‘Indian tribe’ has in sec-
8 tion 7501(a)(9) of title 31, United States Code; and

9 “(12) the term ‘tribal lands’ means all lands
10 within the exterior boundaries of any Indian reserva-
11 tion.

12 “(b) OFFICE OF NATIVE AMERICAN AFFAIRS.—

13 “(1) ESTABLISHMENT.—There is established
14 within the Administration the Office of Native
15 American Affairs, which, under the direction of the
16 Assistant Administrator, shall implement the Admin-
17 istration’s programs for the development of business
18 enterprises by Native Americans.

19 “(2) PURPOSE.—The purpose of the Office of
20 Native American Affairs is to assist Native Amer-
21 ican entrepreneurs to—

22 “(A) start, operate, and grow small busi-
23 ness concerns;

24 “(B) develop management and technical
25 skills;

1 “(C) seek Federal procurement opportuni-
2 ties;

3 “(D) increase employment opportunities
4 for Native Americans through the start and ex-
5 pansion of small business concerns; and

6 “(E) increase the access of Native Ameri-
7 cans to capital markets.

8 “(3) ASSISTANT ADMINISTRATOR.—

9 “(A) APPOINTMENT.—The Administrator
10 shall appoint a qualified individual to serve as
11 Assistant Administrator of the Office of Native
12 American Affairs in accordance with this para-
13 graph.

14 “(B) QUALIFICATIONS.—The Assistant
15 Administrator appointed under subparagraph
16 (A) shall have—

17 “(i) knowledge of the Native Amer-
18 ican culture; and

19 “(ii) experience providing culturally
20 tailored small business development assist-
21 ance to Native Americans.

22 “(C) EMPLOYMENT STATUS.—The Assist-
23 ant Administrator shall be a Senior Executive
24 Service position under section 3132(a)(2) of
25 title 5, United States Code, and shall serve as

1 a noncareer appointee, as defined in section
2 3132(a)(7) of title 5, United States Code.

3 “(D) RESPONSIBILITIES AND DUTIES.—

4 The Assistant Administrator shall—

5 “(i) administer and manage the Na-
6 tive American Small Business Development
7 program established under this section;

8 “(ii) recommend the annual adminis-
9 trative and program budgets for the Office
10 of Native American Affairs;

11 “(iii) consult with Native American
12 business centers in carrying out the pro-
13 gram established under this section;

14 “(iv) recommend appropriate funding
15 levels;

16 “(v) review the annual budgets sub-
17 mitted by each applicant for the Native
18 American Small Business Development
19 program;

20 “(vi) select applicants to participate in
21 the program under this section;

22 “(vii) implement this section; and

23 “(viii) maintain a clearinghouse to
24 provide for the dissemination and exchange

1 of information between Native American
2 business centers.

3 “(E) CONSULTATION REQUIREMENTS.—In
4 carrying out the responsibilities and duties de-
5 scribed in this paragraph, the Assistant Admin-
6 istrator shall confer with and seek the advice
7 of—

8 “(i) Administration officials working
9 in areas served by Native American busi-
10 ness centers and Native American business
11 enterprise centers;

12 “(ii) representatives of tribal govern-
13 ments;

14 “(iii) tribal colleges;

15 “(iv) Alaska Native corporations; and

16 “(v) Native Hawaiian Organizations.

17 “(c) NATIVE AMERICAN SMALL BUSINESS DEVELOP-
18 MENT PROGRAM.—

19 “(1) AUTHORIZATION.—

20 “(A) IN GENERAL.—The Administration,
21 through the Office of Native American Affairs,
22 shall provide financial assistance to eligible ap-
23 plicants to create Native American business
24 centers in accordance with this section.

1 “(B) USE OF FUNDS.—The financial and
2 resource assistance provided under this sub-
3 section shall be used to overcome obstacles im-
4 peding the creation, development, and expan-
5 sion of small business concerns, in accordance
6 with this section, by—

7 “(i) reservation-based American Indi-
8 ans;

9 “(ii) Alaska Natives; and

10 “(iii) Native Hawaiians.

11 “(2) 5-YEAR PROJECTS.—

12 “(A) IN GENERAL.—Each Native Amer-
13 ican business center that receives assistance
14 under paragraph (1)(A) shall conduct a 5-year
15 project that offers culturally tailored business
16 development assistance in the form of—

17 “(i) financial education, including
18 training and counseling in—

19 “(I) applying for and securing
20 business credit and investment cap-
21 ital;

22 “(II) preparing and presenting fi-
23 nancial statements; and

1 “(III) managing cash flow and
2 other financial operations of a busi-
3 ness concern;

4 “(ii) management education, including
5 training and counseling in planning, orga-
6 nizing, staffing, directing, and controlling
7 each major activity and function of a small
8 business concern; and

9 “(iii) marketing education, including
10 training and counseling in—

11 “(I) identifying and segmenting
12 domestic and international market op-
13 portunities;

14 “(II) preparing and executing
15 marketing plans;

16 “(III) developing pricing strate-
17 gies;

18 “(IV) locating contract opportu-
19 nities;

20 “(V) negotiating contracts; and

21 “(VI) utilizing varying public re-
22 lations and advertising techniques.

23 “(B) BUSINESS DEVELOPMENT ASSIST-
24 ANCE RECIPIENTS.—The business development
25 assistance under subparagraph (A) shall be of-

1 ferred to prospective and current owners of small
2 business concerns that are owned by—

3 “(i) American Indians or tribal gov-
4 ernments, and located on or near tribal
5 lands;

6 “(ii) Alaska Natives or Alaska Native
7 corporations; or

8 “(iii) Native Hawaiians or Native Ha-
9 waiian Organizations.

10 “(3) FORM OF FEDERAL FINANCIAL ASSIST-
11 ANCE.—

12 “(A) DOCUMENTATION.—

13 “(i) IN GENERAL.—The financial as-
14 sistance to Native American business cen-
15 ters authorized under this subsection may
16 be made by grant, contract, or cooperative
17 agreement.

18 “(ii) EXCEPTION.—Financial assist-
19 ance under this subsection to Alaska Na-
20 tive corporations or Native Hawaiian Or-
21 ganizations may only be made by grant.

22 “(B) PAYMENTS.—

23 “(i) TIMING.—Payments made under
24 this subsection may be disbursed in an an-

1 nual lump sum or in periodic installments,
2 at the request of the recipient.

3 “(ii) ADVANCE.—The Administration
4 may disburse not more than 25 percent of
5 the annual amount of Federal financial as-
6 sistance awarded to a Native American
7 small business center after notice of the
8 award has been issued.

9 “(iii) NO MATCHING REQUIREMENT.—
10 The Administration shall not require a
11 grant recipient to match grant funding re-
12 ceived under this subsection with non-Fed-
13 eral resources as a condition of receiving
14 the grant.

15 “(4) CONTRACT AND COOPERATIVE AGREE-
16 MENT AUTHORITY.—A Native American business
17 center may enter into a contract or cooperative
18 agreement with a Federal department or agency to
19 provide specific assistance to Native American and
20 other underserved small business concerns located on
21 or near tribal lands, to the extent that such contract
22 or cooperative agreement is consistent with the
23 terms of any assistance received by the Native
24 American business center from the Administration.

25 “(5) APPLICATION PROCESS.—

1 “(A) SUBMISSION OF A 5-YEAR PLAN.—
2 Each applicant for assistance under paragraph
3 (1) shall submit a 5-year plan to the Adminis-
4 tration on proposed assistance and training ac-
5 tivities.

6 “(B) CRITERIA.—

7 “(i) IN GENERAL.—The Administra-
8 tion shall evaluate and rank applicants in
9 accordance with predetermined selection
10 criteria that shall be stated in terms of rel-
11 ative importance.

12 “(ii) PUBLIC NOTICE.—The criteria
13 required by this paragraph and their rel-
14 ative importance shall be made publicly
15 available, within a reasonable time, and
16 stated in each solicitation for applications
17 made by the Administration.

18 “(iii) CONSIDERATIONS.—The criteria
19 required by this paragraph shall include—

20 “(I) the experience of the appli-
21 cant in conducting programs or ongo-
22 ing efforts designed to impart or up-
23 grade the business skills of current or
24 potential owners of Native American
25 small business concerns;

1 “(II) the ability of the applicant
2 to commence a project within a min-
3 imum amount of time;

4 “(III) the ability of the applicant
5 to provide quality training and serv-
6 ices to a significant number of Native
7 Americans;

8 “(IV) previous assistance from
9 the Administration to provide services
10 in Native American communities; and

11 “(V) the proposed location for
12 the Native American business center
13 site, with priority given based on the
14 proximity of the center to the popu-
15 lation being served and to achieve a
16 broad geographic dispersion of the
17 centers.

18 “(6) PROGRAM EXAMINATION.—

19 “(A) IN GENERAL.—Each Native Amer-
20 ican business center established pursuant to
21 this subsection shall annually provide the Ad-
22 ministration with an itemized cost breakdown of
23 actual expenditures incurred during the pre-
24 ceding year.

1 “(B) ADMINISTRATION ACTION.—Based on
2 information received under subparagraph (A),
3 the Administration shall—

4 “(i) develop and implement an annual
5 programmatic and financial examination of
6 each Native American business center as-
7 sisted pursuant to this subsection; and

8 “(ii) analyze the results of each exam-
9 ination conducted under clause (i) to deter-
10 mine the programmatic and financial via-
11 bility of each Native American business
12 center.

13 “(C) CONDITIONS FOR CONTINUED FUND-
14 ING.—In determining whether to renew a grant,
15 contract, or cooperative agreement with a Na-
16 tive American business center, the Administra-
17 tion—

18 “(i) shall consider the results of the
19 most recent examination of the center
20 under subparagraph (B), and, to a lesser
21 extent, previous examinations; and

22 “(ii) may withhold such renewal, if
23 the Administration determines that—

24 “(I) the center has failed to pro-
25 vide adequate information required to

1 be provided under subparagraph (A),
2 or the information provided by the
3 center is inadequate; or

4 “(II) the center has failed to pro-
5 vide adequate information required to
6 be provided by the center for purposes
7 of the report of the Administration
8 under subparagraph (E).

9 “(D) CONTINUING CONTRACT AND COOP-
10 ERATIVE AGREEMENT AUTHORITY.—

11 “(i) IN GENERAL.—The authority of
12 the Administrator to enter into contracts
13 or cooperative agreements in accordance
14 with this subsection shall be in effect for
15 each fiscal year only to the extent and in
16 the amounts as are provided in advance in
17 appropriations Acts.

18 “(ii) RENEWAL.—After the Adminis-
19 trator has entered into a contract or coop-
20 erative agreement with any Native Amer-
21 ican business center under this subsection,
22 it shall not suspend, terminate, or fail to
23 renew or extend any such contract or coop-
24 erative agreement unless the Administrator
25 provides the center with written notifica-

1 tion setting forth the reasons therefore and
2 affords the center an opportunity for a
3 hearing, appeal, or other administrative
4 proceeding under chapter 5 of title 5,
5 United States Code.

6 “(E) MANAGEMENT REPORT.—

7 “(i) IN GENERAL.—The Administra-
8 tion shall prepare and submit to the Com-
9 mittee on Small Business and Entrepre-
10 neurship of the Senate and the Committee
11 on Small Business of the House of Rep-
12 resentatives an annual report on the effec-
13 tiveness of all projects conducted by Native
14 American business centers under this sub-
15 section and any pilot programs adminis-
16 tered by the Office of Native American Af-
17 fairs.

18 “(ii) CONTENTS.—Each report sub-
19 mitted under clause (i) shall include, with
20 respect to each Native American business
21 center receiving financial assistance under
22 this subsection—

23 “(I) the number of individuals re-
24 ceiving assistance from the Native
25 American business center;

1 “(II) the number of startup busi-
2 ness concerns created;

3 “(III) the number of existing
4 businesses seeking to expand employ-
5 ment;

6 “(IV) jobs created or maintained,
7 on an annual basis, by Native Amer-
8 ican small business concerns assisted
9 by the center since receiving funding
10 under this Act;

11 “(V) to the maximum extent
12 practicable, the capital investment and
13 loan financing utilized by emerging
14 and expanding businesses that were
15 assisted by a Native American busi-
16 ness center; and

17 “(VI) the most recent examina-
18 tion, as required under subparagraph
19 (B), and the subsequent determina-
20 tion made by the Administration
21 under that subparagraph.

22 “(7) ANNUAL REPORT.—Each entity receiving
23 financial assistance under this subsection shall annu-
24 ally report to the Administration on the services pro-
25 vided with such financial assistance, including—

1 “(A) the number of individuals assisted,
2 categorized by ethnicity;

3 “(B) the number of hours spent providing
4 counseling and training for those individuals;

5 “(C) the number of startup small business
6 concerns created or maintained;

7 “(D) the gross receipts of assisted small
8 business concerns;

9 “(E) the number of jobs created or main-
10 tained at assisted small business concerns; and

11 “(F) the number of Native American jobs
12 created or maintained at assisted small business
13 concerns.

14 “(8) RECORD RETENTION.—

15 “(A) APPLICATIONS.—The Administration
16 shall maintain a copy of each application sub-
17 mitted under this subsection for not less than
18 7 years.

19 “(B) ANNUAL REPORTS.—The Administra-
20 tion shall maintain copies of the information
21 collected under paragraph (6)(A) indefinitely.

22 “(d) AUTHORIZATION OF APPROPRIATIONS.—There
23 are authorized to be appropriated \$5,000,000 for each of
24 the fiscal years 2008 through 2010, to carry out the Na-

1 tive American Small Business Development Program, au-
2 thorized under subsection (c).”.

3 **SEC. 333. PILOT PROGRAMS.**

4 (a) DEFINITIONS.—In this section:

5 (1) INCORPORATION BY REFERENCE.—The
6 terms defined in section 39(a) of the Small Business
7 Act (as added by this subtitle) have the same mean-
8 ings as in that section 39(a) when used in this sec-
9 tion.

10 (2) JOINT PROJECT.—The term “joint project”
11 means the combined resources and expertise of 2 or
12 more distinct entities at a physical location dedi-
13 cated to assisting the Native American community.

14 (b) NATIVE AMERICAN DEVELOPMENT GRANT PILOT
15 PROGRAM.—

16 (1) AUTHORIZATION.—

17 (A) IN GENERAL.—There is established a
18 4-year pilot program under which the Adminis-
19 tration is authorized to award Native American
20 development grants to provide culturally tai-
21 lored business development training and related
22 services to Native Americans and Native Amer-
23 ican small business concerns.

1 (B) ELIGIBLE ORGANIZATIONS.—The
2 grants authorized under subparagraph (A) may
3 be awarded to—

4 (i) any small business development
5 center; or

6 (ii) any private, nonprofit organization
7 that—

8 (I) has members of an Indian
9 tribe comprising a majority of its
10 board of directors;

11 (II) is a Native Hawaiian Orga-
12 nization; or

13 (III) is an Alaska Native cor-
14 poration.

15 (C) AMOUNTS.—The Administration shall
16 not award a grant under this subsection in an
17 amount which exceeds \$100,000 for each year
18 of the project.

19 (D) GRANT DURATION.—Each grant under
20 this subsection shall be awarded for not less
21 than a 2-year period and not more than a 4-
22 year period.

23 (2) CONDITIONS FOR PARTICIPATION.—Each
24 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—

1 (i) the number of individuals to be as-
2 sisted; and

3 (ii) the number of hours of counseling,
4 training, and workshops to be provided;

5 (D) information demonstrating the effec-
6 tive experience of the applicant in—

7 (i) conducting financial, management,
8 and marketing assistance programs de-
9 signed to impart or upgrade the business
10 skills of current or prospective Native
11 American business owners;

12 (ii) providing training and services to
13 a representative number of Native Ameri-
14 cans;

15 (iii) using resource partners of the
16 Administration and other entities, includ-
17 ing universities, tribal governments, or
18 tribal colleges; and

19 (iv) the prudent management of fi-
20 nances and staffing;

21 (E) the location where the applicant will
22 provide training and services to Native Ameri-
23 cans; and

24 (F) a multiyear plan, corresponding to the
25 length of the grant, that describes—

1 (i) the number of Native Americans
2 and Native American small business con-
3 cerns to be served by the grant;

4 (ii) in the continental United States,
5 the number of Native Americans to be
6 served by the grant; and

7 (iii) the training and services to be
8 provided to a representative number of Na-
9 tive Americans.

10 (3) REVIEW OF APPLICATIONS.—The Adminis-
11 tration shall—

12 (A) evaluate and rank applicants under
13 paragraph (2) in accordance with predeter-
14 mined selection criteria that is stated in terms
15 of relative importance;

16 (B) include such criteria in each solicita-
17 tion under this subsection and make such infor-
18 mation available to the public; and

19 (C) approve or disapprove each completed
20 application submitted under this subsection not
21 later than 60 days after the date of submission.

22 (4) ANNUAL REPORT.—Each recipient of a Na-
23 tive American development grant under this sub-
24 section shall annually report to the Administration
25 on the impact of the grant funding, including—

1 (A) the number of individuals assisted, cat-
2 egorized by ethnicity;

3 (B) the number of hours spent providing
4 counseling and training for those individuals;

5 (C) the number of startup small business
6 concerns created or maintained with assistance
7 from a Native American business center;

8 (D) the gross receipts of assisted small
9 business concerns;

10 (E) the number of jobs created or main-
11 tained at assisted small business concerns; and

12 (F) the number of Native American jobs
13 created or maintained at assisted small business
14 concerns.

15 (5) RECORD RETENTION.—

16 (A) APPLICATIONS.—The Administration
17 shall maintain a copy of each application sub-
18 mitted under this subsection for not less than
19 7 years.

20 (B) ANNUAL REPORTS.—The Administra-
21 tion shall maintain copies of the information
22 collected under paragraph (4) indefinitely.

23 (c) AMERICAN INDIAN TRIBAL ASSISTANCE CENTER
24 GRANT PILOT PROGRAM.—

25 (1) AUTHORIZATION.—

1 (A) IN GENERAL.—There is established a
2 4-year pilot program, under which the Adminis-
3 tration shall award not less than 3 American
4 Indian Tribal Assistance Center grants to es-
5 tablish joint projects to provide culturally tai-
6 lored business development assistance to pro-
7 spective and current owners of small business
8 concerns located on or near tribal lands.

9 (B) ELIGIBLE ORGANIZATIONS.—

10 (i) CLASS 1.—Not fewer than 1 grant
11 shall be awarded to a joint project per-
12 formed by a Native American business cen-
13 ter, a Native American business enterprise
14 center, and a small business development
15 center.

16 (ii) CLASS 2.—Not fewer than 2
17 grants shall be awarded to joint projects
18 performed by a Native American business
19 center and a Native American business en-
20 terprise center.

21 (C) AMOUNTS.—The Administration shall
22 not award a grant under this subsection in an
23 amount which exceeds \$200,000 for each year
24 of the project.

1 (D) GRANT DURATION.—Each grant under
2 this subsection shall be awarded for a 3-year
3 period.

4 (2) CONDITIONS FOR PARTICIPATION.—Each
5 entity desiring a grant under this subsection shall
6 submit to the Administration a joint application that
7 contains—

8 (A) a certification that each participant of
9 the joint application—

10 (i) is either a Native American busi-
11 ness center, a Native American business
12 enterprise center, or a small business de-
13 velopment center;

14 (ii) employs an executive director or
15 program manager to manage the center;
16 and

17 (iii) as a condition of receiving an
18 American Indian Tribal Assistance Center
19 grant, agrees—

20 (I) to an annual programmatic
21 and financial examination; and

22 (II) to the maximum extent prac-
23 ticable, to remedy any problems iden-
24 tified pursuant to that examination;

1 (B) information demonstrating an historic
2 commitment to providing assistance to Native
3 Americans—

4 (i) residing on or near tribal lands; or
5 (ii) operating a small business concern
6 on or near tribal lands;

7 (C) information demonstrating that each
8 participant of the joint application has the abil-
9 ity and resources to meet the needs, including
10 the cultural needs, of the Native Americans to
11 be served by the grant;

12 (D) information relating to proposed as-
13 sistance that the grant will provide, including—

14 (i) the number of individuals to be as-
15 sisted; and

16 (ii) the number of hours of counseling,
17 training, and workshops to be provided;

18 (E) information demonstrating the effec-
19 tive experience of each participant of the joint
20 application in—

21 (i) conducting financial, management,
22 and marketing assistance programs, de-
23 signed to impart or upgrade the business
24 skills of current or prospective Native
25 American business owners; and

1 (ii) the prudent management of fi-
2 nances and staffing; and

3 (F) a plan for the length of the grant, that
4 describes—

5 (i) the number of Native Americans
6 and Native American small business con-
7 cerns to be served by the grant; and

8 (ii) the training and services to be
9 provided.

10 (3) REVIEW OF APPLICATIONS.—The Adminis-
11 tration shall—

12 (A) evaluate and rank applicants under
13 paragraph (2) in accordance with predeter-
14 mined selection criteria that is stated in terms
15 of relative importance;

16 (B) include such criteria in each solicita-
17 tion under this subsection and make such infor-
18 mation available to the public; and

19 (C) approve or disapprove each application
20 submitted under this subsection not later than
21 60 days after the date of submission.

22 (4) ANNUAL REPORT.—Each recipient of an
23 American Indian tribal assistance center grant
24 under this subsection shall annually report to the
25 Administration on the impact of the grant funding

1 received during the reporting year, and the cumu-
2 lative impact of the grant funding received since the
3 initiation of the grant, including—

4 (A) the number of individuals assisted, cat-
5 egorized by ethnicity;

6 (B) the number of hours of counseling and
7 training provided and workshops conducted;

8 (C) the number of startup business con-
9 cerns created or maintained with assistance
10 from a Native American business center;

11 (D) the gross receipts of assisted small
12 business concerns;

13 (E) the number of jobs created or main-
14 tained at assisted small business concerns; and

15 (F) the number of Native American jobs
16 created or maintained at assisted small business
17 concerns.

18 (5) RECORD RETENTION.—

19 (A) APPLICATIONS.—The Administration
20 shall maintain a copy of each application sub-
21 mitted under this subsection for not less than
22 7 years.

23 (B) ANNUAL REPORTS.—The Administra-
24 tion shall maintain copies of the information
25 collected under paragraph (4) indefinitely.

1 (d) AUTHORIZATION OF APPROPRIATIONS.—There
2 are authorized to be appropriated—

3 (1) \$1,000,000 for each of fiscal years 2008
4 through 2010, to carry out the Native American De-
5 velopment Grant Pilot Program, authorized under
6 subsection (b); and

7 (2) \$1,000,000 for each of fiscal years 2008
8 through 2010, to carry out the American Indian
9 Tribal Assistance Center Grant Pilot Program, au-
10 thorized under subsection (c).

11 **Subtitle E—National Small**
12 **Business Regulatory Assistance**

13 **SEC. 341. SHORT TITLE.**

14 This subtitle may be cited as the “National Small
15 Business Regulatory Assistance Act of 2008”.

16 **SEC. 342. PURPOSE.**

17 The purpose of this subtitle is to establish a 4-year
18 pilot program to—

19 (1) provide confidential assistance to small
20 business concerns;

21 (2) provide small business concerns with the in-
22 formation necessary to improve their rate of compli-
23 ance with Federal and State regulations derived
24 from Federal law;

1 (3) create a partnership among Federal agen-
2 cies to increase outreach efforts to small business
3 concerns with respect to regulatory compliance;

4 (4) provide a mechanism for unbiased feedback
5 to Federal agencies on the regulatory environment
6 for small business concerns; and

7 (5) expand the services delivered by the small
8 business development centers under section
9 21(c)(3)(H) of the Small Business Act to improve
10 access to programs to assist small business concerns
11 with regulatory compliance.

12 **SEC. 343. SMALL BUSINESS REGULATORY ASSISTANCE**
13 **PILOT PROGRAM.**

14 (a) DEFINITIONS.—In this section:

15 (1) ASSOCIATION.—The term “association”
16 means the association established pursuant to sec-
17 tion 21(a)(3)(A) of the Small Business Act (15
18 U.S.C. 648(a)(3)(A)) representing a majority of
19 small business development centers.

20 (2) PARTICIPATING SMALL BUSINESS DEVELOP-
21 MENT CENTER.—The term “participating small
22 business development center” means a small busi-
23 ness development center participating in the pilot
24 program established under this subtitle.

1 (3) REGULATORY COMPLIANCE ASSISTANCE.—

2 The term “regulatory compliance assistance” means
3 assistance provided by a small business development
4 center to a small business concern to assist and fa-
5 cilitate the concern in complying with Federal and
6 State regulatory requirements derived from Federal
7 law.

8 (4) SMALL BUSINESS DEVELOPMENT CEN-
9 TER.—The term “small business development cen-
10 ter” means a small business development center de-
11 scribed in section 21 of the Small Business Act (15
12 U.S.C. 648).

13 (5) STATE.—The term “State” means each of
14 the several States, the District of Columbia, the
15 Commonwealth of Puerto Rico, the Virgin Islands,
16 American Samoa, and Guam.

17 (b) AUTHORITY.—In accordance with this section,
18 the Administrator shall establish a pilot program to pro-
19 vide regulatory compliance assistance to small business
20 concerns through participating small business develop-
21 ment centers.

22 (c) SMALL BUSINESS DEVELOPMENT CENTERS.—

23 (1) IN GENERAL.—In carrying out the pilot
24 program established under this section, the Adminis-
25 trator shall enter into arrangements with partici-

1 pating small business development centers under
2 which such centers shall—

3 (A) provide access to information and re-
4 sources, including current Federal and State
5 nonpunitive compliance and technical assistance
6 programs similar to those established under
7 section 507 of the Clean Air Act Amendments
8 of 1990 (42 U.S.C. 7661f);

9 (B) conduct training and educational ac-
10 tivities;

11 (C) offer confidential, free of charge, one-
12 on-one, in-depth counseling to the owners and
13 operators of small business concerns regarding
14 compliance with Federal and State regulations
15 derived from Federal law, provided that such
16 counseling is not considered to be the practice
17 of law in a State in which a small business de-
18 velopment center is located or in which such
19 counseling is conducted;

20 (D) provide technical assistance;

21 (E) give referrals to experts and other pro-
22 viders of compliance assistance who meet such
23 standards for educational, technical, and profes-
24 sional competency as are established by the Ad-
25 ministrator; and

1 (F) form partnerships with Federal compli-
2 ance programs.

3 (2) REPORTS.—Each participating small busi-
4 ness development center shall transmit to the Ad-
5 ministrator and the Chief Counsel for Advocacy of
6 the Administration, as the Administrator may direct,
7 a quarterly report that includes—

8 (A) a summary of the regulatory compli-
9 ance assistance provided by the center under
10 the pilot program;

11 (B) the number of small business concerns
12 assisted under the pilot program; and

13 (C) for every fourth report, any regulatory
14 compliance information based on Federal law
15 that a Federal or State agency has provided to
16 the center during the preceding year and re-
17 quested that it be disseminated to small busi-
18 ness concerns.

19 (d) ELIGIBILITY.—A small business development cen-
20 ter shall be eligible to receive assistance under the pilot
21 program established under this section only if such center
22 is accredited under section 21(k)(2) of the Small Business
23 Act (15 U.S.C. 648(k)(2)).

24 (e) SELECTION OF PARTICIPATING SMALL BUSINESS
25 DEVELOPMENT CENTERS.—

1 (1) GROUPINGS.—

2 (A) CONSULTATION.—The Administrator
3 shall select the small business development cen-
4 ter programs of 2 States from each of the
5 groups of States described in subparagraph (B)
6 to participate in the pilot program established
7 under this section.

8 (B) GROUPS.—The groups described in
9 this subparagraph as follows:

10 (i) GROUP 1.—Group 1 shall consist
11 of Maine, Massachusetts, New Hampshire,
12 Connecticut, Vermont, and Rhode Island.

13 (ii) GROUP 2.—Group 2 shall consist
14 of New York, New Jersey, Puerto Rico,
15 and the Virgin Islands.

16 (iii) GROUP 3.—Group 3 shall consist
17 of Pennsylvania, Maryland, West Virginia,
18 Virginia, the District of Columbia, and
19 Delaware.

20 (iv) GROUP 4.—Group 4 shall consist
21 of Georgia, Alabama, North Carolina,
22 South Carolina, Mississippi, Florida, Ken-
23 tucky, and Tennessee.

1 (v) GROUP 5.—Group 5 shall consist
2 of Illinois, Ohio, Michigan, Indiana, Wis-
3 consin, and Minnesota.

4 (vi) GROUP 6.—Group 6 shall consist
5 of Texas, New Mexico, Arkansas, Okla-
6 homa, and Louisiana.

7 (vii) GROUP 7.—Group 7 shall consist
8 of Missouri, Iowa, Nebraska, and Kansas.

9 (viii) GROUP 8.—Group 8 shall consist
10 of Colorado, Wyoming, North Dakota,
11 South Dakota, Montana, and Utah.

12 (ix) GROUP 9.—Group 9 shall consist
13 of California, Guam, American Samoa,
14 Hawaii, Nevada, and Arizona.

15 (x) GROUP 10.—Group 10 shall con-
16 sist of Washington, Alaska, Idaho, and Or-
17 egon.

18 (C) COORDINATION TO AVOID DUPLICA-
19 TION WITH OTHER PROGRAMS.—In selecting
20 small business development center programs
21 under this paragraph, the Administrator shall
22 give a preference to any such program that has
23 a plan for consulting with Federal and State
24 agencies to ensure that any assistance provided

1 under this section is not duplicated by a Fed-
2 eral or State program.

3 (2) DEADLINE FOR SELECTION.—The Adminis-
4 trator shall make selections under this subsection
5 not later than 6 months after the date of publication
6 of final regulations under section 344.

7 (f) MATCHING REQUIREMENT.—Subparagraphs (A)
8 and (B) of section 21(a)(4) of the Small Business Act (15
9 U.S.C. 648(a)(4)) shall apply to assistance made available
10 under the pilot program established under this section.

11 (g) GRANT AMOUNTS.—Each State program selected
12 to receive a grant under subsection (e) shall be eligible
13 to receive a grant in an amount equal to—

14 (1) not less than \$150,000 per fiscal year; and

15 (2) not more than \$300,000 per fiscal year.

16 (h) EVALUATION AND REPORT.—The Comptroller
17 General of the United States shall—

18 (1) not later than 30 months after the date of
19 disbursement of the first grant under the pilot pro-
20 gram established under this section, initiate an eval-
21 uation of the pilot program; and

22 (2) not later than 6 months after the date of
23 the initiation of the evaluation under paragraph (1),
24 transmit to the Administrator, the Chief Counsel for
25 Advocacy, the Committee on Small Business and

1 Entrepreneurship of the Senate, and the Committee
2 on Small Business of the House of Representatives,
3 a report containing—

4 (A) the results of the evaluation; and

5 (B) any recommendations as to whether
6 the pilot program, with or without modification,
7 should be extended to include the participation
8 of all small business development centers.

9 (i) POSTING OF INFORMATION.—Not later than 90
10 days after the date of enactment of this Act, the Adminis-
11 trator shall post on the website of the Administration and
12 publish in the Federal Register a guidance document de-
13 scribing the requirements of an application for assistance
14 under this section.

15 (j) AUTHORIZATION OF APPROPRIATIONS.—

16 (1) IN GENERAL.—There are authorized to be
17 appropriated to carry out this section—

18 (A) \$5,000,000 for the first fiscal year be-
19 ginning after the date of enactment of this Act;
20 and

21 (B) \$5,000,000 for each of the 3 fiscal
22 years following the fiscal year described in sub-
23 paragraph (A).

24 (2) LIMITATION ON USE OF OTHER FUNDS.—

25 The Administrator may carry out the pilot program

1 established under this section only with amounts ap-
2 propriated in advance specifically to carry out this
3 section.

4 (k) TERMINATION.—The Small Business Regulatory
5 Assistance Pilot Program established under this section
6 shall terminate 4 years after the date of disbursement of
7 the first grant under the pilot program.

8 **SEC. 344. RULEMAKING.**

9 After providing notice and an opportunity for com-
10 ment, and after consulting with the association (but not
11 later than 270 days after the date of enactment of this
12 Act), the Administrator shall promulgate final regulations
13 to carry out this subtitle, including regulations that estab-
14 lish—

15 (1) priorities for the types of assistance to be
16 provided under the pilot program established under
17 this subtitle;

18 (2) standards relating to educational, technical,
19 and support services to be provided by participating
20 small business development centers;

21 (3) standards relating to any national service
22 delivery and support function to be provided by the
23 association under the pilot program;

1 (4) standards relating to any work plan that
2 the Administrator may require a participating small
3 business development center to develop; and

4 (5) standards relating to the educational, tech-
5 nical, and professional competency of any expert or
6 other assistance provider to whom a small business
7 concern may be referred for compliance assistance
8 under the pilot program.

9 **Subtitle F—Other Provisions**

10 **SEC. 351. MINORITY ENTREPRENEURSHIP AND INNOVA-** 11 **TION PILOT PROGRAM.**

12 (a) DEFINITIONS.—In this section—

13 (1) the terms “Alaska Native-serving institu-
14 tion” and “Native Hawaiian-serving institution”
15 have the meanings given those terms in section 317
16 of the Higher Education Act of 1965 (20 U.S.C.
17 1059d);

18 (2) the term “Hispanic serving institution” has
19 the meaning given the term in section 502 of the
20 Higher Education Act of 1965 (20 U.S.C. 1101a);

21 (3) the term “historically Black college and uni-
22 versity” has the meaning given the term “part B in-
23 stitution” in section 322 of the Higher Education
24 Act of 1965 (20 U.S.C. 1061);

1 (4) the term “small business development cen-
2 ter” has the same meaning as in section 21 of the
3 Small Business Act (15 U.S.C. 648); and

4 (5) the term “Tribal College” has the meaning
5 given the term “tribally controlled college or univer-
6 sity” in section 2 of the Tribally Controlled College
7 or University Assistance Act of 1978 (25 U.S.C.
8 1801).

9 (b) MINORITY ENTREPRENEURSHIP AND INNOVA-
10 TION GRANTS.—

11 (1) IN GENERAL.—The Administrator shall
12 make grants to historically Black colleges and uni-
13 versities, Tribal Colleges, Hispanic serving institu-
14 tions, Alaska Native-serving institutions, and Native
15 Hawaiian-serving institutions, or to any entity
16 formed by a combination of such institutions—

17 (A) to assist in establishing an entrepre-
18 neurship curriculum for undergraduate or grad-
19 uate studies; and

20 (B) for placement of small business devel-
21 opment centers on the physical campus of the
22 institution.

23 (2) CURRICULUM REQUIREMENT.—An institu-
24 tion of higher education receiving a grant under this
25 subsection shall develop a curriculum that includes

1 training in various skill sets needed by successful en-
2 trepreneurs, including—

3 (A) business management and marketing,
4 financial management and accounting, market
5 analysis and competitive analysis, innovation
6 and strategic planning; and

7 (B) additional entrepreneurial skill sets
8 specific to the needs of the student population
9 and the surrounding community, as determined
10 by the institution.

11 (3) SMALL BUSINESS DEVELOPMENT CENTER
12 REQUIREMENT.—Each institution receiving a grant
13 under this subsection shall open a small business de-
14 velopment center that—

15 (A) performs studies, research, and coun-
16 seling concerning the management, financing,
17 and operation of small business concerns;

18 (B) performs management training and
19 technical assistance regarding the participation
20 of small business concerns in international mar-
21 kets, export promotion and technology transfer,
22 and the delivery or distribution of such services
23 and information;

24 (C) offers referral services for entre-
25 preneurs and small business concerns to busi-

1 ness development, financing, and legal experts;
2 and

3 (D) promotes market-specific innovation,
4 niche marketing, capacity building, inter-
5 national trade, and strategic planning as keys
6 to long-term growth for its small business con-
7 cern and entrepreneur clients.

8 (4) GRANT LIMITATIONS.—A grant under this
9 subsection—

10 (A) may not exceed \$500,000 for any fis-
11 cal year for any 1 institution of higher edu-
12 cation;

13 (B) may not be used for any purpose other
14 than those associated with the direct costs in-
15 curred to develop and implement a curriculum
16 that fosters entrepreneurship and the costs in-
17 curred to organize and run a small business de-
18 velopment center on the grounds of the institu-
19 tion; and

20 (C) may not be used for building expenses,
21 administrative travel budgets, or other expenses
22 not directly related to the implementation of the
23 curriculum or activities authorized by this sec-
24 tion.

1 (5) EXCEPTION FROM SMALL BUSINESS ACT
2 REQUIREMENT.—Subparagraphs (A) and (B) of sec-
3 tion 21(a)(4) of the Small Business Act (15 U.S.C.
4 648(a)(4)) do not apply to assistance made available
5 under this subsection.

6 (6) REPORT.—Not later than November 1 of
7 each year, the Associate Administrator of Entrepre-
8 neurial Development of the Administration shall sub-
9 mit to the Committee on Small Business and Entre-
10 preneurship of the Senate and the Committee on
11 Small Business of the House of Representatives, a
12 report evaluating the award and use of grants under
13 this subsection during the preceding fiscal year,
14 which shall include—

15 (A) a description of each entrepreneurship
16 program developed with grant funds, the date
17 of the award of such grant, and the number of
18 participants in each such program;

19 (B) the number of small business concerns
20 assisted by each small business development
21 center established with a grant under this sub-
22 section; and

23 (C) data regarding the economic impact of
24 the small business development center coun-

1 seling provided under a grant under this sub-
2 section.

3 (c) AUTHORIZATION OF APPROPRIATIONS.—There is
4 authorized to be appropriated to carry out this section
5 \$10,000,000, to remain available until expended, for each
6 of fiscal years 2008 and 2010.

7 (d) LIMITATION ON USE OF OTHER FUNDS.—The
8 Administrator shall carry out this section only with
9 amounts appropriated in advance specifically to carry out
10 this section.

11 **SEC. 352. INSTITUTIONS OF HIGHER EDUCATION.**

12 (a) IN GENERAL.—Section 21(a)(1) of the Small
13 Business Act (15 U.S.C. 648(a)(1)) is amended by strik-
14 ing “: *Provided, That*” and all that follows through “on
15 such date.” and inserting the following: “On and after De-
16 cember 31, 2008, the Administration may only make a
17 grant under this paragraph to an applicant that is an in-
18 stitution of higher education, as defined in section 101(a)
19 of the Higher Education Act of 1965 (20 U.S.C. 1001(a))
20 that is accredited (and not merely in preaccreditation sta-
21 tus) by a nationally recognized accrediting agency or asso-
22 ciation, recognized by the Secretary of Education for such
23 purpose in accordance with section 496 of that Act (20
24 U.S.C. 1099b), or to a women’s business center operating
25 pursuant to section 29 as a small business development

1 center, unless the applicant was receiving a grant (includ-
2 ing a contract or cooperative agreement) on December 31,
3 2008.”.

4 (b) EFFECTIVE DATE.—The amendment made by
5 subsection (a) shall take effect on December 31, 2008.

6 **SEC. 353. HEALTH INSURANCE OPTIONS INFORMATION FOR**
7 **SMALL BUSINESS CONCERNS.**

8 (a) DEFINITIONS.—In this section, the following defi-
9 nitions shall apply:

10 (1) ASSOCIATION.—The term “association”
11 means an association established under section
12 21(a)(3)(A) of the Small Business Act (15 U.S.C.
13 648(a)(3)(A)) representing a majority of small busi-
14 ness development centers.

15 (2) PARTICIPATING SMALL BUSINESS DEVELOP-
16 MENT CENTER.—The term “participating small
17 business development center” means a small busi-
18 ness development center described in section 21 of
19 the Small Business Act (15 U.S.C. 648) that—

20 (A) is accredited under section 21(k)(2) of
21 the Small Business Act (15 U.S.C. 648(k)(2));

22 and

23 (B) receives a grant under the pilot pro-
24 gram.

1 (3) PILOT PROGRAM.—The term “pilot pro-
2 gram” means the small business health insurance in-
3 formation pilot program established under this sec-
4 tion.

5 (4) STATE.—The term “State” means each of
6 the several States of the United States, the District
7 of Columbia, the Commonwealth of Puerto Rico, the
8 Virgin Islands, American Samoa, and Guam.

9 (b) SMALL BUSINESS HEALTH INSURANCE INFOR-
10 MATION PILOT PROGRAM.—The Administrator shall es-
11 tablish a pilot program to make grants to small business
12 development centers to provide neutral and objective infor-
13 mation and educational materials regarding health insur-
14 ance options, including coverage options within the small
15 group market, to small business concerns.

16 (c) APPLICATIONS.—

17 (1) POSTING OF INFORMATION.—Not later than
18 180 days after the date of enactment of this Act, the
19 Administrator shall post on the website of the Ad-
20 ministration and publish in the Federal Register a
21 guidance document describing—

22 (A) the requirements of an application for
23 a grant under the pilot program; and

24 (B) the types of informational and edu-
25 cational materials regarding health insurance

1 options to be created under the pilot program,
2 including by referencing materials and re-
3 sources developed by the National Association
4 of Insurance Commissioners, the Kaiser Family
5 Foundation, and the Healthcare Leadership
6 Council.

7 (2) SUBMISSION.—A small business develop-
8 ment center desiring a grant under the pilot pro-
9 gram shall submit an application at such time, in
10 such manner, and accompanied by such information
11 as the Administrator may reasonably require.

12 (d) SELECTION OF PARTICIPATING SMALL BUSINESS
13 DEVELOPMENT CENTERS.—

14 (1) IN GENERAL.—The Administrator shall se-
15 lect not more than 20 small business development
16 centers to receive a grant under the pilot program.

17 (2) SELECTION OF PROGRAMS.—In selecting
18 small business development centers under paragraph
19 (1), the Administrator may not select—

20 (A) more than 2 programs from each of
21 the groups of States described in paragraph
22 (3); and

23 (B) more than 1 program in any State.

24 (3) GROUPINGS.—The groups of States de-
25 scribed in this paragraph are the following:

1 (A) GROUP 1.—Group 1 shall consist of
2 Maine, Massachusetts, New Hampshire, Con-
3 necticut, Vermont, and Rhode Island.

4 (B) GROUP 2.—Group 2 shall consist of
5 New York, New Jersey, Puerto Rico, and the
6 Virgin Islands.

7 (C) GROUP 3.—Group 3 shall consist of
8 Pennsylvania, Maryland, West Virginia, Vir-
9 ginia, the District of Columbia, and Delaware.

10 (D) GROUP 4.—Group 4 shall consist of
11 Georgia, Alabama, North Carolina, South Caro-
12 lina, Mississippi, Florida, Kentucky, and Ten-
13 nessee.

14 (E) GROUP 5.—Group 5 shall consist of Il-
15 linois, Ohio, Michigan, Indiana, Wisconsin, and
16 Minnesota.

17 (F) GROUP 6.—Group 6 shall consist of
18 Texas, New Mexico, Arkansas, Oklahoma, and
19 Louisiana.

20 (G) GROUP 7.—Group 7 shall consist of
21 Missouri, Iowa, Nebraska, and Kansas.

22 (H) GROUP 8.—Group 8 shall consist of
23 Colorado, Wyoming, North Dakota, South Da-
24 kota, Montana, and Utah.

1 (I) GROUP 9.—Group 9 shall consist of
2 California, Guam, American Samoa, Hawaii,
3 Nevada, and Arizona.

4 (J) GROUP 10.—Group 10 shall consist of
5 Washington, Alaska, Idaho, and Oregon.

6 (4) DEADLINE FOR SELECTION.—The Adminis-
7 trator shall make selections under this subsection
8 not later than 6 months after the later of the date
9 on which the information described in subsection
10 (c)(1) is posted on the website of the Administration
11 and the date on which the information described in
12 subsection (c)(1) is published in the Federal Reg-
13 ister.

14 (e) USE OF FUNDS.—

15 (1) IN GENERAL.—A participating small busi-
16 ness development center shall use funds provided
17 under the pilot program to—

18 (A) create and distribute informational
19 materials; and

20 (B) conduct training and educational ac-
21 tivities.

22 (2) CONTENT OF MATERIALS.—

23 (A) IN GENERAL.—In creating materials
24 under the pilot program, a participating small
25 business development center shall evaluate and

1 incorporate relevant portions of existing infor-
2 mational materials regarding health insurance
3 options, including materials and resources de-
4 veloped by the National Association of Insur-
5 ance Commissioners, the Kaiser Family Foun-
6 dation, and the Healthcare Leadership Council.

7 (B) HEALTH INSURANCE OPTIONS.—In in-
8 corporating information regarding health insur-
9 ance options under subparagraph (A), a partici-
10 pating small business development center shall
11 provide neutral and objective information re-
12 garding health insurance options in the geo-
13 graphic area served by the participating small
14 business development center, including tradi-
15 tional employer sponsored health insurance for
16 the group insurance market, such as the health
17 insurance options defined in section 2791 of the
18 Public Health Services Act (42 U.S.C. 300gg-
19 91) or section 125 of the Internal Revenue
20 Code of 1986, and Federal and State health in-
21 surance programs.

22 (f) GRANT AMOUNTS.—Each participating small
23 business development center program shall receive a grant
24 in an amount equal to—

25 (1) not less than \$150,000 per fiscal year; and

1 (2) not more than \$300,000 per fiscal year.

2 (g) MATCHING REQUIREMENT.—Subparagraphs (A)
3 and (B) of section 21(a)(4) of the Small Business Act (15
4 U.S.C. 648(a)(4)) shall apply to assistance made available
5 under the pilot program.

6 (h) REPORTS.—Each participating small business de-
7 velopment center shall transmit to the Committee on
8 Small Business and Entrepreneurship of the Senate and
9 the Committee on Small Business of the House of Rep-
10 resentatives, a quarterly report that includes—

11 (1) a summary of the information and edu-
12 cational materials regarding health insurance op-
13 tions provided by the participating small business
14 development center under the pilot program; and

15 (2) the number of small business concerns as-
16 sisted under the pilot program.

17 (i) AUTHORIZATION OF APPROPRIATIONS.—

18 (1) IN GENERAL.—There are authorized to be
19 appropriated to carry out this section—

20 (A) \$5,000,000 for the first fiscal year be-
21 ginning after the date of enactment of this Act;
22 and

23 (B) \$5,000,000 for each of the 3 fiscal
24 years following the fiscal year described in sub-
25 paragraph (A).

1 (2) to provide assistance to Indian tribes,
2 through the Inter-Agency Working Group, in identi-
3 fying and implementing economic development op-
4 portunities available from the Federal Government
5 and private enterprise, including—

6 (A) the Administration;

7 (B) the Department of Energy;

8 (C) the Environmental Protection Agency;

9 (D) the Department of Commerce;

10 (E) the Federal Communications Commis-
11 sion;

12 (F) the Department of Justice;

13 (G) the Department of Labor;

14 (H) the Office of National Drug Control
15 Policy; and

16 (I) the Department of Agriculture.

17 (c) TERMINATION OF PROGRAM.—The authority to
18 conduct a pilot program under this section shall terminate
19 on September 30, 2010.

20 (d) REPORT.—Not later than September 30, 2010,
21 the Office of Native American Affairs shall submit a re-
22 port to the Committee on Small Business and Entrepre-
23 neurship of the Senate and the Committee on Small Busi-
24 ness of the House of Representatives regarding the effec-

1 tiveness of the self-assessment tool developed under sub-
2 section (b)(1).

3 **SEC. 356. PRIVACY REQUIREMENTS FOR SCORE CHAPTERS.**

4 Section 8 of the Small Business Act (15 U.S.C. 637)
5 is amended by inserting after subsection (b) the following

6 “(c) PRIVACY REQUIREMENTS.—

7 “(1) IN GENERAL.—A chapter of the SCORE
8 program authorized by subsection (b)(1) or an agent
9 of such a chapter may not disclose the name, ad-
10 dress, or telephone number of any individual or
11 small business concern receiving assistance from
12 that chapter or agent without the consent of such in-
13 dividual or small business concern, unless—

14 “(A) the Administrator is ordered to make
15 such a disclosure by a court in any civil or
16 criminal enforcement action initiated by a Fed-
17 eral or State agency; or

18 “(B) the Administrator considers such a
19 disclosure to be necessary for the purpose of
20 conducting a financial audit of a chapter of the
21 SCORE program authorized by subsection
22 (b)(1), but a disclosure under this subpara-
23 graph shall be limited to the information nec-
24 essary for such audit.

1 “(2) ADMINISTRATOR USE OF INFORMATION.—

2 This subsection shall not—

3 “(A) restrict Administrator access to pro-
4 gram activity data; or

5 “(B) prevent the Administrator from using
6 client information to conduct client surveys.

7 “(3) REGULATIONS.—

8 “(A) IN GENERAL.—The Administrator
9 shall issue regulations to establish standards—

10 “(i) for disclosures with respect to fi-
11 nancial audits under paragraph (1)(B);
12 and

13 “(ii) for client surveys under para-
14 graph (2)(B), including standards for over-
15 sight of such surveys and for dissemination
16 and use of client information.

17 “(B) MAXIMUM PRIVACY PROTECTION.—
18 Regulations under this paragraph shall, to the
19 extent practicable, provide for the maximum
20 amount of privacy protection.

21 “(C) INSPECTOR GENERAL.—Until the ef-
22 fective date of regulations under this para-
23 graph, any client survey and the use of such in-
24 formation shall be approved by the Inspector

1 General who shall include such approval in the
2 semi-annual report of the Inspector General.”.

3 **SEC. 357. NATIONAL SMALL BUSINESS SUMMIT.**

4 (a) IN GENERAL.—Not later than December 31,
5 2010, the President shall convene a National Small Busi-
6 ness Summit to examine the present conditions and future
7 of the community of small business concerns in the United
8 States. The summit shall include owners of small business
9 concerns, representatives of small business groups, labor,
10 academia, Federal, State, and tribal government, Federal
11 research and development agencies, and nonprofit policy
12 groups concerned with the issues of small business con-
13 cerns.

14 (b) REPORT.—Not later than 90 days after the date
15 of the conclusion of the summit convened under subsection
16 (a), the President shall issue a report on the results of
17 the summit. The report shall identify key challenges and
18 recommendations for promoting entrepreneurship and the
19 growth of small business concerns.

20 **SEC. 358. SCORE PROGRAM.**

21 (a) IN GENERAL.—Section 8(b)(1)(B) of the Small
22 Business Act (15 U.S.C. 637(b)(1)(B)) is amended by
23 striking “a Service Corps of Retired Executives
24 (SCORE)” and inserting “the SCORE”.

25 (b) TECHNICAL AND CONFORMING AMENDMENTS.—

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

3 (A) in section 7(m)(3)(A)(i)(VIII), by
4 striking “Service Corps of Retired Executives”
5 and inserting “SCORE”; and

6 (B) in section 33(b)(2), by striking “Serv-
7 ice Corps of Retired Executives” and inserting
8 “SCORE”.

9 (2) OTHER LAW.—Section 337(d)(2) of the En-
10 ergy Policy and Conservation Act (42 U.S.C.
11 6307(d)(2)) is amended by striking “Service Corps
12 of Retired Executives (SCORE)” and inserting
13 “SCORE”.

14 (c) REFERENCES.—Any reference to the Service
15 Corps of Retired Executives established under section
16 8(b)(1)(B) of the Small Business Act (15 U.S.C.
17 637(b)(1)(B)), as in effect on the day before the date of
18 enactment of this Act, in any law, rule, regulation, certifi-
19 cate, directive, instruction, or other official paper shall be
20 considered to refer to the SCORE established under sec-
21 tion 8(b)(1)(B) of the Small Business Act, as amended
22 by this Act.

23 **TITLE IV—LENDER OVERSIGHT**

24 **SEC. 401. FINDINGS.**

25 Congress finds the following:

1 (1) Recent reports by the Government Account-
2 ability Office have recommended that the Small
3 Business Administration develop better measure-
4 ments and methods for measuring the performance
5 of lending programs and the effectiveness of lender
6 oversight.

7 (2) A July 2007 report by the Government Ac-
8 countability Office entitled “Small Business Admin-
9 istration: Additional Measures Needed to Assess
10 7(a) Loan Program’s Performance” found the fol-
11 lowing:

12 (A) Determining the success of the loan
13 programs under section 7(a) of the Small Busi-
14 ness Act (15 U.S.C. 636(a)) “is difficult as the
15 performance measures show only outputs—the
16 number of loans provided—and not outcomes,
17 or the fate of the businesses borrowing with the
18 guarantee.”.

19 (B) “The current measures do not indicate
20 how well the agency is meeting its strategic goal
21 of helping small businesses.”.

22 (C) “To better ensure that the 7(a) pro-
23 gram is meeting its mission responsibility of
24 helping small firms succeed through guaranteed
25 loans, we recommend that the SBA adminis-

1 trator complete and expand the SBA’s current
2 work on evaluating the program’s performance
3 measures. As part of that effort, at a minimum,
4 the SBA should further utilize the loan per-
5 formance information it already collects, includ-
6 ing but not limited to defaults, prepayments,
7 and number of loans in good standing, to better
8 report how small businesses fare after they par-
9 ticipate in the 7(a) program.”.

10 (3) A June 2004 report by the Government Ac-
11 countability Office entitled “Small Business Admin-
12 istration: New Services for Lender Oversight Reflect
13 Some Best Practices but Strategy for Use Lags Be-
14 hind” found that “Best practices dictate the need
15 for a clear and transparent understanding of how a
16 risk management service and the tools it provides
17 will be used.”.

18 **SEC. 402. DEFINITIONS.**

19 In this title—

20 (1) the term “base year” means the year in
21 which a covered loan recipient receives a loan under
22 section 7(a) of the Small Business Act (15 U.S.C.
23 636(a)) or the 504 Loan Program;

24 (2) the term “covered lender” means—

1 (A) a lender participating in the guarantee
2 loan program under section 7(a) of the Small
3 Business Act (15 U.S.C. 636(a)); and

4 (B) a State or local development company
5 participating in the 504 Loan Program;

6 (3) the term “covered loan recipient” means a
7 person that receives a loan under section 7(a) of the
8 Small Business Act (15 U.S.C. 636(a)) or the 504
9 Loan Program;

10 (4) the term “economic performance evaluation
11 measurements” means the economic performance
12 evaluation measurements established under section
13 407(a); and

14 (5) the term “portfolio quality evaluation stand-
15 ards” means the portfolio quality evaluation stand-
16 ards established under section 404(a)(1).

17 **SEC. 403. AUTHORITY.**

18 Section 5 of the Small Business Act (15 U.S.C. 634)
19 is amended—

20 (1) in subsection (b)(14), by striking “other
21 lender oversight activities” and inserting “used to
22 improve portfolio performance and lender oversight
23 through technology and software programs designed
24 to increase program loan quality, management, accu-

1 racy, and efficiency and program underwriting accu-
2 racy and efficiency”; and

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

4 “(i) In establishing lender oversight review fees de-
5 scribed in subsection (b)(14), the Administrator shall fol-
6 low cost containment and cost control best practices that
7 ensure that such fees are reasonable and do not become
8 burdensome or excessive.”.

9 **SEC. 404. PORTFOLIO QUALITY EVALUATION STANDARDS.**

10 (a) STANDARDS.—

11 (1) IN GENERAL.—Not later than 1 year after
12 the date of enactment of this Act, the Administrator
13 shall develop and publish in the Federal Register
14 portfolio quality evaluation standards for covered
15 lenders, which shall include portfolio quality criteria,
16 including—

17 (A) a liquidation rate;

18 (B) a currency rate;

19 (C) a recovery rate;

20 (D) a delinquency rate; and

21 (E) other portfolio risk indicators.

22 (2) USE.—The Administration shall use the
23 portfolio quality evaluation standards—

1 (A) to determine the portfolio quality of a
2 covered lender, in comparison to the portfolio
3 quality of all covered lenders; and

4 (B) for conducting lender oversight of cov-
5 ered lenders.

6 (b) IMPLEMENTATION.—The Administrator shall—

7 (1) rank and determine a separate score for
8 each covered lender, on each of the portfolio quality
9 evaluation standards;

10 (2) combine the portfolio quality rankings de-
11 scribed in paragraph (1) to establish the overall
12 lender portfolio quality score for each covered lender,
13 based on the compliance of that covered lender with
14 the portfolio quality evaluation standards;

15 (3) provide a covered lender access to—

16 (A) the score of that covered lender for
17 each of the portfolio quality evaluation stand-
18 ards; and

19 (B) the overall portfolio quality score for
20 that covered lender; and

21 (4) provide a written explanation of the factors
22 affecting the score described in paragraph (3)(A) for
23 a covered lender to that covered lender.

1 (c) QUARTERLY EVALUATIONS.—Not less frequently
2 than once each quarter, the Administrator shall evaluate
3 each covered lender to determine whether—

4 (1) there has been a statistically significant ad-
5 verse change in the criteria evaluated under the
6 portfolio quality evaluation standards relating to a
7 covered lender; and

8 (2) the portfolio of that covered lender has a
9 higher concentration of loans made to businesses in
10 a specific North American Industry Classification
11 System code (or any successor thereto) than is typ-
12 ical for businesses in that code, as determined by the
13 Administrator.

14 (d) ADDITIONAL ONSITE REVIEW.—

15 (1) DETERIORATION IN LOAN PORTFOLIO.—If
16 the Administrator determines that there is signifi-
17 cant and sustained statistically adverse change in
18 the loan portfolio of a covered lender, based on the
19 quarterly evaluation of that covered lender under
20 subsection (c), the Administrator shall—

21 (A) determine the reason for such deterio-
22 ration;

23 (B) determine if the deterioration should
24 lead to an onsite review of the loan portfolio of
25 that covered lender;

1 (C) taking into consideration the opinion
2 of the relevant district director of the Adminis-
3 tration, determine whether it is appropriate for
4 the Administrator to adjust the preferred lender
5 or other loan making status of that covered
6 lender;

7 (D) document the decision by the Adminis-
8 trator regarding whether to conduct an onsite
9 review or adjust the loan making status of that
10 covered lender; and

11 (E) inform that covered lender of any sta-
12 tistically adverse change in loan quality of the
13 portfolio of that covered lender.

14 (2) ADVERSE CHANGES.—If the Administrator
15 determines there has been a statistically significant
16 adverse change in the criteria evaluated under the
17 portfolio quality evaluation standards relating to a
18 covered lender, the Administrator shall determine
19 whether it is necessary to conduct an onsite review
20 of that covered lender.

21 (3) SCOPE OF REVIEW.—Any onsite review of a
22 covered lender under this subsection shall focus on—

23 (A) the credit quality of the loans within
24 the portfolio of that covered lender;

1 (B) the soundness of the credit evaluation
2 and underwriting processes and procedures of
3 that covered lender;

4 (C) the adherence by that covered lender
5 to the policies and procedures of the Adminis-
6 tration; and

7 (D) any other measures that the Adminis-
8 trator determines appropriate.

9 (e) DEFAULTS.—The Administrator shall provide to
10 a covered lender information relating to any indicator
11 under the portfolio quality evaluation standards that indi-
12 cate an increased risk of default for specific loans.

13 (f) DOCUMENT RETENTION.—The Administrator
14 shall maintain an electronic copy of any document relating
15 to any portfolio quality evaluation or onsite review under
16 this section (including documents relating to any deter-
17 mination regarding whether to conduct such a review).

18 (g) DATA COLLECTION.—The Administrator shall
19 enter into a contract with a fiscal and transfer agent of
20 the Administration under which that fiscal and transfer
21 agent shall provide to the Administrator the data nec-
22 essary to conduct the quarterly evaluation of covered lend-
23 ers using the portfolio quality evaluation standards under
24 this section.

1 **SEC. 405. DEFAULT RATE.**

2 (a) IN GENERAL.—Using established industry stand-
3 ards for calculating loan default rates, and not later than
4 1 year after the date of enactment of this Act, and every
5 year thereafter, the Administrator shall calculate a loan
6 default rate for—

7 (1) loans under section 7(a) of the Small Busi-
8 ness Act (15 U.S.C. 636(a));

9 (2) loans under the 504 Loan Program; and

10 (3) specialty loan programs under section 7(a)
11 of the Small Business Act or the 504 Loan Pro-
12 gram, including the Express Loan Program under
13 section 7(a)(31) of the Small Business Act and the
14 Export Working Capital Program under section
15 7(a)(14) of the Small Business Act.

16 (b) METHODOLOGY.—Not later than 1 year after the
17 date of enactment of this Act, the Administrator shall
18 publish in the Federal Register the methodology the Ad-
19 ministrator will use to calculate default rates under sub-
20 section (a).

21 (c) PURPOSE.—The purpose of the default rates cal-
22 culated under subsection (a) is to provide a cumulative
23 default rate for loans under section 7(a) of the Small
24 Business Act (15 U.S.C. 636(a)) and loans under the 504
25 Loan Program that may be compared directly to the de-
26 fault rates of other commercial loans.

1 **SEC. 406. COMPUTER MODELING.**

2 (a) **TRANSPARENCY IN RANKING CRITERIA.**—The
3 Administrator—

4 (1) shall provide each covered lender with the
5 data, factors, statistical methods, ranking criteria,
6 indicators, and other measures used to make the
7 ranking described in section 404(b); and

8 (2) may not charge a fee for providing the in-
9 formation described in paragraph (1).

10 (b) **FAILURE TO PROVIDE.**—In ranking a covered
11 lender under section 404(b), the Administrator may not
12 use any data, factor, statistical method, ranking criteria,
13 indicator, or other measure that the Administrator has not
14 provided to that covered lender.

15 (c) **CONTRACTS.**—Before establishing or modifying
16 any system or mechanism for evaluating the making of
17 loans, the accounting for loans, the underwriting of loans,
18 or otherwise overseeing loans made by covered lenders, the
19 Administrator shall consult with relevant covered lenders.

20 **SEC. 407. ECONOMIC PERFORMANCE EVALUATION MEAS-**
21 **UREMENTS.**

22 (a) **MEASUREMENTS.**—Not later than 1 year after
23 the date of enactment of this Act, the Administrator shall
24 develop and publish in the Federal Register economic per-
25 formance evaluation measurements for evaluating the eco-

1 nomic performance and economic outcomes of each cov-
2 ered loan recipient, which shall include—

3 (1) number of individuals employed by that cov-
4 ered loan recipient;

5 (2) the annual sales receipts of that covered
6 loan recipient;

7 (3) an estimate of the total annual Federal in-
8 come tax paid by that covered loan recipient;

9 (4) whether the covered loan recipient prepaid
10 the covered loan;

11 (5) whether the covered loan recipient defaulted
12 on the covered loan;

13 (6) the number of businesses operated by cov-
14 ered loan recipients that cease operations; and

15 (7) the number of covered loan recipients that
16 establish a new business relating to the business for
17 which that covered loan recipient received a loan
18 under section 7(a) of the Small Business Act (15
19 U.S.C. 636(a)) or the 504 Loan Program.

20 (b) COLLECTION OF INFORMATION.—

21 (1) IN GENERAL.—On and after the date that
22 is 2 years after the date of enactment of this Act,
23 the Administrator shall electronically collect, as part
24 of the loan application process, from the person ap-
25 plying for a loan under section 7(a) of the Small

1 Business Act (15 U.S.C. 636(a)) or the 504 Loan
2 Program—

3 (A) the number of individuals employed by
4 the applicant;

5 (B) the annual sales receipts of the appli-
6 cant for the year before the date of the applica-
7 tion; and

8 (C) an estimate of the total annual Federal
9 income tax paid by that covered loan recipient.

10 (2) BASE YEAR.—The Administrator shall use
11 the information collected under paragraph (1) to es-
12 tablish the base year statistics for the applicant.

13 (3) INFORMATION COMPLIANCE.—

14 (A) IN GENERAL.—During the 12-year pe-
15 riod beginning on the date that a covered loan
16 recipient receives a loan under section 7(a) of
17 the Small Business Act or the 504 Loan Pro-
18 gram, as the case may be, the covered loan re-
19 cipient shall provide to the Administrator infor-
20 mation relating to the economic performance
21 evaluation measurements upon requested.

22 (B) FREQUENCY.—The Administrator
23 shall request information from a covered loan
24 recipient under subparagraph (A) not less fre-
25 quently than once every 4 years.

1 (c) REPORTING.—

2 (1) IN GENERAL.—Not later than 6 years after
3 the date of enactment of this Act, and every 4 years
4 thereafter, the Administrator shall publish a report
5 assessing the information relating to the economic
6 performance evaluation measurements submitted by
7 covered loan recipients during the period described
8 in paragraph (2), including an evaluation of the ag-
9 gregate changes, if any, in the economic perform-
10 ance evaluation measurements since the relevant
11 base years for such covered loan recipients.

12 (2) PERIOD.—The period described in this
13 paragraph is—

14 (A) for the first report submitted under
15 this subsection, not shorter than the 4-year pe-
16 riod before the date of that report;

17 (B) for the second report submitted under
18 this subsection, not shorter than the 8-year pe-
19 riod before the date of that report; and

20 (C) for the third report submitted under
21 this subsection, and each report submitted
22 thereafter, not shorter than the 12-year period
23 before the date of that report.

1 **SEC. 408. PRIVACY.**

2 In collecting data and preparing reports under this
3 title, the Administrator shall ensure that the privacy and
4 information of covered loan recipients is protected.

5 **SEC. 409. EXECUTIVE COMPENSATION.**

6 Section 503 of the Small Business Investment Act
7 of 1958 (15 U.S.C. 697) is amended by adding at the end
8 the following:

9 “(j) EXECUTIVE COMPENSATION.—

10 “(1) IN GENERAL.—Except as provided in para-
11 graph (4), a State or local development company
12 shall have a written contract with each executive or
13 highly paid employee of that development company
14 relating to the employment of that executive or high-
15 ly paid employee, which shall include, for that execu-
16 tive or employee, the amount of compensation, bene-
17 fits, and any transfer of anything of value to that
18 executive or highly paid employee, including any
19 rental or sale.

20 “(2) APPROVAL BY BOARD OF DIRECTORS.—

21 “(A) IN GENERAL.—A written contract de-
22 scribed in paragraph (1) shall be approved by
23 the board of directors of the State or local de-
24 velopment company.

25 “(B) EVALUATION.—In evaluating a con-
26 tract described in paragraph (1), the members

1 of the board of directors of a State or local de-
2 velopment company shall—

3 “(i) determine the fair market value
4 of the benefits received by an executive or
5 highly paid employee from that develop-
6 ment company; and

7 “(ii) evaluate the amount paid by
8 other State or local development companies
9 and commercial lenders for comparable
10 services, including, if a rental of property
11 for that executive or highly paid employee
12 is part of that contract, the amount of an-
13 nual rent paid locally for comparable prop-
14 erty.

15 “(C) DISTRIBUTION OF EVALUATION.—
16 The board of directors of a State or local devel-
17 opment company shall ensure that the informa-
18 tion described in subparagraph (B) is made
19 available to each member of that board of direc-
20 tors before the date of the meeting at which the
21 board of directors will determine whether to ap-
22 prove the relevant contract and include the in-
23 formation described in subparagraph (B) in the
24 minutes of that meeting.

1 “(D) PARTICIPATION.—An executive or
2 highly paid official, and any other party with
3 personal interest in a contract, shall not attend
4 a meeting of the board of directors to determine
5 whether to approve the contract with that execu-
6 tive or highly paid official, unless the members
7 of the board of directors request that executive
8 or highly paid official respond to questions.

9 “(E) VOTING.—An executive or highly
10 paid official, and any other party with personal
11 interest in a contract, shall not be present dur-
12 ing, and shall not vote on, whether to approve
13 the contract with that executive or highly paid
14 official.

15 “(3) ANNUAL REPORTS.—A State or local de-
16 velopment company shall report annually to the Ad-
17 ministration regarding the terms of each contract
18 with each executive or highly paid official of that de-
19 velopment company.

20 “(4) EXCEPTION.—This subsection shall not
21 apply to—

22 “(A) a small State or local development
23 company;

1 “(B) a State or local development company
2 that makes a low number of loans under the
3 504 Loan Program; or

4 “(C) a State or local development company
5 regulated by a State or local government.

6 “(5) REGULATIONS.—The Administrator shall
7 promulgate regulations to carry out this subsection,
8 including defining the terms ‘executive’, ‘highly
9 paid’, ‘small State or local development company’,
10 and ‘low number of loans’.”.

11 **SEC. 410. STUDY AND REPORT ON EXAMINATION AND RE-**
12 **VIEW FEES.**

13 (a) STUDY.—The Comptroller General of the United
14 States shall conduct a study of the Loan Guaranty Pro-
15 gram under section 7(a) of the Small Business Act to de-
16 termine—

17 (1) the scope of lender oversight needed by the
18 Administration;

19 (2) what other entities regulate the lenders that
20 participate in that loan guaranty program, what ac-
21 tivities are being reviewed, and the scope of such re-
22 views;

23 (3) how the amounts of examination and review
24 fees are determined by such other regulatory enti-
25 ties, who pays for such fees, and how they compare

1 with examination and review fees proposed in regula-
2 tions issued by the Administration on May 4, 2007;

3 (4) how examination and review fees factor into
4 the risk-adjusted return on capital (or “RAROC”)
5 ratings of lenders;

6 (5) what would be reasonable fees to be charged
7 for Administration lender oversight;

8 (6) whether Administration lender oversight
9 functions can be executed in conjunction with other
10 lender reviews currently required by other regulatory
11 entities, including those that review Federal banks,
12 credit unions, or entities reviewed by the Farm
13 Credit Administration; and

14 (7) the impact of lender oversight fees proposed
15 by the Administration on lending to borrowers, in-
16 cluding cost changes, availability of credit, and in-
17 creased or decreased lender participation.

18 (b) REPORT.—The Comptroller General shall submit
19 to Congress a report on the results of the study required
20 by subsection (a) not later than 1 year after the date of
21 enactment of this Act.

Calendar No. 720

110TH CONGRESS
2^D SESSION
S. 2920

A BILL

To reauthorize and improve the financing and entrepreneurial development programs of the Small Business Administration, and for other purposes.

APRIL 28, 2008

Read the second time and placed on the calendar