

SUCCESSFUL ENTREPRENEURSHIP FOR RESERVISTS AND
VETERANS ACT

OCTOBER 15, 2019.—Committed to the Committee of the Whole House on the State
of the Union and ordered to be printed

Ms. VELÁZQUEZ, from the Committee on Small Business,
submitted the following

R E P O R T

[To accompany H.R. 3734]

The Committee on Small Business, to whom was referred the bill (H.R. 3734) to require the Comptroller General of the United States to report on access to credit for small business concerns owned and controlled by covered individuals, to require the Administrator of the Small Business Administration to report on the veterans interagency task force, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

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I. PURPOSE AND BILL SUMMARY

The purpose of H.R. 3734, the Successful Entrepreneurship for Reservists and Veterans Act or the SERV Act, is to require the Comptroller General of the United States to report on access to credit for small business concerns owned and controlled by covered individuals and for the Small Business Administration's (SBA) Veterans Interagency Task Force to identify and outline a plan to promote veterans' entrepreneurship programs.

II. BACKGROUND AND NEED FOR LEGISLATION

H.R. 3734 was introduced by Representative Sharice Davids (D-KS) and Ranking Member Steve Chabot (R-OH) on July 17, 2019. The bill ensures veterans are receiving the assistance needed to enter into entrepreneurship and also addresses the need for data on veteran entrepreneurship as it pertains to financing.

The Interagency Task Force for Small Business Development was established by statute and executed by Executive Order. The Task Force is chaired by the U.S. Small Business Administration and is comprised of representatives appointed by SBA's Administrator from a variety of agencies, including the SBA's Office of Veterans Business Development (OVBD), the Department of Defense (DoD), the Department of Labor (DOL), the Department of Treasury (Treasury), the Department of Veterans Affairs (DVA), the General Services Administration (GSA), the Office of Management and Budget (OMB), and four representatives from veterans service and military organizations: American Legion, Vietnam Veterans of America, StreetShares Foundation, and the Military Officers Association of America.

The task force is charged with coordinating federal efforts to improve capital access, business development, and contracting goals for veteran and service-disabled veteran businesses. With regard to the outreach plan, the SBA offers several programs to help aspiring and existing veteran entrepreneurs launch and grow their small businesses, but more needs to be done to promote the veterans' entrepreneurship programs. As valuable as the programs are in assisting servicemembers, veterans, and military spouses, they cannot fully realize their potential if veteran entrepreneurs are unaware or taking full advantage of them. The task force is also required to meet regularly and file annual reports on a variety of topics. Unfortunately, the task force last filed an annual report in fiscal year 2015. The legislation would require the task force to report annually to Congress on the appointments made to the task force and to identify and outline a plan for outreach and promotion of programs serving veterans at SBA.

It also requires a report from the Government Accountability Office (GAO) on the credit issues related to veterans. Findings indicate a decline in veteran business ownership, yet the exact causes remain elusive. Studies have shown that veterans are more likely to be denied credit and often rely on personal savings and credit cards to launch or grow their small businesses. The legislation would direct the GAO to submit a report to Congress, to the extent practicable and upon the availability of reliable evidence, that provides a comprehensive and detailed analysis of credit issues related to military servicemembers, military spouses, veterans, reservists

who are entrepreneurs. The report would be submitted to the Senate and House Committees on Veterans Affairs and the Senate and House Committees on Small Business within a year of enactment of the legislation.

III. HEARINGS

In the 116th Congress, the Committee on Small Business held a hearing on July 10, 2019 titled “Continuing to Serve: From Military to Entrepreneur.”¹ The witnesses for the hearing were: Mr. Davy Leghorn, Assistant Director, The American Legion, Washington, DC; Mr. Scott M. Davidson CPT. USA, Retired, Managing Partner and CEO, The GCO Consulting Group, McLean, VA; Ms. Torrance Hart, Founder, Teak and Twine, LLC, Springfield, VA and; Ms. Laurie Sayles, President and CEO, Civility Management Solutions, Greenbelt, MD.

The hearing examined the role of veteran entrepreneurs in growing the economy and efforts to foster veteran entrepreneurship. One witness testified that people in rural areas feel like they are left out and don’t have access to federal resources. He added, “there are ways to connect, and one way to get the word out to veterans on the street is through social media.” Other witnesses testified that access to capital is a challenge for veteran entrepreneurs, with many veteran entrepreneurs relying on credit cards to launch a small business. Another concern raised during the hearing dealt with predatory lenders targeting veteran entrepreneurs during their transition from the military to civilian life, saddling them with loans with high interest rates and limiting their ability to grow their small business.

IV. COMMITTEE CONSIDERATION

The Committee on Small Business met in open session, with a quorum being present, on July 17, 2019, and ordered H.R. 3734 favorably reported to the House of Representatives. During the markup, no amendments were offered.

V. COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee to list the recorded votes on the motion to report legislation and amendments thereto. The Committee voted by voice vote to favorably report H.R. 3734 to the House at 11:55 A.M.

¹ *Continuing to Serve: From Military to Entrepreneur, Hearing Before the H. Comm. On Small Bus., 116th Cong. (2019).*

**COMMITTEE ON SMALL BUSINESS
TALLY SHEET**

DATE: 07-17-19
 BILL NUMBER: H.R. 3784
 ROLL CALL:
 VOTE: (AYE) (NO)

QUORUM: 13
 AMENDMENT NUMBER:

11:55
 voice vote
 reported to house

MEMBER	AYE	NO	NOT VOTING
Ms. Velázquez, Chairwoman			
Ms. Finkenauer			
Mr. Golden			
Mr. Kim			
Mr. Crow			
Ms. Davids			
Ms. Chu			
Mr. Veasey			
Mr. Evans			
Mr. Schneider			
Mr. Espaillat			
Mr. Delgado			
Ms. Houlahan			
Ms. Craig			
MR. Chabot Ranking Member			
Ms. Radewagen			
Mr. Kelly			
Mr. Balderson			
Mr. Hern			
Mr. Hagedorn			
Mr. Stauber			
Mr. Burchett			
Mr. Spano			
Mr. Joyce			
TOTALS			

On this vote there were _____ ayes and _____ nos.

VI. SECTION-BY-SECTION OF H.R. 3734

Section 1. Short title

This section designates the bill as the “Successful Entrepreneurship for Reservists and Veterans Act” or the “SERV Act.”

Section 2. Reporting requirement for the Veterans Interagency Task Force

This section amends section 32 (c) of the Small Business Act to require the Administrator to submit a report as part of the Congressional Budget Justifications that will (1) discuss the appointments made to the activities of the task force and (2) identify and outline a plan for outreach and promotion of programs.

Section 3. GAO report on access to credit

This section requires the GAO to submit a report to Congress on veterans, service-disabled veterans, Reservists, and veteran and military spouses’ ability to access credit. The report will be submitted to House and Senate Small Business Committees and the House and Senate Veterans’ Affairs Committees within one year of enactment of the Act. The report will include, to the extent practicable, an analysis of the source of credit used by covered individuals, as well as the average percentage of credit obtained from each source; the default rate for covered individuals compared to the default rate for all small businesses; the Federal lending programs that are available to provide credit to covered individuals; gaps in the availability of credit that are not filled by the Federal government or private sources; obstacles facing covered individuals in accessing credit; the extent to which deployment and other military responsibilities affect the credit history of veterans and Reservists; and the extent to which covered individuals are aware of Federal programs targeted towards helping them, and covered individuals include veterans, service-disabled veterans, Reservists, spouses of veterans, and military spouses.

VII. CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

The Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974, submitted a cost estimate for H.R. 3734 that stated enacting the legislation would not significantly increase net direct spending or budget deficits in any of the four consecutive 10-year periods beginning in 2030.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, August 16, 2019.

Hon. NYDIA M. VELÁZQUEZ,
*Chairwoman, Committee on Small Business,
House of Representatives, Washington, DC.*

DEAR MADAM CHAIRWOMAN: The Congressional Budget Office has prepared the enclosed cost estimate for 3734, the Successful Entrepreneurship for Reservists and Veterans Act. If you wish fur-

ther details on this estimate, we will be pleased to provide them. The CBO staff contact is Sofia Guo.

Sincerely,

PHILLIP L. SWAGEL,
Director.

Enclosure.

H.R. 3734 would require the Small Business Administration (SBA) to submit an annual report on the activities, appointments, and outreach efforts of the Interagency Task Force on Veterans Small Business Development. That task force currently comprises representatives appointed by SBA from federal, nonprofit and private organizations and is responsible for improving business development opportunities for veteran owned and operated small businesses. The bill also would require the Government Accountability Office (GAO) to submit a report on the availability and accessibility of credit used by such small businesses.

Using information from the Interagency Task Force on Veterans Small Business Development and GAO, CBO estimates that implementing H.R. 3734 would cost less than \$500,000 over the 2019–2024 period subject to the availability of appropriated funds. The task force has issued annual reports similar to those required by H.R. 3734 in the past.

The CBO staff contact for this estimate is Sofia Guo. The estimate was reviewed by Theresa Gullo, Assistant Director for Budget Analysis.

VIII. UNFUNDED MANDATES

H.R. 3734 contains no intergovernmental or private sector mandates as defined in the Unfunded Mandates Reform Act, Public Law No. 104–4, and would impose no costs on state, local, or tribal governments.

IX. NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX EXPENDITURES

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House, the Committee provides the following opinion and estimate with respect to new budget authority, entitlement authority, and tax expenditures. While the Committee has not received an estimate of new budget authority contained in the cost estimate prepared by the Director of the Congressional Budget Office pursuant to 402 of the Congressional Budget Act of 1974, the Committee does not believe that there will be any additional costs attributable to this legislation. H.R. 3734 does not direct new spending, but instead reallocates funding independently authorized and appropriated.

X. OVERSIGHT FINDINGS

In accordance with clause 2(b)(1) of rule X of the Rules of the House, the oversight findings and recommendations of the Committee on Small Business with respect to the subject matter contained in H.R. 3734 are incorporated into the descriptive portions of this report.

XI. STATEMENT OF CONSTITUTIONAL AUTHORITY

Pursuant to clause 7 of rule XII of the Rules of the House of Representatives, the Committee finds the authority for this legislation in Art. I, 8, cl. 3 of the Constitution of the United States.

XII. CONGRESSIONAL ACCOUNTABILITY ACT

H.R. 3734 does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of 102(b)(3) of Public Law No. 104–1.

XIII. FEDERAL ADVISORY COMMITTEE ACT STATEMENT

H.R. 3734 does not establish or authorize the establishment of any new advisory committees as that term is defined in the Federal Advisory Committee Act, 5 U.S.C. App.2.

XIV. STATEMENT OF NO EARMARKS

Pursuant to clause 9 of rule XXI, H.R. 3734 does not contain any congressional earmarks, limited tax benefits, or limited tariff benefits as defined in subsections (d), (e), or (f) of clause 9 of rule XXI of the Rules of the House.

XV. STATEMENT OF DUPLICATION OF FEDERAL PROGRAMS

Pursuant to clause 3 of rule XIII of the Rules of the House, no provision of H.R. 3734 establishes or reauthorizes a program of the federal government known to be duplicative of another federal program, a program that was included in any report from the United States Government Accountability Office pursuant to 21 of Pub. L. No. 111–139, or a program related to a program identified in the most recent catalog of federal domestic assistance.

XVI. DISCLOSURE OF DIRECTED RULEMAKINGS

Pursuant to clause 3 of rule XIII of the Rules of the House, H.R. 3734 does not direct any rulemaking.

XVII. PERFORMANCE GOALS AND OBJECTIVES

Pursuant to clause 3(c)(4) of rule XII of the Rules of the House, the Committee establishes the following performance-related goals and objectives for this legislation:

H.R. 3734 aligns current deployment practices with policies to increase access to capital for small businesses with an essential employee who was deployed as part of the National Guard or Reserve.

XVIII. CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause (E) of rule XIII of the Rules of the House, changes in existing law made by the bill, as reported, as shown as follows: existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, and existing law in which no change is proposed is shown in roman:

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (new matter is printed in italic and existing law in which no change is proposed is shown in roman):

SMALL BUSINESS ACT

* * * * *

SEC. 32. VETERANS PROGRAMS.

(a) **OFFICE OF VETERANS BUSINESS DEVELOPMENT.**—There is established in the Administration an Office of Veterans Business Development, which shall be administered by the Associate Administrator for Veterans Business Development (in this section referred to as the “Associate Administrator”) appointed under section 4(b)(1).

(b) **ASSOCIATE ADMINISTRATOR FOR VETERANS BUSINESS DEVELOPMENT.**—The Associate Administrator—

(1) shall be an appointee in the Senior Executive Service;

(2) shall be responsible for the formulation, execution, and promotion of policies and programs of the Administration that provide assistance to small business concerns owned and controlled by veterans and small business concerns owned and controlled by service-disabled veterans. The Associate Administrator shall act as an ombudsman for full consideration of veterans in all programs of the Administration; and

(3) shall report to and be responsible directly to the Administrator.

(c) **INTERAGENCY TASK FORCE.**—

(1) **ESTABLISHMENT.**—Not later than 90 days after the date of enactment of this subsection, the President shall establish an interagency task force to coordinate the efforts of Federal agencies necessary to improve capital and business development opportunities for, and ensure achievement of the pre-established Federal contracting goals for, small business concerns owned and controlled by service-disabled veterans and small business concerns owned and controlled by veterans (in this section referred to as the “task force”).

(2) **MEMBERSHIP.**—The members of the task force shall include—

(A) the Administrator, who shall serve as chairperson of the task force; and

(B) a senior level representative from—

(i) the Department of Veterans Affairs;

(ii) the Department of Defense;

(iii) the Administration (in addition to the Administrator);

(iv) the Department of Labor;

(v) the Department of the Treasury;

(vi) the General Services Administration;

(vii) the Office of Management and Budget; and

(viii) 4 representatives from a veterans service organization or military organization or association, selected by the President.

(3) DUTIES.—The task force shall—

(A) consult regularly with veterans service organizations and military organizations in performing the duties of the task force; and

(B) coordinate administrative and regulatory activities and develop proposals relating to—

(i) improving capital access and capacity of small business concerns owned and controlled by service-disabled veterans and small business concerns owned and controlled by veterans through loans, surety bonding, and franchising;

(ii) ensuring achievement of the pre-established Federal contracting goals for small business concerns owned and controlled by service-disabled veterans and small business concerns owned and controlled by veterans through expanded mentor-protégé assistance and matching such small business concerns with contracting opportunities;

(iii) increasing the integrity of certifications of status as a small business concern owned and controlled by service-disabled veterans or a small business concern owned and controlled by veterans;

(iv) reducing paperwork and administrative burdens on veterans in accessing business development and entrepreneurship opportunities;

(v) increasing and improving training and counseling services provided to small business concerns owned and controlled by veterans; and

(vi) making other improvements relating to the support for veterans business development by the Federal Government.

(4) REPORT.—*Along with the budget justification documents for the Small Business Administration submitted to Congress in connection with the budget for a fiscal year submitted under 1105 of title 31, United States Code, the Administrator shall submit a report—*

(A) discussing the appointments made to and activities of the task force; and

(B) identifying and outlining a plan for outreach and promotion of the programs and services for veterans, including Veteran Business Outreach Centers, Boots to Business, Boots to Business Reboot, Service-Disabled Entrepreneurship Development Training Program, Veteran Institute for Procurement, Women Veteran Entrepreneurship Training Program, and Veteran Women Igniting the Spirit of Entrepreneurship.

(d) PARTICIPATION IN TAP WORKSHOPS.—

(1) IN GENERAL.—The Associate Administrator shall increase veteran outreach by ensuring that Veteran Business Outreach Centers regularly participate, on a nationwide basis, in the workshops of the Transition Assistance Program of the Department of Labor.

(2) PRESENTATIONS.—In carrying out paragraph (1), a Veteran Business Outreach Center may provide grants to entities located in Transition Assistance Program locations to make presentations on the opportunities available from the Administration for recently separating or separated veterans. Each presentation under this paragraph shall include, at a minimum, a description of the entrepreneurial and business training resources available from the Administration.

(3) WRITTEN MATERIALS.—The Associate Administrator shall—

(A) create written materials that provide comprehensive information on self-employment and veterans entrepreneurship, including information on resources available from the Administration on such topics; and

(B) make the materials created under subparagraph (A) available to the Secretary of Labor for inclusion in the Transition Assistance Program manual.

(4) REPORTS.—The Associate Administrator shall submit to Congress progress reports on the implementation of this subsection.

(e) WOMEN VETERANS BUSINESS TRAINING.—The Associate Administrator shall—

(1) compile information on existing resources available to women veterans for business training, including resources for—

(A) vocational and technical education;

(B) general business skills, such as marketing and accounting; and

(C) business assistance programs targeted to women veterans; and

(2) disseminate the information compiled under paragraph (1) through Veteran Business Outreach Centers and women's business centers.

(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section—

(1) \$1,500,000 for fiscal year 2005; and

(2) \$2,000,000 for fiscal year 2006.

(g) ACCESS TO SURPLUS PROPERTY FOR VETERAN-OWNED SMALL BUSINESSES.—

(1) DEFINITIONS.—In this subsection—

(A) the term “foreign excess property” has the meaning given the term in section 102 of title 40, United States Code; and

(B) the term “state agency” has the meaning given the term, including the roles and responsibilities assigned, in section 549 of title 40, United States Code.

(2) REQUIREMENT.—The Administrator, in coordination with the Administrator of General Services, shall provide access to and manage the distribution of surplus property, and foreign excess property returned to a State for handling as surplus property, owned by the United States under chapter 7 of title 40, United States Code, to small business concerns owned and controlled by veterans (as verified by the Secretary of Veterans Affairs under section 8127 of title 38, United States Code) pursuant to a memorandum of agreement between the Adminis-

trator, the Administrator of General Services, and the head of the applicable state agency for surplus properties and in accordance with section 549 of title 40, United States Code.

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