

79 Stat. 569.  
42 USC 3201-  
3203.

SEC. 204. The Public Works and Economic Development Act of 1965 is amended by adding at the end of title VI thereof the following new section:

“ADMINISTRATION, OPERATION, AND MAINTENANCE

“SEC. 604. No Federal assistance shall be approved under this Act unless the Secretary is satisfied that the project for which Federal assistance is granted will be properly and efficiently administered, operated, and maintained.”

Approved October 11, 1967.

Public Law 90-104

AN ACT

October 11, 1967  
[S. 1862]

To amend the authorizing legislation of the Small Business Administration, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

TITLE I

Small Business Act Amendments of 1967.

SEC. 101. This title may be cited as the “Small Business Act Amendments of 1967”.

Revolving funds.  
80 Stat. 132.  
15 USC 633.

SEC. 102. Paragraph (4) of section 4(c) of the Small Business Act is amended—

- (1) by striking out “\$1,400,000,000” and inserting in lieu thereof “\$1,900,000,000”;
- (2) by striking out “\$400,000,000” and inserting in lieu thereof “\$450,000,000”;
- (3) by striking out “\$200,000,000” and inserting in lieu thereof “\$300,000,000”; and
- (4) by striking out “\$100,000,000” and inserting in lieu thereof “\$200,000,000”.

Construction loans.  
72 Stat. 388.  
15 USC 636.

SEC. 103. Paragraph (4) of section 7(a) is amended by striking out “except that a loan made for the purpose of constructing facilities may have a maturity of ten years” and inserting in lieu thereof “except that such portion of a loan made for the purpose of constructing facilities may have a maturity of fifteen years”.

Disaster loans.  
80 Stat. 1319.

SEC. 104. The subsection added to section 7 of the Small Business Act by the Disaster Relief Act of 1966 (Public Law 89-769), and designated thereby as subsection (e), is redesignated as subsection (f).

Volunteer management counselors.

SEC. 105. Subparagraph (B) of paragraph (1) of section 8(b) of the Small Business Act is amended to read as follows:

Travel expenses, etc.  
80 Stat. 1295.  
15 USC 637.

“(B) in the case of any individual or group of persons co-operating with it in furtherance of the purposes of subparagraph (A), (i) to allow such an individual or group such use of the Administration’s office facilities and related materials and services as the Administration deems appropriate; and (ii) to pay the transportation expenses and a per diem allowance in accordance with section 5703 of title 5, United States Code, to any such individual for travel and subsistence expenses incurred at the request of the Administration in connection with travel to a point more than fifty miles distant from the home of that individual in providing gratuitous services to small businessmen in furtherance of the purposes of subparagraph (A) or in connection with attendance at meetings sponsored by the Administration;”.

80 Stat. 499.

SEC. 106. Paragraph (13) of section 8(b) of the Small Business Act is amended to read as follows:

"(13) to establish such advisory boards and committees as may be necessary to achieve the purposes of this Act and of the Small Business Investment Act of 1958; to call meetings of such boards and committees from time to time; to pay the transportation expenses and a per diem allowance in accordance with section 5703 of title 5, United States Code, to the members of such boards and committees for travel and subsistence expenses incurred at the request of the Administration in connection with travel to points more than fifty miles distant from the homes of such members in attending the meetings of such boards and committees; and to rent temporarily, within the District of Columbia or elsewhere, such hotel or other accommodations as are needed to facilitate the conduct of such meetings; and".

SEC. 107. Section 8(b) of the Small Business Act is amended—

(1) by striking out "and" at the end of paragraph (13);

(2) by striking out the period at the end of paragraph (14), by inserting "; and" in lieu thereof, and by adding the following new paragraph:

"(15) to disseminate, without regard to the provisions of section 4154 of title 39, United States Code, data and information, in such form as it shall deem appropriate, to public agencies, private organizations, and the general public."

SEC. 108. The subsection added to section 402 of the Economic Opportunity Act of 1964 by section 405 of the Economic Opportunity Amendments of 1966 (Public Law 89-794), and designated thereby as subsection (b), is redesignated as subsection (c).

## TITLE II

SEC. 201. This title may be cited as the "Small Business Investment Act Amendments of 1967".

SEC. 202. Section 301(c) of the Small Business Investment Act of 1958 is amended to read as follows:

"(c) The articles of incorporation and amendments thereto shall be forwarded to the Administration for consideration and approval or disapproval. In determining whether to approve such a company's articles of incorporation and permit it to operate under the provisions of this Act, the Administration shall give due regard, among other things, to the need and availability for the financing of small business concerns in the geographic area in which the proposed company is to commence business, the general business reputation and character of the proposed owners and management of the company, and the probability of successful operations of such company including adequate profitability and financial soundness. After consideration of all relevant factors, if it approves the company's articles of incorporation, the Administration may in its discretion approve the company to operate under the provisions of this Act and issue the company a license for such operation."

SEC. 203. (a) Section 302(a) of the Small Business Investment Act of 1958 is amended to read as follows:

"SEC. 302. (a) Each company authorized to operate under this Act shall have a combined private paid-in capital and paid-in surplus in an amount (1) not less than \$150,000, and (2) adequate to assure a reasonable prospect that the company will be operated soundly and profitably, and managed actively and prudently in accordance with its articles of incorporation."

(b) The heading of section 302 of such Act is amended to read as follows: "CAPITAL REQUIREMENTS".

Advisory boards.  
72 Stat. 391.  
15 USC 637.

72 Stat. 689.  
15 USC 661 note.

80 Stat. 499.

Information,  
dissemination.  
74 Stat. 661.

80 Stat. 1465.  
42 USC 2902.

Small Business  
Investment Act  
Amendments of  
1967.

Articles of  
incorporation,  
Criteria for  
approval.  
72 Stat. 691.  
15 USC 681.

Capital and  
surplus, mini-  
mum require-  
ments.  
15 USC 682.

(c) The description of section 302 in the table of contents of such Act is amended to read as follows:

"Sec. 302. Capital requirements."

SEC. 204. Section 302(b) of the Small Business Investment Act of 1958 is amended by striking "except that in no event shall any such bank hold shares in small business investment companies in an amount aggregating more than 2 percent of its capital and surplus." and inserting "except that in no event may any such bank acquire shares in any small business investment company if, upon the making of that acquisition,

"(1) the aggregate amount of shares in small business investment companies then held by the bank would exceed 5 percent of its capital and surplus, or

"(2) the bank would hold 50 percent or more of any class of equity securities issued by that investment company and having actual or potential voting rights."

SEC. 205. Section 303(b) of the Small Business Investment Act of 1958 is amended to read as follows:

"(b) To encourage the formation and growth of small business investment companies the Administration is authorized (but only to the extent that the necessary funds are not available to the company involved from private sources on reasonable terms) to purchase, either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate basis, the debentures of any such company. Debentures purchased by the Administration under this subsection shall be subordinate to any other debenture bonds, promissory notes, or other debts and obligations of such companies, unless the Administration in its exercise of reasonable investment prudence and in considering the financial soundness of such company determines otherwise. Such debentures may be issued for a term of not to exceed fifteen years and shall bear interest at a rate not less than a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities on such debentures, adjusted to the nearest one-eighth of 1 per centum, plus such additional charge, if any, toward covering other costs of the program as the Administration may determine to be consistent with its purposes. The debentures shall also contain such other terms as the Administration may fix, and shall be subject to the following restrictions and limitations:

"(1) The total amount of debentures purchased and outstanding at any one time from a company which does not qualify under the terms of paragraph (2) of this subsection, shall not exceed 200 percent of the combined paid-in capital and paid-in surplus of such company. In no event shall the debentures of any such company purchased and outstanding under this paragraph exceed \$7,500,000.

"(2) The total amount of debentures which may be purchased and outstanding at any one time from a company which (A) has a combined paid-in capital and paid-in surplus of \$1,000,000 or more and (B) has investments or legally binding commitments of 65 percent or more of its total funds available for investment in small business concerns invested or committed in venture capital, shall not exceed \$2,000,000 plus 300 percent of that portion of the company's paid-in capital and paid-in surplus which exceeds \$1,000,000. In no event shall the debentures of any such company purchased and outstanding under this paragraph exceed \$10,000,000. Such additional purchases which the Administration makes under this paragraph shall contain conditions to insure

Bank ownership  
of stock.  
72 Stat. 692;  
75 Stat. 752.

Purchase of  
debentures.  
78 Stat. 146.  
15 USC 683.

Term; interest  
rate.

Restrictions.

appropriate maintenance by the company receiving such assistance of the described ratio during the period in which debentures under this paragraph are outstanding.

“(3) Outstanding amounts of financial assistance provided to a company by the Administration prior to the effective date of the Small Business Investment Act Amendments of 1967 shall be deducted from the maximum amount of debentures which the Administration would otherwise be authorized to purchase under this subsection.

*Post, p. 272.*

For purposes of this subsection, the term ‘venture capital’ includes such common stock, preferred stock, or other financing with subordination or nonamortization characteristics as the Administration determines to be substantially similar to equity financing.”

“Venture capital.”

SEC. 206. Section 304(c) of the Small Business Investment Act of 1958 is repealed.

Repeal.

74 Stat. 196.

15 USC 684.

SEC. 207. Section 306 of the Small Business Investment Act of 1958 is amended to read as follows:

Obligations and commitments, limitations.

78 Stat. 146.

15 USC 686.

“SEC. 306. (a) Without the approval of the Administration, the aggregate amount of obligations and securities acquired and for which commitments may be issued by any small business investment company under the provisions of this Act for any single enterprise shall not exceed 20 percent of the combined paid-in capital and paid-in surplus of such company.

“(b) For the purpose of this section, the combined paid-in capital and paid-in surplus of any company licensed prior to January 1, 1968, shall consist of (1) the paid-in capital and paid-in surplus of such company and (2) the following portions of the funds outstanding from the Administration through the issuance of subordinated debentures as of the effective date of the Small Business Investment Act Amendments of 1967, or on January 1 of each of the following calendar years, whichever is less: (A) 100 percent, during 1968; (B) 75 percent, during 1969; (C) 50 percent, during 1970; (D) 25 percent, during 1971; and (E) zero, during 1972 and thereafter.

*Post, p. 272.*

“(c) With respect to obligations or securities acquired prior to the effective date of the Small Business Investment Act Amendments of 1967, and with respect to legally binding commitments issued prior to such date, the provisions of this section as in effect immediately prior to such effective date shall continue to apply.”

SEC. 208. Section 310(b) of the Small Business Investment Act of 1958 is amended by adding after the first sentence thereof the following new sentence: “Each such company shall be examined at least once each year, except that the Administrator may waive examination in the case of a company whose operations have been suspended by reason of the fact that the company is involved in litigation or is in receivership.”

Examinations.

80 Stat. 1360.

15 USC 687b.

SEC. 209. The first sentence of section 401(a) of the Small Business Investment Act of 1958 is amended by striking out “that are (1) eligible for loans under section 7(b) (3) of the Small Business Act, or (2) eligible for loans under title IV of the Economic Opportunity Act of 1964.”

Lease guarantees.

79 Stat. 482.

15 USC 692.

15 USC 636.

42 USC 2901-2907.

SEC. 210. Section 308(g) of the Small Business Investment Act of 1958 is amended (1) by inserting the paragraph designation “(1)” after “(g)”; and (2) by adding the following new subparagraph:

Annual report, contents.

80 Stat. 1359.

15 USC 687.

“(2) In its annual report for the year ending December 31, 1967, and in each succeeding annual report made pursuant to section 10(a) of the Small Business Act, the Administration shall include full and detailed accounts relative to the following matters:

“(A) The Administration’s recommendations with respect to the feasibility and organization of a small business capital bank

to encourage private financing of small business investment companies to replace Government financing of such companies.

“(B) The Administration’s plans to insure the provision of small business investment company financing to all areas of the country and to all eligible small business concerns including steps taken to accomplish same.

“(C) Steps taken by the Administration to maximize recoupment of Government funds incident to the inauguration and administration of the small business investment company program and to insure compliance with statutory and regulatory standards relating thereto.

“(d) An accounting by the Bureau of the Budget with respect to Federal expenditures to business by executive agencies, specifying the proportion of said expenditures going to business concerns falling above and below small business size standards applicable to small business investment companies.

“(E) An accounting by the Treasury Department with respect to tax revenues accruing to the Government from business concerns, incorporated and unincorporated, specifying the source of such revenues by concerns falling above and below the small business size standards applicable to small business investment companies.

“(F) An accounting by the Treasury Department with respect to both tax losses and increased tax revenues related to small business investment company financing of both individual and corporate business taxpayers.

“(G) Recommendations of the Treasury Department with respect to additional tax incentives to improve and facilitate the operations of small business investment companies and to encourage the use of their financing facilities by eligible small business concerns.

“(H) A report from the Securities and Exchange Commission enumerating actions undertaken by that agency to simplify and minimize the regulatory requirements governing small business investment companies under the Federal securities laws and to eliminate overlapping regulation and jurisdiction as between the Securities and Exchange Commission, the Administration, and other agencies of the executive branch.

“(I) A report from the Securities and Exchange Commission with respect to actions taken to facilitate and stabilize the access of small business concerns to the securities markets.

“(J) Actions undertaken by the Securities and Exchange Commission to simplify compliance by small business investment companies with the requirements of the Investment Company Act of 1940 and to facilitate the election to be taxed as regulated investment companies pursuant to section 851 of the Internal Revenue Code of 1954.”

SEC. 211. The effective date of this title shall be ninety days after enactment, except that, with respect to section 207, it shall be January 1, 1968.

### TITLE III

SEC. 301. This title may be cited as the “Small Business Protection Act of 1967”.

SEC. 302. The Administrator of the Small Business Administration shall conduct a special study of the impact on small business concerns of robbery, burglary, shoplifting, vandalism, and other criminal activities, with a view to determining ways in which such concerns may best protect themselves against such activities.

54 Stat. 789.  
15 USC 80a-1  
et seq.  
68A Stat. 268.  
26 USC 851.  
Effective date.

Small Business  
Protection Act  
of 1967.

**SEC. 303.** The Administrator shall report to the President and to the Congress the results of the study conducted pursuant to this title, including such recommendations as he may deem appropriate for administrative and legislative action, within one year after the date of enactment of this title.

Report to  
President and  
Congress.

Approved October 11, 1967.

Public Law 90-105

AN ACT

October 11, 1967  
[S. 1320]

To provide for the acquisition of career status by certain temporary employees of the Federal Government, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That (a) subchapter I of chapter 33 of title 5, United States Code, is amended by inserting immediately after section 3304 the following new section:

Federal em-  
ployees, career  
status.  
80 Stat. 418.

**“§ 3304a. Competitive service; career appointment after 3 years’ temporary service**

“(a) An individual serving in a position in the competitive service under an indefinite appointment or a temporary appointment pending establishment of a register (other than an individual serving under an overseas limited appointment, in the postal field service, or in GS-16, GS-17, or GS-18) acquires competitive status and is entitled to have his appointment converted to a career appointment, without condition, when—

“(1) he completes, without break in service of more than 30 days, a total of at least 3 years of service in such a position;

“(2) he passes a suitable noncompetitive examination;

“(3) the appointing authority (A) recommends to the Civil Service Commission that the appointment of the individual be converted to a career appointment and (B) certifies to the Commission that the work performance of the individual for the past 12 months has been satisfactory; and

“(4) he meets Commission qualification requirements for the position and is otherwise eligible for career appointment.

“(b) The employing agency shall terminate the appointment of an individual serving in a position in the competitive service under an indefinite or temporary appointment described in subsection (a) of this section, not later than 90 days after he has completed the 3-year period referred to in subsection (a) (1) of this section, if, prior to the close of such 90-day period, such individual has not met the requirements and conditions of subparagraphs (2) to (4), inclusive, of subsection (a) of this section.

“(c) In computing years of service under subsection (a) (1) of this section for an individual who leaves a position in the competitive service to enter the armed forces and is reemployed in such a position within 120 days after separation under honorable conditions, the period from the date he leaves his position to the date he is reemployed is included.

“(d) The Civil Service Commission may prescribe regulations necessary for the administration of this section.”

(b) The analysis of subchapter I of chapter 33 of title 5, United States Code, is amended by adding the following new item immediately below item 3304:

“3304a. Competitive service; career appointment after 3 years’ temporary service.”