

# Union Calendar No. 125

107<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 203

[Report No. 107-210]

To amend the Small Business Act to direct the Administrator of the Small Business Administration to establish a pilot program to provide regulatory compliance assistance to small business concerns, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 3, 2001

Mr. SWEENEY introduced the following bill; which was referred to the Committee on Small Business

SEPTEMBER 21, 2001

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

[Strike out all after the enacting clause and insert the part printed in *italie*]

[For text of introduced bill, see copy of bill as introduced on January 3, 2001]

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## A BILL

To amend the Small Business Act to direct the Administrator of the Small Business Administration to establish a pilot program to provide regulatory compliance assistance to small business concerns, 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,*

1 **SECTION 1. SHORT TITLE.**

2       *This Act may be cited as the “National Small Business*  
3 *Regulatory Assistance Act of 2001”.*

4 **SEC. 2. PURPOSE.**

5       *The purpose of this Act is to establish a pilot program*  
6 *to—*

7           (1) *provide confidential assistance to small busi-*  
8 *ness concerns;*

9           (2) *provide small business concerns with the in-*  
10 *formation necessary to improve their rate of compli-*  
11 *ance with Federal and State regulations;*

12           (3) *create a partnership among Federal agencies*  
13 *to increase outreach efforts to small business concerns*  
14 *with respect to regulatory compliance;*

15           (4) *provide a mechanism for unbiased feedback*  
16 *to Federal agencies on the regulatory environment for*  
17 *small business concerns; and*

18           (5) *utilize the service delivery network of Small*  
19 *Business Development Centers to improve access of*  
20 *small business concerns to programs to assist them*  
21 *with regulatory compliance.*

22 **SEC. 3. DEFINITIONS.**

23       *In this Act, the definitions set forth in section 36(a)*  
24 *of the Small Business Act (as added by section 4 of this*  
25 *Act) shall apply.*

1 **SEC. 4. SMALL BUSINESS REGULATORY ASSISTANCE PILOT**  
 2 **PROGRAM.**

3 *The Small Business Act (15 U.S.C. 637 et seq.) is*  
 4 *amended—*

5 *(1) by redesignating section 36 as section 37;*

6 *and*

7 *(2) by inserting after section 35 the following*  
 8 *new section:*

9 **“SEC. 36. SMALL BUSINESS REGULATORY ASSISTANCE**  
 10 **PILOT PROGRAM.**

11 *“(a) DEFINITIONS.—In this section, the following defi-*  
 12 *nitions apply:*

13 *“(1) ADMINISTRATOR.—The term ‘Adminis-*  
 14 *trator’ means the Administrator of the Small Busi-*  
 15 *ness Administration, acting through the Associate Ad-*  
 16 *ministrator for Small Business Development Centers.*

17 *“(2) ASSOCIATION.—The term ‘Association’*  
 18 *means the association, established pursuant to section*  
 19 *21(a)(3)(A), representing a majority of Small Busi-*  
 20 *ness Development Centers.*

21 *“(3) PARTICIPATING SMALL BUSINESS DEVELOP-*  
 22 *MENT CENTER.—The term ‘participating Small Busi-*  
 23 *ness Development Center’ means a Small Business*  
 24 *Development Center participating in the pilot pro-*  
 25 *gram.*

1           “(4) *PILOT PROGRAM.*—*The term ‘pilot program’*  
 2           *means the pilot program established under this sec-*  
 3           *tion.*

4           “(5) *REGULATORY COMPLIANCE ASSISTANCE.*—  
 5           *The term ‘regulatory compliance assistance’ means*  
 6           *assistance provided by a Small Business Development*  
 7           *Center to a small business concern to enable the con-*  
 8           *cern to comply with Federal regulatory requirements.*

9           “(6) *SMALL BUSINESS DEVELOPMENT CENTER.*—  
 10          *The term ‘Small Business Development Center’ means*  
 11          *a Small Business Development Center described in*  
 12          *section 21.*

13          “(7) *STATE.*—*The term ‘State’ means each of the*  
 14          *several States, the District of Columbia, the Common-*  
 15          *wealth of Puerto Rico, the Virgin Islands, and Guam.*

16          “(b) *AUTHORITY.*—*In accordance with this section, the*  
 17          *Administrator shall establish a pilot program to provide*  
 18          *regulatory compliance assistance to small business concerns*  
 19          *through participating Small Business Development Centers,*  
 20          *the Association, and Federal compliance partnership pro-*  
 21          *grams.*

22          “(c) *SMALL BUSINESS DEVELOPMENT CENTERS.*—

23                 “(1) *IN GENERAL.*—*In carrying out the pilot*  
 24          *program, the Administrator shall enter into arrange-*

1        *ments with participating Small Business Develop-*  
2        *ment Centers under which such centers will provide—*

3                *“(A) access to information and resources,*  
4                *including current Federal and State nonpunitive*  
5                *compliance and technical assistance programs*  
6                *similar to those established under section 507 of*  
7                *the Clean Air Act Amendments of 1990;*

8                *“(B) training and educational activities;*

9                *“(C) confidential, free-of-charge, one-on-one,*  
10                *in-depth counseling to the owners and operators*  
11                *of small business concerns regarding compliance*  
12                *with Federal and State regulations, provided*  
13                *that such counseling is not considered to be the*  
14                *practice of law in a State in which a Small*  
15                *Business Development Center is located or in*  
16                *which such counseling is conducted;*

17                *“(D) technical assistance; and*

18                *“(E) referrals to experts and other providers*  
19                *of compliance assistance who meet such stand-*  
20                *ards for educational, technical, and professional*  
21                *competency as are established by the Adminis-*  
22                *trator.*

23                *“(2) REPORTS.—*

24                *“(A) IN GENERAL.—Each participating*  
25                *Small Business Development Center shall trans-*

1        *mit to the Administrator a quarterly report that*  
2        *includes—*

3                *“(i) a summary of the regulatory com-*  
4                *pliance assistance provided by the center*  
5                *under the pilot program; and*

6                *“(ii) any data and information ob-*  
7                *tained by the center from a Federal agency*  
8                *regarding regulatory compliance that the*  
9                *agency intends to be disseminated to small*  
10               *business concerns.*

11               *“(B) ELECTRONIC FORM.—Each report re-*  
12               *ferred to in subparagraph (A) shall be trans-*  
13               *mitted in electronic form.*

14               *“(C) INTERIM REPORTS.—During any time*  
15               *period falling between the transmittal of quar-*  
16               *terly reports, a participating Small Business*  
17               *Development Center may transmit to the Admin-*  
18               *istrator any interim report containing data or*  
19               *information considered by the center to be nec-*  
20               *essary or useful.*

21               *“(D) LIMITATION ON DISCLOSURE REQUIRE-*  
22               *MENTS.—The Administrator may not require a*  
23               *Small Business Development Center to disclose*  
24               *the name or address of any small business con-*  
25               *cern that received or is receiving assistance*

1           *under the pilot program, except that the Admin-*  
2           *istrator shall require such a disclosure if ordered*  
3           *to do so by a court in any civil or criminal en-*  
4           *forcement action commenced by a Federal or*  
5           *State agency.*

6           “(d) *DATA REPOSITORY AND CLEARINGHOUSE.*—

7                 “(1) *IN GENERAL.*—*In carrying out the pilot*  
8           *program, the Administrator shall—*

9                         “(A) *act as the repository of and clearing-*  
10           *house for data and information submitted by*  
11           *Small Business Development Centers; and*

12                        “(B) *transmit to the President and to the*  
13           *Committees on Small Business of the Senate and*  
14           *House of Representatives an annual report that*  
15           *includes—*

16                                 “(i) *a description of the types of assist-*  
17           *ance provided by participating Small Busi-*  
18           *ness Development Centers under the pilot*  
19           *program;*

20                                “(ii) *data regarding the number of*  
21           *small business concerns that contacted par-*  
22           *ticipating Small Business Development*  
23           *Centers regarding assistance under the pilot*  
24           *program;*

1           “(iii) data regarding the number of  
2           small business concerns assisted by partici-  
3           pating Small Business Development Centers  
4           under the pilot program;

5           “(iv) data and information regarding  
6           outreach activities conducted by partici-  
7           pating Small Business Development Centers  
8           under the pilot program, including any ac-  
9           tivities conducted in partnership with Fed-  
10          eral agencies;

11          “(v) data and information regarding  
12          each case known to the Administrator in  
13          which one or more Small Business Develop-  
14          ment Centers offered conflicting advice or  
15          information regarding compliance with a  
16          Federal or State regulation to one or more  
17          small business concerns;

18          “(vi) any recommendations for im-  
19          provements in the regulation of small busi-  
20          ness concerns; and

21          “(vii) a list of regulations identified by  
22          the Administrator, after consultation with  
23          the Small Business and Agriculture Regu-  
24          latory Enforcement Ombudsman, as being  
25          most burdensome to small business concerns,



1                   *and recommendations to reduce or elimi-*  
2                   *nate the burdens of such regulations.*

3           “(e) *ELIGIBILITY.*—

4                   “(1) *IN GENERAL.*—*A Small Business Develop-*  
5                   *ment Center shall be eligible to receive assistance*  
6                   *under the pilot program only if the center is certified*  
7                   *under section 21(k)(2).*

8                   “(2) *WAIVER.*—*With respect to a Small Business*  
9                   *Development Center seeking assistance under the pilot*  
10                  *program, the Administrator may waive the certifi-*  
11                  *cation requirement set forth in paragraph (1) if the*  
12                  *Administrator determines that the center is making*  
13                  *a good faith effort to obtain such certification.*

14                  “(3) *EFFECTIVE DATE.*—*This subsection shall*  
15                  *take effect on October 1, 2001.*

16           “(f) *SELECTION OF PARTICIPATING STATE PRO-*  
17           *GRAMS.*—

18                   “(1) *IN GENERAL.*—*In consultation with the As-*  
19                   *sociation and giving substantial weight to the Asso-*  
20                   *ciation’s recommendations, the Administrator shall*  
21                   *select the Small Business Development Center pro-*  
22                   *grams of 2 States from each of the following groups*  
23                   *of States to participate in the pilot program estab-*  
24                   *lished by this section:*

1           “(A) Group 1: Maine, Massachusetts, New  
2           Hampshire, Connecticut, Vermont, and Rhode  
3           Island.

4           “(B) Group 2: New York, New Jersey, Puer-  
5           to Rico, and the Virgin Islands.

6           “(C) Group 3: Pennsylvania, Maryland,  
7           West Virginia, Virginia, the District of Colum-  
8           bia, and Delaware.

9           “(D) Group 4: Georgia, Alabama, North  
10          Carolina, South Carolina, Mississippi, Florida,  
11          Kentucky, and Tennessee.

12          “(E) Group 5: Illinois, Ohio, Michigan, In-  
13          diana, Wisconsin, and Minnesota.

14          “(F) Group 6: Texas, New Mexico, Arkan-  
15          sas, Oklahoma, and Louisiana.

16          “(G) Group 7: Missouri, Iowa, Nebraska,  
17          and Kansas.

18          “(H) Group 8: Colorado, Wyoming, North  
19          Dakota, South Dakota, Montana, and Utah.

20          “(I) Group 9: California, Guam, Hawaii,  
21          Nevada, and Arizona.

22          “(J) Group 10: Washington, Alaska, Idaho,  
23          and Oregon.

24          “(2) DEADLINE FOR SELECTION.—The Adminis-  
25          trator shall make selections under this subsection not

1       *later than 60 days after promulgation of regulations*  
2       *under section 5 of the National Small Business Regu-*  
3       *latory Assistance Act of 2001.*

4       “(g) *MATCHING NOT REQUIRED.*—Subparagraphs (A)  
5       *and (B) of section 21(a)(4) shall not apply to assistance*  
6       *made available under the pilot program.*

7       “(h) *DISTRIBUTION OF GRANTS.*—

8               “(1) *IN GENERAL.*—Each State program selected  
9       *to receive a grant under subsection (f) in a fiscal year*  
10       *shall be eligible to receive a grant in an amount not*  
11       *to exceed the product obtained by multiplying—*

12                       “(A) *the amount made available for grants*  
13                       *under this section for the fiscal year; and*

14                       “(B) *the ratio that—*

15                               “(i) *the population of the State; bears*  
16                               *to*

17                               “(ii) *the population of all the States*  
18                               *with programs selected to receive grants*  
19                               *under subsection (f) for the fiscal year.*

20               “(2) *MINIMUM AMOUNT.*—Notwithstanding para-  
21       *graph (1), the minimum amount that a State pro-*  
22       *gram selected to receive a grant under subsection (f)*  
23       *shall be eligible to receive under this section in the fis-*  
24       *cal year shall be \$200,000.*

1       “(i) *EVALUATION AND REPORT.*—Not later than 3  
 2 years after the establishment of the pilot program, the  
 3 Comptroller General of the United States shall conduct an  
 4 evaluation of the pilot program and shall transmit to the  
 5 Administrator and to the Committees on Small Business  
 6 of the Senate and House of Representatives a report con-  
 7 taining the results of the evaluation along with any rec-  
 8 ommendations as to whether the pilot program, with or  
 9 without modification, should be extended to include the par-  
 10 ticipation of all Small Business Development Centers.

11       “(j) *AUTHORIZATION OF APPROPRIATIONS.*—

12               “(1) *IN GENERAL.*—There are authorized to be  
 13 appropriated to carry out this section \$5,000,000 for  
 14 fiscal year 2002 and each fiscal year thereafter.

15               “(2) *LIMITATION ON USE OF OTHER FUNDS.*—

16       *The Administrator may carry out the pilot program*  
 17 *only with amounts appropriated in advance specifi-*  
 18 *cally to carry out this section.”.*

19 **SEC. 5. PROMULGATION OF REGULATIONS.**

20       *After providing notice and an opportunity for com-*  
 21 *ment and after consulting with the Association (but not*  
 22 *later than 180 days after the date of the enactment of this*  
 23 *Act), the Administrator shall promulgate final regulations*  
 24 *to carry out this Act, including regulations that establish—*

1           (1) *priorities for the types of assistance to be*  
 2           *provided under the pilot program;*

3           (2) *standards relating to educational, technical,*  
 4           *and support services to be provided by participating*  
 5           *Small Business Development Centers;*

6           (3) *standards relating to any national service*  
 7           *delivery and support function to be provided by the*  
 8           *Association under the pilot program;*

9           (4) *standards relating to any work plan that the*  
 10          *Administrator may require a participating Small*  
 11          *Business Development Center to develop; and*

12          (5) *standards relating to the educational, tech-*  
 13          *nical, and professional competency of any expert or*  
 14          *other assistance provider to whom a small business*  
 15          *concern may be referred for compliance assistance*  
 16          *under the pilot program.*

17 **SEC. 6. PRIVACY REQUIREMENTS APPLICABLE TO SMALL**  
 18 **BUSINESS DEVELOPMENT CENTERS.**

19          *Section 21(c) of the Small Business Act (15 U.S.C.*  
 20          *648(c)) is amended by adding at the end the following:*

21                 “(9) *PRIVACY REQUIREMENTS.*—

22                         “(A) *IN GENERAL.*—No Small Business De-  
 23                         *velopment Center, consortium of Small Business*  
 24                         *Development Centers, or contractor or agent of a*  
 25                         *Small Business Development Center shall dis-*

1       *close the name or address of any individual or*  
2       *small business concern receiving assistance under*  
3       *this section without the consent of such indi-*  
4       *vidual or small business concern, except that—*

5               *“(i) the Administrator shall require*  
6               *such disclosure if ordered to do so by a*  
7               *court in any civil or criminal enforcement*  
8               *action commenced by a Federal or State*  
9               *agency; and*

10              *“(ii) if the Administrator considers it*  
11              *necessary while undertaking a financial*  
12              *audit of a Small Business Development*  
13              *Center, the Administrator shall require such*  
14              *disclosure for the sole purpose of under-*  
15              *taking such audit.*

16              *“(B) REGULATIONS.—The Administrator*  
17              *shall issue regulations to establish standards for*  
18              *requiring disclosures during a financial audit*  
19              *under subparagraph (A)(i).”.*



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