

**MARK-UP OF LEGISLATION TO AMEND THE SMALL
BUSINESS ACT AND THE SMALL BUSINESS
INVESTMENT ACT**

HEARING

BEFORE THE

COMMITTEE ON SMALL BUSINESS

UNITED STATES

HOUSE OF REPRESENTATIVES

ONE HUNDRED SIXTEENTH CONGRESS

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MARKUP OF H.R. 277, “ACCESS TO SUFFICIENT CAPITAL FOR EVERYONE IN NATURAL DISASTER AREAS ACT OF 2019”; H.R. 2142, “TO AMEND THE SMALL BUSINESS ACT TO REQUIRE THE SMALL BUSINESS AND AGRICULTURE REGULATORY ENFORCEMENT OMBUDSMAN TO CREATE A CENTRALIZED WEBSITE FOR COMPLIANCE GUIDES, AND FOR OTHER PURPOSES”; H.R. 1649, “SMALL BUSINESS DEVELOPMENT CENTER CYBER TRAINING ACT OF 2019”; H.R. 1648, “SMALL BUSINESS ADVANCED CYBERSECURITY ENHANCEMENTS ACT OF 2019”; H.R. 2331, “SBA CYBER AWARENESS ACT OF 2019”; H.R. 2345, “CLARIFYING THE SMALL BUSINESS RUNWAY EXTENSION ACT OF 2019”

WEDNESDAY, MAY 1, 2019

HOUSE OF REPRESENTATIVES,
COMMITTEE ON SMALL BUSINESS,
Washington, DC.

The committee met, pursuant to call, at 11:33 a.m., in Room 2360, Rayburn House Office Building. Hon. Nydia M. Velázquez [chairwoman of the Committee] presiding.

Present: Representatives Velázquez, Finkenauer, Golden, Kim, Crow, Davids, Evans, Schneider, Espaillat, Delgado, Houlahan, Craig, Chabot, Radewagen, Kelly, Balderson, Hern, Hagedorn, Stauber, Burchett, Spano and Joyce.

Chairwoman VÉLAZQUEZ. Good morning. The Committee will please come to order. A quorum being present, and I am pleased to call this morning’s meeting of the Committee on Small Business to order.

In our first legislative markup of the 116th Congress we will be addressing reforms to assist America’s 30 million small businesses continue to be engines of economic growth. These small firms employ nearly 50 percent of all private sector employees in the U.S., making it imperative to the American economy that they succeed. That is why recent surveys showing small business optimism slip-

ping is incredibly concerning. The most recent one released on Monday found that economic outlooks have fallen by 7 percentage points since last fall. Such news merits our attention because small businesses are central to our mission.

Being the only Committee dedicated solely to the needs of small firms, we remain committed on working to promote policies that will encourage economic prosperity on Main Street.

I believe today's markup does just that by addressing timely issues facing small businesses across the country—from strengthening our communities after natural disasters to guarding small businesses against cyber threats and ensuring that growing firms can continue to do business with the Federal Government.

Access to capital is essential for small business success and this is particularly true after a natural disaster. No matter the scope or the cost of a disaster, the first few weeks are critical to a small firm's recovery.

The first bill today recognizes how critical it is to get money into a victim's hands to ensure they have every opportunity to rebuild their lives. By permanently increasing the threshold for collateral and disaster loans exceeding \$25,000, more victims can readily access funds without fear and SBA can disburse disaster loans quickly to maximize small business survival post-disaster.

The second bill we will discuss today also touches on an important issue for all small employers—transparency of compliance assistance resources. Small businesses do not always have the resources to navigate multiple agencies' websites to understand their responsibilities under new laws. Instead, they are worried about meeting payroll, hiring talented workers, and running the day-to-day operations of their small firms. This bill provides a centralized location to make it easier for business owners to find agency regulatory compliance guides and contract information.

Another area where we can serve our Nation's small firms is in cybersecurity. America's entrepreneurs have always been vital to technological growth and advancement, but they have also been vulnerable to cyberattacks and data breaches. Three pieces of legislation we are marking up today address this very issue and will make valuable strides to establish a variety of tools to help businesses keep themselves safe from hackers and guarantee their data is secure when they interact with the SBA and their resource partners.

A final issue of concern is the implementation of the Small Business Runway Extension Act, which passed into law in December. The purpose of that law was to make it easier for small Federal contractors to transition to an open marketplace. Unfortunately, the law's implementation has been delayed, leaving much uncertainty for small firms.

A bill before us today clearly and unequivocally states Congress's intention regarding the Runway Extension Act. It also provides a temporary transition period to ease current ambiguity during implementation of the law. Each of these pieces of legislation are critical to making it easier for employers to do what they do best—operate their businesses, create jobs, and invest in local communities.

As a result of numerous meetings with our constituents and several hearings on these issues, the Committee today is considering six pieces of legislation.

H.R. 277, the "Access to Sufficient Capital for Everyone in Natural Disasters Area Act of 2019," introduced by myself and cosponsored by Ranking Member Chabot.

H.R. 2142, a bill to ease regulatory compliance for small businesses, introduced by Mr. Delgado and cosponsored by Dr. Joyce.

H.R. 1649, the "Small Business Development Center Cyber Training Act of 2019," introduced by Ranking Member Chabot and cosponsored by Mr. Evans.

H.R. 1648, the "Small Business Advanced Cybersecurity Enhancement Act of 2019," introduced by Ranking Member Chabot and Cosponsored by myself.

H.R. 2331, the "SBA Cyber Awareness Act of 2019," introduced by Mr. Crow and cosponsored by Mr. Balderson.

And H.R. 2345, the "Clarifying the Small Business Runway Extension Act 2019," introduced by Mr. Stauber and cosponsored by Mr. Golden.

As we have done many times in the past, the bills before us today are brought before us in a bipartisan fashion. Both the Ranking Member and I support each of the six bills to be marked up today.

However, before we get into the substance of the bills, I want to thank the Ranking Member and his staff for working in a bipartisan way on this package. I would also like to thank all of our Members, both Republican and Democrat, for their hard working and continued bipartisan commitment to putting small businesses first.

In the interest of time, I would now like to recognize our Ranking Member, Mr. Chabot, for his opening statement.

Mr. CHABOT. Thank you very much, Madam Chairwoman. And good morning. And we thank the Chairwoman for holding this bipartisan markup. It is truly refreshing with everything else that is going on in Congress and the administration to come to this Committee and actually work together in producing legislation that will have a positive effect on America's small businesses and the economy overall. And I just happened to have come from the Judiciary Committee, and we were discussing, of course, the Attorney General coming there to testify tomorrow on a less bipartisan topic, and I would just say it is a less collegial environment in there this morning. So it really is a breath of fresh air to come to this Committee.

The American economy continues to be on a roll. Just last Friday, the Commerce Department announced that the GDP growth for the previous quarter was 3.2 percent, which exceeded expectations. The stock market has hit record high after record high, helping more Americans build wealth and secure their futures. Last Congress we passed the most comprehensive tax overhaul in a generation and unburdened the American economy with the repeal of unnecessary and onerous regulations. Those actions, among others, have created an economy that has seen unemployment levels at or near record lows, small business optimism among the highest that we have ever seen, and wages growing faster than they have in a

decade. And I would note that unemployment among African Americans, Hispanic Americans, Asian Americans is literally at record all-time lows.

But we are not here to be complacent and simply watch from the sidelines. We are here today to consider legislation we believe in a bipartisan manner that will help propel our economy to ever-higher heights. Our Committee has continued its work on important subjects like increasing access to capital for small firms, expanding government contracting opportunities for small businesses, and ensuring that small entities can be safe and secure in cyberspace in the new gig economy.

That is what these bills today address, and I will talk a little more about each as they come up. But as has been our Committee's custom over the last several years, each of these bills are bipartisan and they all have my support. And I want to thank the Chairwoman for proposing them along with Members of this Committee on both sides.

Again, I thank the Chairwoman for holding this markup and yield back.

Chairwoman VELÁZQUEZ. Thank you very much. The gentleman yields back.

Before we get into the individual bills, are there any Members present who seek recognition for the purpose of making an opening statement?

Seeing none, we will move on to our first bill, H.R. 277, the "Access to Sufficient Capital for Everyone in Natural Disaster Areas Act of 2019," also called the ASCEND Act, introduced by myself and the Ranking Member, Mr. Chabot of Ohio.

H.R. 277

The SBA's Disaster Assistance Program was implemented for the purpose of providing timely financial assistance in the form of low-interest loans and working capital for businesses and homeowners devastated by a disaster. Continual improvement and modernization of the program has been a priority of this Committee for many years. And as we continue to experience increased disasters, both in frequency and strength, it is imperative Congress provides the necessary policies to get communities back on their feet. One of those policies originated in my bill, H.R. 208, the "Recovery Improvements for Small Entities after Disaster Act of 2015," the RISE Act. That law raised the collateralization threshold on disaster loans to make it easier for victims to obtain capital to rebuild their home and businesses. Unfortunately, that provision was set to expire last year until a 1-year extension was enacted. My bill, H.R. 277, will permanently raise the minimum disaster loan amount that the SBA may require collateral from \$14,000 to \$25,000. Raising the unsecured loan amount will provide support for Americans when they need it most. This means that a disaster victim can continue to receive a \$25,000 loan—rather than just \$14,000—within 5 days of closing to speed up the reconstruction project. And for small businesses, time and again, we have seen that in the aftermath of a disaster, access to affordable and accessible credit can make the difference between remaining in business or closing their doors and putting Americans out of work. It is a common sense move and one supported by the Small Business Administration.

In a report assessing the SBA Disaster Loan Program, the SBA recommended that an increase in the unsecured loan limit for disaster loans should be made permanent. The agency, again, stated as much in a congressional testimony at a hearing held last September in this Committee, and in its fiscal year 2020 budget legislative proposals. Without this legislation, the unsecured loan limit for agency declarations will revert to the lower limits and create an unfair discrepancy for disaster survivors in areas of an SBA declaration and that of a major disaster declaration. Permanency guarantees that disaster funds will apply equally to disaster victims no matter the declaration type.

I thank Ranking Member Chabot for cosponsoring this legislation which allows more borrowers to access loans without having to put up collateral.

I would now like to recognize the Ranking Member for his statement.

Mr. CHABOT. Thank you, Madam Chair, for working in a bipartisan fashion in introducing H.R. 277.

When natural disasters strike the country, the SBA offers individuals and businesses low interest and fixed rate loans to recover and rebuild. The SBA is tasked to work in an organized and efficient manner to disburse loans to qualified disaster victims. In order to accomplish this, the SBA immediately extends an initial loan amount to disaster victims. For all declared disasters, including major declarations and SBA agency declarations, all disaster loans carry an immediate unsecured loan. The limit is \$25,000. Unfortunately, the unsecured disaster loan limit for physical damage loans under an SBA agency declaration will decrease to \$14,000 before the end of the year unless we act, and that is what we are doing.

The SBA has studied these levels and has requested that Congress make the \$25,000 limit permanent. To ensure continuity for disaster victims when they need it most, H.R. 277 codifies and makes permanent that amount, the \$25,000 unsecured loan limit.

I fully support this common sense legislation and urge my colleagues to vote for it. And I yield back.

Chairwoman VELAZQUEZ. The gentleman yields back.

Are there any other Members who wish to be recognized for a statement on H.R. 277?

Okay, seeing none, I recognize myself briefly.

There is little doubt that natural disasters not only harm the victims, but reflect our Nation's ability to provide assistance. This legislation is a much-needed response to the record-breaking disasters, and an effective preparation tool for the upcoming hurricane season. Again, I thank the Ranking Member for his support and I urge my colleagues to support the bill.

If there is no further discussion, the Committee will move to consideration of H.R. 277.

The clerk will report the title of the bill.

The CLERK. H.R. 277, the Access to Sufficient—

Chairwoman VELAZQUEZ. Without objection, H.R. 277 is considered as read and open for amendment at any point.

Does anyone wish to offer an amendment?

Seeing none, the question is now on H.R. 277.

All those in favor say aye.

All those opposed say no.

In the opinion of the Chair, the ayes have it.

H.R. 277 is agreed to.

The question now occurs on reporting H.R. 277 to the House.

All those in favor say aye.

All those opposed say no.

In the opinion of the Chair, the ayes have it.

And H.R. 277 is reported to the House.

Without objection, the Committee staff is authorized to correct punctuation and make other necessary technical corrections and conforming changes.

Without objection, Members shall also be entitled to 2 days to file additional supplemental, dissenting, and minority views.

H.R. 2142

The next bill is H.R. 2142, a bill to ease regulatory compliance for small businesses. It was introduced by Mr. Delgado of New York and cosponsored by Dr. Joyce of Pennsylvania. This bipartisan legislation will help provide transparency and clarity for small businesses.

I would like to recognize the gentleman from New York, Mr. Delgado, the sponsor of the bill for an opening statement on H.R. 2142.

Mr. DELGADO. Thank you, Madam Chairwoman. I truly appreciate your leadership.

I am very proud to see the Small Business Committee take up this bipartisan, common sense legislation that my friend and colleague, Dr. Joyce and I introduced to reduce the regulatory burden for small businesses.

Under the Small Business Regulatory Enforcement Fairness Act, Federal agencies are required to publish small business compliance guides for certain regulations. However, these guides are housed on different agency websites, making it difficult for small businesses to find and utilize them and hard for Congress to oversee. Our bill would make these guides more accessible by creating a centralized one stop shop online for small business owners who often lack the resources to hire staff to focus on compliance issues. The bill would also list contact information for the appropriate agency staff who could provide regulatory assistance to small businesses.

My main goal on this Committee is to ensure that small businesses across my district have the tools and resources they need to grow. I am excited to see this bill go through the Committee process and hope to see it passed.

Thanks again, Dr. Joyce, for your leadership.

Madam Chairwoman, I yield back.

Chairwoman VELAZQUEZ. Thank you. The gentleman yields back, and I thank him for his leadership on this issue.

Are there any other Members who wish to be recognized for a statement on H.R. 2142?

The gentleman from Pennsylvania, Dr. Joyce is recognized for 5 minutes.

Mr. JOYCE. Thank you, Madam Chairwoman.

I seek recognition to ask my colleagues' support for H.R. 2142.

Before I speak on the bill, I want to thank the gentleman from New York, Mr. Delgado, for working with me on this important issue in a bipartisan way. I look forward to continue to working with you in this manner in future endeavors.

When you are a small business owner, few things are as valuable as your time, and too much of it is often spent navigating the complex world of Federal compliance. As a small business owner myself, I can personally attest to the daunting feeling associated with new regulations. Navigating this bureaucracy at the Federal Government can be incredibly intimidating, and many small businesses fall out of compliance largely because they did not know where to turn for assistance.

H.R. 2142, as Mr. Delgado pointed out, is a common sense, good government and transparency bill. It would require the small business and agricultural regulatory enforcement ombudsman to create a public website to provide the compliance guidelines required by section 212 of the Small Business Regulatory Enforcement Fairness ACT (SBREFA).

Any time an agency is required to produce a final regulatory flexibility analysis on a rule, the agency is also required by section 212 of SBREFA to publish one or more guidelines to assist small entities in complying with this rule.

Madam Chair, these reports are often compiled by the ombudsman and are available to small firms who request them. However, making them publicly available on a centralized website is this common sense way to ease the regulatory burden on small firms as it makes it much easier for them to know where to go when they need this information.

Finally, our bill makes another common sense change by requiring the ombudsman to publish on the website the contact information for a person who can offer assistance to small entities with respect to the rules and the guides refer to them.

Since joining the Small Business Committee, I have been surprised to learn how many resources are available but underutilized because businesses are simply unaware that they exist or unsure how to access them. This legislation takes an important step towards breaking down the barriers between the administration and the small businesses by simply making available information and making it much more accessible.

I again thank my colleague, Mr. Delgado, for bringing this issue to my attention, and the Chairwoman for allowing the Small Business Committee to shine a much needed light to the complex world of Federal compliance for small business. I am incredibly proud to be a member of this Committee and of its commitment to advancing bipartisan fashion solutions which can make a real difference on day-to-day operations of small businesses across the United States.

I simply ask each of my colleagues to support this measure and yield back the balance of my time.

Chairwoman VELAZQUEZ. Thank you. The gentleman yields back.

Are there any other members who wish to be recognized?

Mr. Burchett?

Mr. BURCHETT. Yes, ma'am.

Chairwoman VELÁZQUEZ. You are recognized for 5 minutes.

Mr. BURCHETT. Thank you, Chairlady. I do not think this will take 5 minutes.

I am not sure of the parliamentary situation we are in. I just had a question about some wording and I have seen it in several other pieces of legislation and maybe one of the attorneys could further confuse me on the facts.

But at the end, I noticed this in the last and the other bills, it says "The Small Business Regulatory Enforcement Fairness Act of 1996 for the year covered by such annual report."

Does this mean that this is retroactive or does it go, does it mean the year that was stated in the report, which would be the current year going forward? Does that make sense? And I apologize for not getting with you all sooner.

Chairwoman VELÁZQUEZ. The counsel? Yes.

COUNSEL. I understand that it would be moving forward, going forward.

Mr. BURCHETT. I cannot hear her.

Chairwoman VELÁZQUEZ. It is not retroactive. It is going forward.

Mr. BURCHETT. Thank you so much. And I apologize.

Chairwoman VELÁZQUEZ. The gentleman yields back.

I now recognize myself briefly.

The legislation requires the SBA's Office of the National Ombudsman to create a centralized website with hyperlinks to small entity compliance guides and contacts at Federal agencies who could provide small businesses with compliance assistance. We know that small business owners do not necessarily have the resources and time to navigate multiple websites to fully understand their responsibilities with Federal laws. This bill will make it easier, not harder, to comply with Federal regulations by providing them a one stop shop for compliance assistance.

I commend Representative Delgado and Dr. Joyce for working together in a bipartisan manner to help cut the red tape for small businesses, and I urge my colleagues to support the measure.

The gentleman, Mr. Chabot, the Ranking Member, will be recognized for 5 minutes.

Mr. CHABOT. Thank you, Madam Chair. I will not take 5 minutes. I will be very brief.

I just want to also commend Mr. Delgado and Mr. Joyce, Dr. Joyce, for working together to put forward some legislation which I really do believe will make it easier for small businesses to comply with Federal regulations. So I just want to commend both sides for working together in their first term. Well done. Thank you.

I yield back.

Chairwoman VELÁZQUEZ. Thank you. And the gentleman yields back.

If there is no further discussion, the Committee now moves to consideration of H.R. 2142.

The clerk will report the title of the bill.

The CLERK. H.R. 2142, to amend the Small Business Act—

Chairwoman VELÁZQUEZ. Without objection, H.R. 2142 is considered as read and open for amendment at any point.

Does anyone wish to offer an amendment?

Seeing none, the question is now on H.R. 2142.

All those in favor say aye.

All those opposed say no.

In the opinion of the Chair, the ayes have it and H.R. 2142 is agreed to.

The question now occurs on reporting H.R. 2142 to the House.

All those in favor say aye.

All those opposed say no.

In the opinion of the Chair, the ayes have it.

And H.R. 2142 is reported to the House.

Without objection, the Committee staff is authorized to correct punctuation and make other necessary technical corrections and conforming changes.

Without objection, members shall also be entitled to 2 days to file additional supplemental, dissenting, and minority views.

H.R. 1649

The next bill is H.R. 1649, the “Small Business Development Center Cyber Training Act of 2019,” which was introduced by the Ranking Member, Mr. Chabot of Ohio, and cosponsored by Mr. Evans of Pennsylvania. This piece of legislation helps small business development centers (SBDCs) become better equipped to assist small businesses with their cybersecurity needs.

I now recognize the Ranking Member for his statement on H.R. 1649.

Mr. CHABOT. Thank you, Madam Chair.

Information technology is a necessity for small businesses because it equips them with the tools they need to be competitive in the global economy. Unfortunately, small businesses are becoming increasingly popular targets for cyber criminals. The average cost of an attack on a small business is over \$30,000, which can destroy a small business, and we had hearings in the last Congress and we had evidence of that from small business folks that this has actually happened to. And the figure that we had seen was like 60 percent of small businesses that had undergone one of these attacks actually end up going out of business. So it can be devastating. And then those people who work for that small business lose their jobs.

That is an example of why Chairwoman Velázquez, Mr. Evans, and I introduced H.R. 1649, the “Small Business Development Center Cyber Training Act of 2019.” I would also like to thank Mr. Balderson for his early co-sponsorship of this legislation as well. This bipartisan legislation establishes a cyber counseling certification program in lead SBDCs to better assist small businesses with planning and implementing cybersecurity measures to defend against cyberattacks. The cyber assistance offered by trained staff at SBDCs would be provided at no or low cost to small businesses. Cyber planning assistance will encourage small businesses to take a more proactive approach to defending themselves from cyberattacks by leveraging the expertise from SBDCs and their partner agencies and institutions. This bill utilizes existing Federal resources to cover the reimbursement costs so we are not adding additional costs to a budget that is already stressed with over \$20 trillion that we all owe.

We recognize cyber threats are ever-evolving and we will continue to work with industry to ensure that appropriate staffing

needs are met. I urge my colleagues to support the measure. I again want to thank Mr. Evans especially for his leadership on this over the years. Mr. Balderson as well. And the Ranking Member as well. And I yield back.

Chairwoman VELÁZQUEZ. The gentleman yields back. Thank you.

Are there any other members who wish to be recognized for a statement on H.R. 1649?

The gentleman from Pennsylvania is now recognized for 5 minutes, Mr. Evans.

Mr. EVANS. Chairwoman Velázquez, and Ranking Member Chabot, and colleagues on the Small Business Committee, I speak now to offer my support for H.R. 1649, the Small Business Development Center Cyber Training Act. I am proud to co-lead this bipartisan piece of legislation with my colleague, Chairwoman Velázquez, and the Ranking Member Chabot.

Today, we have the opportunity to present real pieces of legislation that have the potential to help small businesses. As you know, I consider small businesses to be the foundation of our communities. They are the engines that drive innovation, investment, and economic development. They are the pillars that prop up our communities.

In my home state, the Commonwealth of Pennsylvania, we have nearly 1 million small businesses employing 2.5 million workers accounting for 46.7 of the workforce for the entire state. Small firms account for 99.6 percent of my state employers.

Across the U.S., there are nearly 30 million small businesses supporting almost 59 million jobs. Small firms account for approximately 99.9 percent of U.S. businesses. Needless to say, small businesses are the drivers in our community, often filling space in neighborhoods that large companies fail to reach. At the same time, our society has been and still is going through a technological revolution. Yet, as technology makes things easier, it is also open to vulnerabilities. The same tools that are making our lives better, like on-demand services, digital wallets, and social networks, are also making our information easier to access for both good and bad actors.

In the past decade, we have seen time and time again those bad actors engage in cyberattacks, stealing information from businesses and government agencies. In 2014, it was discovered that the U.S. Government's own Office of Personnel Management was hacked, resulting in the theft of over 20 million records. In 2013, criminals broke into the Target database stealing the financial information of millions of customers. As one of the largest U.S. retail chains, Target eventually reported that some 40 million credit and debit numbers were stolen.

Breaches have also been reported at Home Depot, JPMorgan Chase, and SONY. These breaches can have a devastating impact on businesses. Sales may decline and shoppers turn elsewhere. According to the Congressional Research Service, Target reported that its U.S. sales for that quarter decreased 2.5 percent and it was immediately following the announcement of the data breach. Now, as major entities like Target, Home Depot, and the U.S. Government struggle with the challenges of cybersecurity, what chances

do our small businesses have? The Small Business Development Center Cyber Training was written to migrate small businesses' cybersecurity risk by providing training and resources for small businesses to better equip themselves against cyberattacks. This bill instructs the Small Business Administration to provide cyber counseling for local small businesses by first certifying SBA employees at Small Business Development Centers who will then provide assistance to small businesses for planning cybersecurity practices and strategies to respond to cyberattacks.

I appreciate having the opportunity to co-lead this important piece of legislation. It is critical that we help our small businesses, the backbone of our Nation's economy, and ensure that they are given the training they need to secure their data.

Thank you, Madam Chair. And I yield back the balance of my time.

Chairwoman VELÁZQUEZ. The gentleman yields back.

I now recognize myself briefly.

America's entrepreneurs have always been vital to technological growth and advancement, but they have also been vulnerable to cyberattacks and data breaches. Because of the complexity and costs associated with identifying, monitoring, and sharing information with appropriate agencies, only 31 percent of small firms have cybersecurity plans in place. Perhaps this is related to a mere 14 percent of small businesses having a plan in place for keeping their companies cyber secure. Cybersecurity is top priority for the small business community and this Committee has taken that duty seriously by presenting three bills focusing on improving cybersecurity training, protection, and awareness for small businesses.

The first of those bills today, H.R. 1649, directs the SBA to implement a cybersecurity certification program to ensure counselors in the SBA's network of small business development centers are equipped to educate firms and help develop cyber strategies. Cybercrime is one of the greatest risks to every business in the world. This legislation ensures that our Nation's most vulnerable businesses are prepared to combat this eminent threat.

I would like to thank Ranking Member Chabot and Vice Chairman Evans for working together on this important legislation, and I urge my colleagues to support the bill.

If there is no further discussion, the Committee will move on to consideration of H.R. 1649.

The clerk will report the title of the bill.

The CLERK. H.R. 1649, the Small Business Development Center—

Chairwoman VELÁZQUEZ. Without objection, H.R. 1649 is considered as read and open for amendment at any point.

Does anyone wish to offer an amendment?

Seeing none, the question is now on H.R. 1649.

All those in favor say aye.

All those opposed say no.

In the opinion of the Chair, the ayes have it and H.R. 1649 is agreed to.

The question now occurs on reporting H.R. 1649 to the House.

All those in favor say aye.

All those opposed say no.

In the opinion of the Chair, the ayes have it.
And H.R. 1649 is reported to the House.

Without objection, the Committee staff is authorized to correct punctuation and make other necessary technical corrections and conforming changes.

Without objection, members shall also be entitled to 2 days to file additional supplemental, dissenting, and minority views.

H.R. 1648

The next bill is H.R. 1648, the “Small Business Advanced Cybersecurity Enhancements Act of 2019,” which was introduced by the Ranking Member, Mr. Chabot of Ohio, and cosponsored by myself. This bill aims to increase the defensive measures available for small businesses affected by or concerned by cyberattacks.

I will now recognize the Ranking Member for his statement on H.R. 1648.

Mr. CHABOT. I thank the gentlelady.

H.R. 1648, the “Small Business Advanced Cybersecurity Enhancements Act of 2019” builds on the reforms of the bill just reported, H.R. 1648. This bipartisan legislation introduced by myself and Chairwoman Velázquez and cosponsored by Mr. Balderson, aims to increase the defensive measures available for small businesses undergoing or concerned about a cyberattack. It would incentivize additional information sharing between the private sector and the Federal Government. We have heard from small business owners, cybersecurity experts, and government officials, and there is no question that improving cybersecurity for America’s small businesses should be an urgent priority for most small firms.

Over the past few years, the Federal Government has stepped up its efforts to both prevent and mitigate cyberattacks by coordinating and distributing cybersecurity resources directly to small businesses. This is a good thing, but we must increase information sharing between the Federal Government and small businesses to ensure that they have every resource possible to combat cyber threats. That means we must give small businesses the confidence they need to engage with the Federal agencies tasked with protecting them.

Our bipartisan legislation seeks to safeguard small businesses from cyberattacks in a few simple ways. First, the bill establishes SBDCs as the primary liaison for small businesses that share cybersecurity information with the Federal Government. This bill also ensures that small businesses that engage with SBDCs receive the same protections and exemptions provided by the Cybersecurity Information Sharing ACT (CISA). Further, this bill would ensure that any policies or rulemaking adopted by any Federal agency as a result of Federal information sharing does not unfairly burden small businesses. It would also expand liability protections for small businesses that engage with the Federal Government in good faith. Ultimately, this legislation removes the barriers many small business owners face when confronted with a cyber threat, encouraging them to work with the Federal Government and not fear it.

I urge my colleagues to support the bill and yield back.

Chairwoman VELAZQUEZ. Thank you. The gentleman yields back. And I thank him for his continued leadership on this very important issue.

Are there any other members who wish to be recognized for a statement on H.R. 1648?

Seeing none, I will recognize myself for a brief comment.

H.R. 1648 recognizes that the Federal Government and U.S. businesses must work together to effectively fight cybercrime. Proactive collaboration and information sharing are essential to combatting the rapidly evolving cyber threats that plague our country. However, many small businesses lack the information needed to develop adequate cybersecurity strategies and are reluctant to report cyber threat indicators to the Federal Government. The Small Business Advanced Cybersecurity Enhancement Act of 2019 will encourage good faith collaboration between small businesses and the Federal Government by providing additional resources and protections for small businesses. Specifically, the bill establishes small business cybersecurity assistance units to connect small businesses to the Federal Government's cybersecurity resources and receive cyber threat indicators from small businesses. This bill protects small businesses by ensuring that the SBA Office of Advocacy has a seat at the table when policies are being implemented because of the information sharing.

H.R. 1648 also provides liability protections for small businesses that engage in information sharing. Tackling sophisticated cyber threats requires a joint effort and legislation will implement a coordinated and proactive approach to protecting our country from cybercrime.

I am a proud cosponsor of the Ranking Member's bill, and I urge my colleagues on both sides of the aisle to support it.

If there is no further discussion, the Committee will move on to consideration of H.R. 1648.

The clerk will report the title of the bill.

The CLERK. H.R. 1648, the "Small Business Advanced Cybersecurity Enhancements Act."

Chairwoman VELAZQUEZ. Without objection, H.R. 1648 is considered as read and open for amendment at any point.

Does anyone wish to offer an amendment?

Seeing none, the question is now on H.R. 1648.

All those in favor say aye.

All those opposed say no.

In the opinion of the Chair, the ayes have it and H.R. 1648 is agreed to.

The question now occurs on reporting H.R. 1648 to the House.

All those in favor say aye.

All those opposed say no.

In the opinion of the Chair, the ayes have it.

H.R. 1648 is reported to the House.

Without objection, the Committee staff is authorized to correct punctuation and make other necessary technical corrections and conforming changes.

Without objection, members shall also be entitled to 2 days to file additional supplemental, dissenting, and minority views.

H.R. 2331

The next and third cyber bill is H.R. 2331, the "SBA Cyber Awareness Act of 2019," which was introduced by Mr. Crow from Colorado and cosponsored by Mr. Balderson from Ohio.

This legislation takes important steps to strengthen the Small Business Administration's cybersecurity infrastructure to handle and report cyber threats that affect small businesses.

I would now like to recognize the gentleman from Colorado, the sponsor of the bill, for an opening statement on H.R. 2331.

Mr. CROW. Madam Chairwoman, thank you for the opportunity to speak in support of our bill, the SBA Cyber Awareness Act.

I believe there is something uniquely American about starting a small business. As anyone will tell you, starting a small business is never easy. It requires hard work, grit, and hustle, the same entrepreneurial spirit that drove the pioneers west to Colorado and that today makes the American economy the strongest in the world.

Too often, small business owners are overworked, wearing multiple hats and balancing a variety of responsibilities, from payroll to maintenance, customer service to marketing, and as any small business owner or employee will attest, no task is too small. Running a small business is truly an all hands on deck effort.

Like any new and challenging endeavor, our Nation's small businesses are at their most vulnerable when they are presented with something unexpected. Whether it is unanticipated downward market trends, natural disasters, or cyberattacks. To the latter point, according to one recent study, 47 percent of small businesses have suffered a cyberattack in the past 12 months.

There is more that we can do to protect our Nation's entrepreneurs from cybercrime. And it is not just small businesses. In 2015, the U.S. Office of Personnel Management was hacked, compromising the data security of nearly 22 million Americans. We need to ensure that every arm of the Federal Government is safeguarded, including the SBA.

Our bill, which I had the pleasure of introducing 2 weeks ago along with my friend from Ohio, Mr. Balderson, requires the SBA to undertake a series of efforts to ensure that it and our Nation's small businesses are protected from cyberattacks. Specifically, it requires the SBA to audit its IT and cybersecurity infrastructure, the administration's strategy to improve cybersecurity protections, any equipment used by the SBA and manufactured by a company headquartered in China, and any incident of cyber risk at the SBA and agencies' actions to confront it.

Finally, recognizing that a cyberattack to the agency could put this sensitive information and intellectual property of small businesses at risk, the bill would require SBA to notify Congress of future breaches within information on those affected and how the breach occurred.

I know all members of this Committee understand the incredible impacts small businesses have on our communities, and I imagine all of us here have experienced some form of cyberattack, whether it be in the form of a phishing email or identity theft.

I urge my colleagues to support our bill and I thank the Chairwoman for the opportunity to speak on its behalf.

I yield back.

Chairwoman VELÁZQUEZ. Thank you. The gentleman yields back.

And now I recognize the cosponsor of the bill, Mr. Balderson, from Ohio, for 5 minutes.

Mr. BALDERSON. Thank you for the time, Madam Chair. And thank you for being an original cosponsor of this important piece of legislation. I would also like to thank Ranking Member Chabot for his support of this bill.

I want to quickly say that I am a cosponsor on the Ranking Member's two cybersecurity bills, H.R. 1648 and 1649. I am confident that these two bills will help small business owners prepare for and overcome modern and digital obstacles.

Along that same line, I am a proud original cosponsor of Subcommittee Chairman Crow's SBA Cyber Awareness Act of 2019. Because this bill addresses potential weakness within the Small Business Administration's cybersecurity infrastructure, by passing this bill we will proactively guard against harmful and widespread cyberattacks by bringing the Small Business Administration's cybersecurity defenses into the 21st Century. This bill will protect the sensitive business and personal information of millions of small business owners across the country.

In a rapid developing digital age, strong cybersecurity protections and reinforcements are of the utmost importance. This is especially true for fragile small businesses that rely on having a secure online presence for ecommerce transactions, data collection and storage, and hosting intellectual property, yet do not have the same infrastructure as larger corporations equipped to deal with cyberattacks. A threat to cybersecurity is a threat to small businesses' validity. That is why this bill is so important.

This is bipartisan, common sense legislation, and I want to especially thank my friend, Chairman Crow, also for his leadership on this effort. It is nice to see Congress proactively attempting to solve problems before they occur, rather than waiting until something goes wrong and reacting.

Again, I stress that our digital world changes constantly and happens quickly. We, as Congress, must lift up the small businesses of America and ensure they have the support they need to address this ever-changing online environment.

Once again, I thank the Chair and Ranking Member for their support. I thank my colleague from Colorado for his proactive leadership, and I urge the Committee's support of H.R. 2331.

With that, I yield back my remaining time, Madam Chair.

Chairwoman VELAZQUEZ. Thank you. The gentleman yields back. And now I recognize the Ranking Member, Mr. Chabot, for his statement.

Mr. CHABOT. Thank you, Madam Chair.

In the interest of time, rather than read my entire statement, I will just commend Mr. Crow and Mr. Balderson for working together in a bipartisan manner on this. It is great to see Ohio and Colorado working together. So thank you very much, and I yield back.

Chairwoman VELÁZQUEZ. The gentleman yields back.

Me, too, I want to thank both Representative Crow and Representative Balderson for working together to ensure that millions of small businesses can protect their data, and I urge my colleagues to support the legislation.

If there is no further discussion, the Committee will move on to consideration of H.R. 2331.

The clerk will report the title of the bill.

The CLERK. H.R. 2331, the SBA Cyber Awareness—

Chairwoman VELAZQUEZ. Without objection, H.R. 2331 is considered as read and open for amendment at any point.

Does anyone wish to offer an amendment?

Seeing none, the question is now on H.R. 2331.

All those in favor say aye.

All those opposed say no.

In the opinion of the Chair, the ayes have it and H.R. 2331 is agreed to.

The question now occurs on reporting H.R. 2331 to the House.

All those in favor say aye.

All those opposed say no.

In the opinion of the Chair, the ayes have it.

And H.R. 2331 is reported to the House.

Without objection, the Committee staff is authorized to correct punctuation, make other necessary technical corrections and conforming changes.

Without objection, Members shall also be entitled to 2 days to file additional supplemental, dissenting, and minority views.

H.R. 2345

Our final bill today is H.R. 2345, the “Clarifying the Small Business Runway Act of 2019,” which was introduced by Mr. Stauber from Minnesota and cosponsored by Mr. Golden from Maine.

This bipartisan bill clarifies the intent of Congress in the implementation of the Small Business Runway Extension Act which we successfully passed into law last year.

I will now like to recognize the gentleman from Minnesota, the sponsor of the bill, for an opening statement on H.R. 2345.

Mr. STAUBER. Thank you, Madam Chair, and Ranking Member Chabot.

H.R. 2345 clarifies the Small Business Runway Extension Act. It is a bill that attempts to do exactly what it says, to make clear the intent of the Small Business Runway Extension Act of 2018. The Runway Act of 2018 was simple, straightforward, and unambiguous. It simply extended the Small Business Administration’s receipt-based size calculation from a 3-year average to a 5-year average. Recognizing the significance of this bill for small business, the Runway Bill easily passed through both House and Senate becoming law on December 17, 2018. Within 4 days of the law’s passage, the SBA installed its implementation issuing an information notice that effectively contradicted the Runway Act of 2018 by maintaining the 3-year calculation until the agency could go through the rulemaking process.

In a Subcommittee on Contracting and Infrastructure hearing held on March 26, Chairman Jared Golden and I learned that this conflict in law enacted versus regulation adopted imposed significant real-world challenges for small businesses who may be teetering on the edge between “small” and “other than small business” status. The need for clarity was a constant and reoccurring theme and this bill attempts to do exactly that.

First, H.R. 2345 makes clear that the Runway Act of 2018 does, in fact, apply to the Small Business Administration, and therefore, should have become effective on the day it was signed into law. Thus, businesses relying on the 5-year average to remain in their “small business status” were correct in their assessment and may continue to do so.

Secondly, the bill requires the Small Business Administration to develop a transition plan for small businesses and Federal agencies as they shift to the 5-year rule. The transition plan also includes a transition or a buffer period in which firms that benefit from the old 3-year calculation may continue to rely on that formula for a set amount of time as they prepare for the eventual shift to the 5-year average calculation.

In short, H.R. 2345 restates the will of Congress as intended in the Runway Act of 2018 and adopts solutions that will create a smooth transition for all parties involved.

I would like to thank Member Golden for helping me and I urge my colleagues for their support of H.R. 2345 which clarifies the Small Business Runway Extension Act. And I yield back, Madam Chair.

Chairwoman VELÁZQUEZ. The gentleman yields back.

And now I recognize the gentleman from Maine, Mr. Golden, for an opening statement.

Mr. GOLDEN. Thank you, Madam Chairwoman.

I would like to thank Representative Stauber for sponsoring this bill and for the work that we were able to do together having a hearing in the Subcommittee about it. Earlier this year we did have a hearing in the Contracting and Infrastructure Subcommittee and saw that the SBA’s failure to implement the Runway Extension Act created confusion among small businesses who did not know if they currently qualified for contracting opportunities.

One thing I hear from small businesses when I speak with them in Maine is that they want clarity and certainty. By passing this bill, we are going to create certainty where now there is confusion. Certainty that a small business should consider the sales over 5 years instead of 3, and certainty that the act applies to the SBA as well as other agencies. I am hopeful that this bill will, as the original Runway Extension Act was designed, help growing small businesses get themselves in a place where they can compete with titans of industry and multinational corporations.

While I am frustrated that we have to lead the SBA to water and make it drink, I hope that passing this bill will clarify what was already abundantly clear from the previous bill, this is intended to apply to the SBA and be implemented rapidly.

I yield back the remainder of my time. Thank you, Madam Chairwoman.

Chairwoman VELÁZQUEZ. Thank you. The gentleman yields back.

And now I recognize the Ranking Member, Mr. Chabot.

Mr. CHABOT. Thank you, Madam Chair. And again, in the interest in time and getting people to lunch here, I think because we are getting close to wrapping up, rather than read my opening statement I would just like to commend Mr. Stauber and Mr. Gold-

en for working together in a bipartisan manner. And also, if Ohio and Colorado can get together, I guess Minnesota and Maine can as well.

So we thank you, and I yield back.

Chairwoman VELÁZQUEZ. Thank you. The gentleman yields back. I thank him and I thank both Representatives Stauber and Golden for working together, and I urge my colleagues to support the bill.

If there is no further discussion, the Committee will move on to consideration of H.R. 2345.

The clerk will report the title of the bill.

The CLERK. H.R. 2345, the Clarifying the Small Business Runway—

Chairwoman VELÁZQUEZ. Without objection, H.R. 2345 is considered as read and open for amendment at any point.

Does anyone wish to offer an amendment?

Mr. HAGEDORN. Madam Chair, I have an amendment.

Chairwoman VELÁZQUEZ. For what purpose does the gentleman from Minnesota seek recognition?

Mr. HAGEDORN. I offer an amendment for consideration.

Chairwoman VELÁZQUEZ. The clerk will report the amendment.

The CLERK. Amendment to H.R. 2345 offered by Mr. Hagedorn of Minnesota.

Chairwoman VELÁZQUEZ. Without objection, the amendment is considered as read.

And the gentleman is recognized for 5 minutes.

Mr. HAGEDORN. Thank you, Madam Chair. I will not take but just a second.

I want to associate myself with the remarks of both the Ranking Member Stauber, my fellow Minnesotan, and Subcommittee Chair, Mr. Golden, about this bill. I appreciate this bill. I think it is certainly unfortunate that we had to get to this point that the Executive Branch has been dragging its feet but the purposes of the original law and what is being done today are excellent.

All I have is the sense of the Congress to restate exactly in very plain terms what we intend to accomplish, including especially that this bill and the Runway Extension Act includes a government-wide acquisition to contracts. And as somebody who used to work in the Treasury Department and I have seen my share of how Executive Branch employees can sometimes want to do their own thing or ignore the will of the Congress, I just simply wanted to put this out there so it is restated in common sense terms and that there is no misunderstanding once this bill passed of what the intention of this Committee and the House and the Senate, hopefully, as we pass the bill is intending.

So with that, I yield back.

Chairwoman VELÁZQUEZ. The gentleman yields back.

I now recognize Mr. Chabot for any remarks he may have.

Mr. CHABOT. Thank you, Madam Chair. And I will also be brief on this.

This amendment makes clear to the public the intended application and effective date of the Small Business Runway Extension Act of 2018 as envisioned by Congress.

I would like to thank Mr. Hagedorn for his helpful amendment and urge my colleagues to support it. And yield back.

Chairwoman VELAZQUEZ. The gentleman yields back.

Are there any other Members who wish to be recognized for a statement on the amendment?

Well, seeing none, I want to thank the gentleman from Minnesota for offering the amendment, and I appreciate his concern that the Runway Extension Act of 2018 be applied as soon as possible. I, too, share your frustration that implementation of the law has been delayed. And it was the intent of Congress for the law to go into effect upon enactment. This amendment makes clear, and we are sending a strong message to the executive and to the administration that that was the intent of Congress.

So the question now is on the amendment.

All those in favor say aye.

All those opposed say no.

In the opinion of the Chair, the ayes have it and the amendment is agreed to.

Are there any other members who wish to be recognized for the purposes of offering an amendment?

Seeing none, the question is now on H.R. 2345 as amended.

All those in favor say aye.

All those opposed say no.

In the opinion of the Chair, the ayes have it and H.R. 2345 as amended is agreed to.

The question now occurs on reporting H.R. 2345 to the House as amended.

All those in favor say aye.

All those opposed say no.

In the opinion of the Chair, the ayes have it.

And H.R. 2345 as amended is reported to the House.

Without objection, the Committee staff is authorized to correct punctuation and make other necessary technical corrections and conforming changes.

Without objection, Members shall also be entitled to 2 days to file additional supplemental, dissenting, and minority views.

So let me take this opportunity to thank all the Members for being here today and for offering and supporting the bills. I am proud we had a bipartisan effort today. Taken together, I believe these bills will truly help our Nation's small firms, and I look forward to seeing them passed by the Committee and through the entire House.

So if there is no further business to come before the Committee—

Mr. CHABOT. Madam Chair?

Chairwoman VELAZQUEZ. Yes, sir?

Mr. CHABOT. Just one final thing if I could.

Chairwoman VELAZQUEZ. Sure.

Mr. CHABOT. I also want to thank the gentlelady for working in a bipartisan fashion as this Committee has done over the years in passing legislation that both sides agree on, and look forward to doing this in the future and would recommend that all Members do the same thing because you can actually get things passed in

this Committee which is not necessarily true in some of the other Committees around this place. So thank you, and I yield back.

Chairwoman VELAZQUEZ. Well, I am happy that we took you away from the Judiciary hearings and have been able to lower your blood pressure.

So if there is no further business to come before the Committee, we are adjourned. Thank you.

[Whereupon, at 12:33 p.m., the Committee was adjourned.]

[Whereupon, at 12:33 p.m., the committee was adjourned.]

A P P E N D I X



I

116TH CONGRESS
1ST SESSION

H. R. 277

To adjust collateral requirements under the Small Business Act for disaster loans, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 8, 2019

Ms. VELÁZQUEZ (for herself and Mr. CHABOT) introduced the following bill; which was referred to the Committee on Small Business

A B I L L

To adjust collateral requirements under the Small Business Act for disaster loans, 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 “Access to Sufficient
5 Capital for Everyone in Natural Disaster areas Act of
6 2019” or the “ASCEND Act of 2019”.

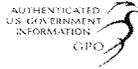
7 **SEC. 2. COLLATERAL REQUIREMENTS FOR DISASTER**
8 **LOANS UNDER THE SMALL BUSINESS ACT.**

9 (a) AMENDMENT TO THE RISE AFTER DISASTER
10 ACT OF 2015.—Section 2102 of the RISE After Disaster

1 Act of 2015 (Public Law 114–88) is amended by striking
2 subsections (b) and (c).

3 (b) EFFECTIVE DATE.—The amendment made by
4 subsection (a) shall take effect as though enacted as part
5 of the RISE After Disaster Act of 2015.

○



116TH CONGRESS
1ST SESSION

H. R. 2142

To amend the Small Business Act to require the Small Business and Agriculture Regulatory Enforcement Ombudsman to create a centralized website for compliance guides, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 9, 2019

Mr. DELGADO (for himself and Mr. JOYCE of Pennsylvania) introduced the following bill; which was referred to the Committee on Small Business

A BILL

To amend the Small Business Act to require the Small Business and Agriculture Regulatory Enforcement Ombudsman to create a centralized website for compliance guides, 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. CENTRALIZED WEBSITE FOR COMPLIANCE**
4 **GUIDES.**

5 Section 30 of the Small Business Act (15 U.S.C. 657)
6 is amended by adding at the end the following new sub-
7 sections:

1 “(e) CENTRALIZED WEBSITE.—Not later than 6
2 months after the date of the enactment of this subsection,
3 the Ombudsman shall maintain a publicly available
4 website that includes—

5 “(1) hyperlinks to small entity compliance
6 guides described under section 212(a)(1) of the
7 Small Business Regulatory Enforcement Fairness
8 Act of 1996; and

9 “(2) with respect to each such small entity com-
10 pliance guide, the contact information for an indi-
11 vidual who can offer assistance to small entities with
12 respect to the rules that are the subject of such
13 guide.

14 “(f) REPORT ON AGENCY COMPLIANCE.—The Om-
15 budsman shall include in the annual report required under
16 subsection (b)(2)(C) an assessment of agency compliance
17 with the requirements of section 212 of the Small Busi-
18 ness Regulatory Enforcement Fairness Act of 1996 for the
19 year covered by such annual report.”.

○



116TH CONGRESS
1ST SESSION

H. R. 1649

To amend the Small Business Act to require cyber certification for small business development center counselors, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 8, 2019

Mr. CHABOT (for himself, Mr. EVANS, and Ms. VELÁZQUEZ) introduced the following bill; which was referred to the Committee on Small Business

A BILL

To amend the Small Business Act to require cyber certification for small business development center counselors, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Small Business Devel-
5 opment Center Cyber Training Act of 2019”.

6 **SEC. 2. DUTIES OF SMALL BUSINESS DEVELOPMENT CEN-**
7 **TER COUNSELORS.**

8 Section 21 of the Small Business Act (15 U.S.C. 648)
9 is amended by adding at the end the following:

1 “(o) CYBER STRATEGY TRAINING FOR SMALL BUSI-
2 NESS DEVELOPMENT CENTERS.—

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

4 “(A) the term ‘cyber strategy’ means re-
5 sources and tactics to assist in planning for cy-
6 bersecurity and defending against cyber risks
7 and cyber attacks; and

8 “(B) the term ‘lead small business develop-
9 ment center’ means a small business develop-
10 ment center that has received a grant from the
11 Administration.

12 “(2) CERTIFICATION PROGRAM.—The Adminis-
13 trator shall establish a cyber counseling certification
14 program, or approve a similar existing program, to
15 certify the employees of lead small business develop-
16 ment centers to provide cyber planning assistance to
17 small business concerns.

18 “(3) NUMBER OF CERTIFIED EMPLOYEES.—
19 The Administrator shall ensure that the number of
20 employees of each lead small business development
21 center who are certified in providing cyber planning
22 assistance under this subsection is not fewer than
23 the lesser of—

24 “(A) 5; or

1 “(B) 10 percent of the total number of em-
2 ployees of the lead small business development
3 center.

4 “(4) CONSIDERATION OF SMALL BUSINESS DE-
5 VELOPMENT CENTER CYBER STRATEGY.—In ear-
6 rying out this subsection, the Administrator, to the
7 extent practicable, shall consider any cyber strategy
8 methods included in the Small Business Develop-
9 ment Center Cyber Strategy developed under section
10 1841(a) of the National Defense Authorization Act
11 for Fiscal Year 2017 (Public Law 114–328; 130
12 Stat. 2662).

13 “(5) REIMBURSEMENT FOR CERTIFICATION.—

14 “(A) IN GENERAL.—Subject to the avail-
15 ability of appropriations and subparagraph (B),
16 the Administrator shall reimburse a lead small
17 business development center for costs relating
18 to the certification of an employee of the lead
19 small business development center under the
20 program established under paragraph (2).

21 “(B) LIMITATION.—The total amount re-
22 imbursed by the Administrator under subpara-
23 graph (A) may not exceed \$350,000 in any fis-
24 cal year.”.

○



116TH CONGRESS
1ST SESSION

H. R. 1648

To amend the Small Business Act to provide for the establishment of an enhanced cybersecurity assistance and protections for small businesses, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 8, 2019

Mr. CILABOT (for himself and Ms. VELÁZQUEZ) introduced the following bill; which was referred to the Committee on Small Business

A BILL

To amend the Small Business Act to provide for the establishment of an enhanced cybersecurity assistance and protections for small businesses, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Small Business Ad-
5 vanced Cybersecurity Enhancements Act of 2019”.

6 **SEC. 2. FINDINGS.**

7 Congress finds the following:

8 (1) Small businesses represent more than 97
9 percent of total businesses in the United States and

1 make up an essential part of the supply chain to
2 some of the largest companies, many of which are in
3 critical infrastructure sectors, from financial and
4 transportation organizations to power, water, and
5 healthcare suppliers.

6 (2) Many small businesses do not have dedi-
7 cated information technology (“IT”) departments
8 and must outsource IT functions or assign these du-
9 ties to an employee as a secondary function.

10 (3) The Internet Crime Complaint Center with-
11 in the United States Department of Justice recorded
12 298,728 cybersecurity-related complaints in its 2016
13 report.

14 (4) There has been steady increases of cyberse-
15 curity-related complaints year over year since the
16 year 2000, totaling 3,762,348.

17 (5) Seventy-one percent of cyber attacks oc-
18 curred in businesses with fewer than 100 employees.

19 (6) Only 14 percent of small- and medium-sized
20 businesses believe they have the ability to effectively
21 mitigate cyber risks and vulnerabilities.

22 (7) Small businesses risk theft and manipula-
23 tion of sensitive data if they lack adequate cyberse-
24 curity measures.

1 (8) The Better Business Bureau found that
2 half of small businesses could remain profitable for
3 only one month if they lost essential data.

4 (9) Cyber crime is growing rapidly and the an-
5 nual costs to the global economy are estimated to
6 reach over \$2,000,000,000,000 by 2019.

7 (10) Cybersecurity is a global challenge where
8 the security threat, attacks, and techniques contin-
9 ually evolve and no company, individual, or Federal
10 agency is immune from these threats.

11 (11) Strong collaboration between the public
12 and private sector is essential in the fight against
13 cyber crime.

14 (12) There is a reluctance among small busi-
15 nesses to voluntarily share information with govern-
16 ment entities, and the Federal Government should
17 work proactively to incentivize and encourage vol-
18 untary information sharing to improve the Nation's
19 cybersecurity posture.

20 **SEC. 3. ENHANCED CYBERSECURITY ASSISTANCE AND PRO-**
21 **TECTIONS FOR SMALL BUSINESSES.**

22 Section 21(a) of the Small Business Act (15 U.S.C.
23 648(a)) is amended by adding at the end the following
24 new paragraph:

1 “(9) SMALL BUSINESS CYBERSECURITY ASSIST-
2 ANCE AND PROTECTIONS.—

3 “(A) ESTABLISHMENT OF SMALL BUSI-
4 NESS CYBERSECURITY ASSISTANCE UNITS.—

5 The Administrator of the Small Business Ad-
6 ministration, in coordination with the Secretary
7 of Commerce, and in consultation with the Sec-
8 retary of Homeland Security and the Attorney
9 General, shall establish—

10 “(i) in the Administration, a central
11 small business cybersecurity assistance
12 unit; and

13 “(ii) within each small business devel-
14 opment center, a regional small business
15 cybersecurity assistance unit.

16 “(B) DUTIES OF THE CENTRAL SMALL
17 BUSINESS CYBERSECURITY ASSISTANCE UNIT.—

18 “(i) IN GENERAL.—The central small
19 business cybersecurity assistance unit es-
20 tablished under subparagraph (A)(i) shall
21 serve as the primary interface for small
22 business concerns to receive and share
23 cyber threat indicators and defensive meas-
24 ures with the Federal Government.

1 “(ii) USE OF CAPABILITY AND PROC-
2 ESSES.—The central small business cyber-
3 security assistance unit shall use the capa-
4 bility and process certified pursuant to sec-
5 tion 105(e)(2)(A) of the Cybersecurity In-
6 formation Sharing Act of 2015 (6 U.S.C.
7 1504(e)(2)(A)) to receive cyber threat indi-
8 cators or defensive measures from small
9 business concerns.

10 “(iii) APPLICATION OF CISA.—A small
11 business concern that receives or shares
12 cyber threat indicators and defensive meas-
13 ures with the Federal Government through
14 the central small business cybersecurity as-
15 sistance unit established under subpara-
16 graph (A)(i), or with any appropriate enti-
17 ty pursuant to section 103(c) of the Cyber-
18 security Information Sharing Act of 2015
19 (6 U.S.C. 1503(c)), shall receive the pro-
20 tections and exemptions provided in such
21 Act and this paragraph.

22 “(C) RELATION TO NCCIC.—

23 “(i) CENTRAL SMALL BUSINESS CY-
24 BERSECURITY ASSISTANCE UNIT.—The
25 central small business cybersecurity assist-

1 ance unit established under subparagraph
2 (A)(i) shall be collocated with the national
3 cybersecurity and communications integra-
4 tion center.

5 “(ii) ACCESS TO INFORMATION.—The
6 national cybersecurity and communications
7 integration center shall have access to all
8 cyber threat indicators or defensive meas-
9 ures shared with the central small cyberse-
10 curity assistance unit established under
11 subparagraph (A)(i) through the use of the
12 capability and process described in sub-
13 paragraph (B)(ii).

14 “(D) CYBERSECURITY ASSISTANCE FOR
15 SMALL BUSINESSES.—The central small busi-
16 ness cybersecurity assistance unit established
17 under subparagraph (A)(i) shall—

18 “(i) work with each regional small
19 business cybersecurity assistance unit es-
20 tablished under subparagraph (A)(ii) to
21 provide cybersecurity assistance to small
22 business concerns;

23 “(ii) leverage resources from the Ad-
24 ministration, the Department of Com-
25 merce, the Department of Homeland Secu-

1 rity, the Department of Justice, the De-
2 partment of the Treasury, the Department
3 of State, and any other Federal depart-
4 ment or agency the Administrator deter-
5 mines appropriate, in order to help im-
6 prove the cybersecurity posture of small
7 business concerns;

8 “(iii) coordinate with the Department
9 of Homeland Security to identify and dis-
10 seminate information to small business
11 concerns in a form that is accessible and
12 actionable by small business concerns;

13 “(iv) coordinate with the National In-
14 stitute of Standards and Technology to
15 identify and disseminate information to
16 small business concerns on the most cost-
17 effective methods for implementing ele-
18 ments of the cybersecurity framework of
19 the National Institute of Standards and
20 Technology applicable to improving the cy-
21 bersecurity posture of small business con-
22 cerns;

23 “(v) seek input from the Office of Ad-
24 vocacy of the Administration to ensure
25 that any policies or procedures adopted by

1 any department, agency, or instrumentality
2 of the Federal Government do not unduly
3 add regulatory burdens to small business
4 concerns in a manner that will hamper the
5 improvement of the cybersecurity posture
6 of such small business concerns; and

7 “(vi) leverage resources and relation-
8 ships with representatives and entities in-
9 volved in the national cybersecurity and
10 communications integration center to pub-
11 licize the capacity of the Federal Govern-
12 ment to assist small business concerns in
13 improving cybersecurity practices.

14 “(E) ENHANCED CYBERSECURITY PROTEC-
15 TIONS FOR SMALL BUSINESSES.—

16 “(i) IN GENERAL.—Notwithstanding
17 any other provision of law, no cause of ac-
18 tion shall lie or be maintained in any court
19 against any small business concern, and
20 such action shall be promptly dismissed, if
21 such action related to or arises out of—

22 “(I) any activity authorized
23 under this paragraph or the Cyberse-
24 curity Information Sharing Act of
25 2015 (6 U.S.C. 1501 et seq.); or

1 “(II) any action or inaction in re-
2 sponse to any cyber threat indicator,
3 defensive measure, or other informa-
4 tion shared or received pursuant to
5 this paragraph or the Cybersecurity
6 Information Sharing Act of 2015 (6
7 U.S.C. 1501 et seq.).

8 “(ii) APPLICATION.—The exception
9 provided in section 105(d)(5)(D)(ii)(I) of
10 the Cybersecurity Information Sharing Act
11 of 2015 (6 U.S.C. 1504(d)(5)(D)(ii)(I))
12 shall not apply to any cyber threat indi-
13 cator or defensive measure shared or re-
14 ceived by small business concerns pursuant
15 to this paragraph or the Cybersecurity In-
16 formation Sharing Act of 2015 (6 U.S.C.
17 1501 et seq.).

18 “(iii) RULE OF CONSTRUCTION.—
19 Nothing in this subparagraph shall be con-
20 strued to affect the applicability or merits
21 of any defense, motion, or argument in any
22 cause of action in a court brought against
23 an entity that is not a small business con-
24 cern.

25 “(F) DEFINITIONS.—In this paragraph:

1 “(i) CISA DEFINITIONS.—The terms
2 ‘cyber threat indicator’ and ‘defensive
3 measure’ have the meanings given such
4 terms in section 102 of the Cybersecurity
5 Information Sharing Act of 2015 (6
6 U.S.C. 1501).

7 “(ii) NATIONAL CYBERSECURITY AND
8 COMMUNICATIONS INTEGRATION CEN-
9 TER.—The term ‘national cybersecurity
10 and communications integration center’
11 means the national cybersecurity and com-
12 munications integration center established
13 under section 227 of the Homeland Secu-
14 rity Act of 2002 (6 U.S.C. 148).”.

15 **SEC. 4. PROHIBITION ON NEW APPROPRIATIONS.**

16 (a) IN GENERAL.—No additional funds are author-
17 ized to be appropriated to carry out this Act and the
18 amendments made by this Act.

19 (b) EXISTING FUNDING.—This Act and the amend-
20 ments made by this Act shall be carried out using amounts
21 made available under section 21(a)(4)(C)(viii) of the Small
22 Business Act (15 U.S.C. 648(a)(4)(viii)).

23 (c) TECHNICAL AND CONFORMING AMENDMENT.—
24 Section 21(a)(4)(C)(viii) of the Small Business Act (15
25 U.S.C.648(a)(4)(C)(viii)) is amended to read as follows:

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“(viii) LIMITATION.—

“(I) CYBERSECURITY ASSIST-
ANCE.—From the funds appropriated
pursuant to clause (vii), the Adminis-
tration shall reserve not less than
\$1,000,000 in each fiscal year to de-
velop cybersecurity assistance units at
small business development centers
under paragraph (9).

“(II) PORTABLE ASSISTANCE.—

“(aa) IN GENERAL.—Any
funds appropriated pursuant to
clause (vii) that are remaining
after reserving amounts under
subclause (I) may be used for
portable assistance for startup
and sustainability non-matching
grant programs to be conducted
by eligible small business develop-
ment centers in communities that
are economically challenged as a
result of a business or govern-
ment facility down sizing or clos-
ing, which has resulted in the

1 loss of jobs or small business in-
2 stability.

3 “(bb) GRANT AMOUNT AND
4 USE.—A non-matching grant
5 under this subclause shall not ex-
6 ceed \$100,000, and shall be used
7 for small business development
8 center personnel expenses and re-
9 lated small business programs
10 and services.”.

○



116TH CONGRESS
1ST SESSION

H. R. 2331

To require an annual report on the cybersecurity of the Small Business Administration, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 18, 2019

Mr. CROW (for himself, Mr. BALDERSON, Ms. VELÁZQUEZ, and Mr. CLABOT) introduced the following bill; which was referred to the Committee on Small Business

A BILL

To require an annual report on the cybersecurity 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 Cyber Awareness
5 Act”.

6 **SEC. 2. CYBERSECURITY AWARENESS REPORTING.**

7 Section 10 of the Small Business Act (15 U.S.C. 639)
8 is amended by inserting after subsection (a) the following:

9 “(b) CYBERSECURITY REPORTS.—

1 “(1) ANNUAL REPORT.—Not later than 180
2 days after the date of enactment of this subsection,
3 and every year thereafter, the Administrator shall
4 submit a report to the appropriate congressional
5 committees that includes—

6 “(A) an assessment of the information
7 technology (as defined in section 11101 of title
8 40, United States Code) and cybersecurity in-
9 frastructure of the Administration;

10 “(B) a strategy to increase the cybersecuri-
11 ty infrastructure of the Administration;

12 “(C) a detailed account of any information
13 technology equipment or interconnected system
14 or subsystem of equipment of the Administra-
15 tion that was manufactured by an entity that
16 has its principal place of business located in the
17 People’s Republic of China; and

18 “(D) an account of any cybersecurity risk
19 or incident that occurred at the Administration
20 during the 2-year period preceding the date on
21 which the report is submitted, and any action
22 taken by the Administrator to respond to or re-
23 mediate any such cybersecurity risk or incident.

24 “(2) ADDITIONAL REPORTS.—If the Adminis-
25 trator determines that there is a reasonable basis to

1 conclude that a cybersecurity risk or incident oc-
2 curred at the Administration, the Administrator
3 shall—

4 “(A) not later than 7 days after the date
5 on which the Administrator makes that deter-
6 mination, notify the appropriate congressional
7 committees of the cybersecurity risk or incident;
8 and

9 “(B) not later than 30 days after the date
10 on which the Administrator makes a determina-
11 tion under subparagraph (A)—

12 “(i) provide notice to individuals and
13 small business concerns affected by the cy-
14 bersecurity risk or incident; and

15 “(ii) submit to the appropriate con-
16 gressional committees a report, based on
17 information available to the Administrator
18 as of the date which the Administrator
19 submits the report, that includes—

20 “(I) a summary of information
21 about the cybersecurity risk or inci-
22 dent, including how the cybersecurity
23 risk or incident occurred; and

24 “(II) an estimate of the number
25 of individuals and small business con-

1 cerns affected by the cybersecurity
2 risk or incident, including an assess-
3 ment of the risk of harm to affected
4 individuals and small business con-
5 cerns.

6 “(3) RULE OF CONSTRUCTION.—Nothing in
7 this subsection shall be construed to affect the re-
8 porting requirements of the Administrator under
9 chapter 35 of title 44, United States Code, in par-
10 ticular the requirement to notify the Federal infor-
11 mation security incident center under section
12 3554(b)(7)(C)(ii) of such title, or any other provi-
13 sion of law.

14 “(4) DEFINITIONS.—In this subsection:

15 “(A) APPROPRIATE CONGRESSIONAL COM-
16 MITTEES.—The term ‘appropriate congressional
17 committees’ means—

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) CYBERSECURITY RISK; INCIDENT.—
23 The terms ‘cybersecurity risk’ and ‘incident’
24 have the meanings given such terms, respec-

1 tively, under section 2209(a) of the Homeland
2 Security Act of 2002.”.

○



116TH CONGRESS
1ST SESSION

H. R. 2345

To amend the Small Business Act to clarify the intention of Congress that the Administrator of the Small Business Administration is subject to certain requirements with respect to establishing size standards for small business concerns, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 18, 2019

Mr. STAUBER (for himself and Mr. GOLDEN) introduced the following bill;
which was referred to the Committee on Small Business

A BILL

To amend the Small Business Act to clarify the intention of Congress that the Administrator of the Small Business Administration is subject to certain requirements with respect to establishing size standards for 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,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Clarifying the Small
5 Business Runway Extension Act”.

1 **SEC. 2. CLARIFYING AMENDMENT TO THE SMALL BUSINESS**
2 **RUNWAY EXTENSION ACT OF 2018.**

3 Section 3(a)(2)(C) of the Small Business Act (15
4 U.S.C. 632(a)(2)(C)) is amended by inserting “(including
5 the Administration when acting pursuant to subparagraph
6 (A))” after “no Federal department or agency”.

7 **SEC. 3. FINALIZATION OF SMALL BUSINESS RUNWAY EX-**
8 **TENSION ACT OF 2018 RULES.**

9 The Administrator of the Small Business Administra-
10 tion shall issue a final rule implementing the Small Busi-
11 ness Runway Extension Act of 2018 (Public Law 115-
12 324) not later than December 17, 2019.

13 **SEC. 4. AMENDMENT TO SIZE STANDARDS FOR CERTAIN**
14 **SMALL BUSINESS CONCERNS.**

15 (a) **SIZE STANDARDS FOR SMALL BUSINESS CON-**
16 **CERNS PROVIDING SERVICES.**—Section 3(a)(2)(C)(ii)(II)
17 of the Small Business Act (15 U.S.C. 632(a)(2)(C)(ii)(II))
18 is amended by striking “not less than”.

19 (b) **SIZE STANDARDS FOR OTHER BUSINESS CON-**
20 **CERNS.**—Section 3(a)(2)(C)(ii)(III) of the Small Business
21 Act (15 U.S.C. 632(a)(2)(C)(ii)(III)) is amended by strik-
22 ing “not less than 3 years” and inserting “5 years”.

23 **SEC. 5. TRANSITION PLAN FOR THE SMALL BUSINESS RUN-**
24 **WAY EXTENSION ACT OF 2018.**

25 (a) **PLAN REQUIRED.**—Not later than 90 days after
26 the date of the enactment of this Act, the Administrator

1 of the Small Business Administration shall implement a
2 transition plan to assist business concerns and Federal
3 agencies with compliance with the requirements of the
4 Small Business Runway Extension Act of 2018 (Public
5 Law 115–324).

6 (b) 3-YEAR CALCULATION FOR SIZE STANDARDS.—

7 (1) IN GENERAL.—The transition plan de-
8 scribed under subsection (a) shall include a require-
9 ment that, during the period beginning on December
10 17, 2018, and ending on the date that is 6 months
11 after the date on which the Administrator issues
12 final rules implementing the Small Business Runway
13 Extension Act of 2018 (Public Law 115–324), al-
14 lows the use of a 3-year calculation for a size stand-
15 ard to be applied to a business concern if the use
16 of such 3-year calculation allows such concern to be
17 considered a small business concern under section
18 3(a)(1) of the Small Business Act (15 U.S.C.
19 632(a)(1)).

20 (2) 3-YEAR CALCULATION DEFINED.—In this
21 subsection, the term “3-year calculation” means—

22 (A) with respect to a business concern pro-
23 viding services described under clause (ii)(II) of
24 such section, a determination of the size of such
25 concern on the basis of the annual average

1 gross receipts of such concern over a period of
2 3 years; and

3 (B) with respect to a business concern de-
4 scribed under clause (ii)(III) of such section, a
5 determination of the size of such concern on the
6 basis of data over a period of 3 years.

7 **SEC. 6. REQUIREMENT TO UPDATE SAM.**

8 Not later than 90 days after the date of the enact-
9 ment of this Act, the System for Award Management (or
10 any successor system) shall be updated to comply with the
11 requirements of this Act.

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AMENDMENT TO H.R. 2345
OFFERED BY MR. HAGEDORN OF MINNESOTA

Page 2, before line 1, insert the following section:

1 **SEC. 2. SENSE OF CONGRESS.**

2 It is the sense of Congress that—

3 (1) the Small Business Runway Extension Act
4 of 2018 (Public Law 115–324) applies to calcula-
5 tions of the size of a business concern made by the
6 Administrator of the Small Business Administration;

7 (2) Federal agencies rely upon such calculations
8 to award contracts, including governmentwide acqui-
9 sition contracts, to small business concerns; and

10 (3) the Small Business Runway Extension Act
11 of 2018 has been effective since the date it was
12 signed into law, on December 17, 2018.

