

108TH CONGRESS  
1ST SESSION

# H. R. 1712

To amend the Small Business Act to establish a development program for small business concerns owned and controlled by qualified service-disabled veterans, to reauthorize the programs of the National Veterans Business Development Corporation, to establish a Government-wide procurement goal for small business concerns owned and controlled by veterans, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 10, 2003

Mr. EVANS (for himself, Mr. FILNER, Mr. MICHAUD, and Ms. HOOLEY of Oregon) introduced the following bill; which was referred to the Committee on Small Business

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## A BILL

To amend the Small Business Act to establish a development program for small business concerns owned and controlled by qualified service-disabled veterans, to reauthorize the programs of the National Veterans Business Development Corporation, to establish a Government-wide procurement goal for small business concerns owned and controlled by veterans, and for other purposes.

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

1 **SECTION 1. SHORT TITLE.**

2       This Act may be cited as the “Veterans Federal Pro-  
3 curement Opportunity Act of 2003”.

4 **SEC. 2. DEVELOPMENT PROGRAM FOR SMALL BUSINESS**

5                   **CONCERNS OWNED AND CONTROLLED BY**

6                   **QUALIFIED SERVICE-DISABLED VETERANS.**

7       (a) ESTABLISHMENT OF PROGRAM.—The Small  
8 Business Act (15 U.S.C. 631 et seq.) is amended by redes-  
9 ignating section 36 as section 37 and by inserting after  
10 section 35 the following new section:

11 **“SEC. 36. DEVELOPMENT PROGRAM FOR SMALL BUSINESS**

12                   **CONCERNS OWNED AND CONTROLLED BY**

13                   **QUALIFIED SERVICE-DISABLED VETERANS.**

14       “(a) IN GENERAL.—In accordance with this section,  
15 the Administrator shall establish a development program  
16 for small business concerns owned and controlled by quali-  
17 fied service-disabled veterans. The program established  
18 under this section shall be similar to the program de-  
19 scribed in sections 7(j) and 8(a).

20       “(b) ASSISTANCE AND SERVICES; RULES.—The pro-  
21 gram established under this section shall provide assist-  
22 ance and services, and be governed by rules, similar to  
23 the assistance and services provided under, and rules de-  
24 scribed in, subsections (a)(20) and (j) of section 7 and  
25 section 8(a).

26       “(c) DEFINITIONS.—For purposes of this section:

1           “(1) QUALIFIED SERVICE-DISABLED VET-  
2 ERAN.—The term ‘qualified service-disabled veteran’  
3 means a service-disabled veteran who is economically  
4 disadvantaged within the meaning of section 8(a)(6),  
5 except that, solely for purposes of determining per-  
6 sonal income under this section, no amount received  
7 by such veteran by reason of such veteran’s service-  
8 connected disability or service as a member of the  
9 Armed Forces shall be taken into account in deter-  
10 mining whether such veteran is economically dis-  
11 advantaged.

12           “(2) SMALL BUSINESS CONCERN OWNED AND  
13 CONTROLLED BY QUALIFIED SERVICE-DISABLED  
14 VETERANS.—The term ‘small business concern  
15 owned and controlled by qualified service-disabled  
16 veterans’ has the meaning given the term ‘small  
17 business concern owned and controlled by service-  
18 disabled veterans’ in section 3(q)(2), except that  
19 ‘qualified service-disabled veteran’ shall be sub-  
20 stituted for ‘service-disabled veteran’.”.

21           (b) CONFORMING AMENDMENT.—Section  
22 16(d)(1)(B) of the Small Business Act (15 U.S.C.  
23 645(d)(1)(B)) is amended by inserting “or 36” after “sec-  
24 tion 8(a)”.

1 **SEC. 3. REAUTHORIZATION OF PROGRAMS OF THE NA-**  
 2 **TIONAL VETERANS BUSINESS DEVELOPMENT**  
 3 **CORPORATION AND THE ADVISORY COM-**  
 4 **MITTEE ON VETERANS AFFAIRS.**

5 (a) REAUTHORIZATION OF PROGRAMS OF NATIONAL  
 6 VETERANS BUSINESS DEVELOPMENT CORPORATION.—

7 Subsection (k) of section 33 of the Small Business Act  
 8 (15 U.S.C. 657c(k)) is amended by striking paragraphs  
 9 (1) and (2) and inserting the following new paragraphs:

10 “(1) IN GENERAL.—Subject to paragraph (2),  
 11 there are authorized to be appropriated to the Cor-  
 12 poration to carry out this section—

13 “(A) \$2,000,000 for each of fiscal years  
 14 2003 and 2004; and

15 “(B) \$1,000,000 for each of fiscal years  
 16 2005 and 2006.

17 “(2) MATCHING REQUIREMENT.—The amount  
 18 made available to the Corporation for any fiscal year  
 19 may not exceed the amount that the Corporation  
 20 certifies that it will provide for that fiscal year from  
 21 sources other than the Federal Government.”.

22 (b) NATIONAL VETERANS BUSINESS DEVELOPMENT  
 23 CORPORATION REPORTS.—Subsection (g) of section 33 of  
 24 the Small Business Act (15 U.S.C. 657c(g)) is amended  
 25 to read as follows:

26 “(g) REPORTS.—

1           “(1) ANNUAL REPORT.—On or before October  
2           1 of each year, the Board of Directors shall transmit  
3           to the President, the Committees on Veterans Af-  
4           fairs of the House of Representatives and of the  
5           Senate, the Committee on Small Business of the  
6           House of Representatives, and the Committee on  
7           Small Business and Entrepreneurship of the Senate  
8           a report describing the activities and accomplish-  
9           ments of the Corporation for the preceding year.  
10          Such report shall include—

11                 “(A) the Corporation’s findings regarding  
12                 the efforts of Federal, State, and private orga-  
13                 nizations to assist veterans in the formation  
14                 and expansion of small business concerns;

15                 “(B) a description of the progress made by  
16                 the Corporation during such year in achieving  
17                 its specified annual performance goals and ob-  
18                 jectives; and

19                 “(C) any revisions to annual performance  
20                 goals or indicators required to achieve specified  
21                 strategic goals and objectives.

22          “(2) 5-YEAR STRATEGIC PLAN.—On or before  
23          October 1, 2003, and every 5 years thereafter, the  
24          Board of Directors shall transmit to the President,  
25          the Committees on Veterans Affairs of the House of

1 Representatives and of the Senate, the Committee  
2 on Small Business of the House of Representatives,  
3 and the Committee on Small Business and Entrepre-  
4 neurship of the Senate a report describing the stra-  
5 tegic objectives of the Corporation for the 5-year pe-  
6 riod beginning on such date. Such report shall in-  
7 clude—

8 “(A) a comprehensive mission statement  
9 covering the major functions and operations of  
10 the Corporation;

11 “(B) the general outcome related strategic  
12 goals and objectives for each of the major func-  
13 tions and operations of the Corporation;

14 “(C) a description of the means and strate-  
15 gies, addressing both financial and non-finan-  
16 cial resources, to be employed by the Corpora-  
17 tion to achieve those specified strategic goals  
18 and objectives;

19 “(D) a description of the annual output  
20 and outcome related performance strategies,  
21 with associated performance goals and indica-  
22 tors, to be employed by the Corporation to help  
23 achieve the general goals and objectives con-  
24 tained in the strategic plan;

1           “(E) an identification of key factors that  
2           could affect the achievement of the Corpora-  
3           tions general goals and objectives; and

4           “(F) a description of the program evalua-  
5           tions and performance indicators to be used by  
6           the Corporation to assess its achievement of  
7           strategic and annual performance goals and ob-  
8           jectives.

9           “(3) 5-YEAR BUSINESS PLAN.—On or before  
10          October 1, 2003, and every 5 years thereafter, the  
11          Board of Directors shall transmit to the President,  
12          the Committees on Veterans Affairs of the House of  
13          Representatives and of the Senate, the Committee  
14          on Small Business of the House of Representatives,  
15          and the Committee on Small Business and Entrepre-  
16          neurship of the Senate a report describing the finan-  
17          cial objectives of the Corporation for the 5-year pe-  
18          riod beginning on such date. Such report shall in-  
19          clude a description of the specific plans to be imple-  
20          mented to achieve such objectives and the require-  
21          ments of paragraphs (2) and (3) of subsection (k)  
22          and to provide for the long-term financial viability of  
23          the Corporation.

24          “(4) AUDITED FINANCIAL STATEMENTS.—On  
25          or before October 1, 2003, and every 2 years there-

1 after, the Board of Directors shall transmit to the  
 2 President, the Committees on Veterans Affairs of  
 3 the House of Representatives and of the Senate, the  
 4 Committee on Small Business of the House of Rep-  
 5 resentatives, and the Committee on Small Business  
 6 and Entrepreneurship of the Senate an audited fi-  
 7 nancial statement of the Corporation. Such state-  
 8 ment shall be prepared by an independent external  
 9 auditor and shall be conducted in accordance with  
 10 generally accepted government auditing standards.”.

11 (c) ADVISORY COMMITTEE ON VETERANS BUSINESS  
 12 AFFAIRS.—Subsection (h) of section 203 of the Veterans  
 13 Entrepreneurship and Small Business Development Act of  
 14 1999 is amended by striking “2004” and inserting  
 15 “2009”.

16 **SEC. 4. ESTABLISHMENT OF GOVERNMENT-WIDE PRO-**  
 17 **CUREMENT GOAL FOR SMALL BUSINESS CON-**  
 18 **CERNS OWNED AND CONTROLLED BY VET-**  
 19 **ERANS; AUTHORIZATION OF RESTRICTED**  
 20 **COMPETITION TO ACHIEVE GOALS; ETC.**

21 (a) IN GENERAL.—Section 15(g) of the Small Busi-  
 22 ness Act (15 U.S.C. 644(g)) is amended to read as follows:

23 “(g) GOVERNMENT-WIDE AND AGENCY SMALL BUSI-  
 24 NESS PROCUREMENT GOALS.—



1           “(1) ESTABLISHMENT BY PRESIDENT OF GOV-  
2           ERNMENT-WIDE GOALS.—The President shall annu-  
3           ally establish Government-wide goals for procure-  
4           ment contracts awarded to each specified category of  
5           small business concerns.

6           “(2) SMALL BUSINESS CONCERNS.—The Gov-  
7           ernment-wide goal for participation by small busi-  
8           ness concerns in prime contracts or applicable sub-  
9           contracts shall be established at not less than 28  
10          percent of the total value of all prime contract  
11          awards for each fiscal year.

12          “(3) SMALL BUSINESS CONCERNS OWNED AND  
13          CONTROLLED BY VETERANS.—The Government-wide  
14          goal for participation by small business concerns  
15          owned and controlled by veterans in prime contracts  
16          or applicable subcontracts shall be established at not  
17          less than 3 percent of the total value of all prime  
18          contract awards for each fiscal year.

19          “(4) SMALL BUSINESS CONCERNS OWNED AND  
20          CONTROLLED BY SERVICE-DISABLED VETERANS.—  
21          The Government-wide goal for participation by small  
22          business concerns owned and controlled by service-  
23          disabled veterans in prime contracts or applicable  
24          subcontracts shall be established at not less than 3

1 percent of the total value of all prime contract  
2 awards for each fiscal year.

3 “(5) QUALIFIED HUBZONE SMALL BUSINESS  
4 CONCERNS.—The Government-wide goal for partici-  
5 pation by qualified HUBZone small business con-  
6 cerns in prime contracts or applicable subcontracts  
7 shall be established at not less than 3 percent of the  
8 total value of all prime contract awards for each fis-  
9 cal year.

10 “(6) SMALL BUSINESS CONCERNS OWNED AND  
11 CONTROLLED BY SOCIALLY AND ECONOMICALLY DIS-  
12 ADVANTAGED INDIVIDUALS.—The Government-wide  
13 goal for participation by small business concerns  
14 owned and controlled by socially and economically  
15 disadvantaged individuals in prime contracts or ap-  
16 plicable subcontracts shall be established at not less  
17 than 5 percent of the total value of all prime con-  
18 tract awards for each fiscal year.

19 “(7) SMALL BUSINESS CONCERNS OWNED AND  
20 CONTROLLED BY WOMEN.—The Government-wide  
21 goal for participation by small business concerns  
22 owned and controlled by women in prime contracts  
23 or applicable subcontracts shall be established at not  
24 less than 5 percent of the total value of all prime  
25 contract awards for each fiscal year.

1 “(8) AGENCY GOALS.—

2 “(A) IN GENERAL.—Each Federal agency  
3 shall have annual goals that present, for that  
4 agency, the maximum practicable opportunity  
5 for each specified category of small business  
6 concerns to perform prime contracts let by such  
7 agency and subcontracts under such prime con-  
8 tracts.

9 “(B) NOT LESS THAN GOVERNMENT-WIDE  
10 GOALS.—No Federal agency may have an agen-  
11 cy goal under subparagraph (A) which is less  
12 than the corresponding Government-wide goal  
13 established by the President under paragraph  
14 (1).

15 “(C) PROCEDURE FOR ESTABLISHMENT.—  
16 Each year, the Administration and the head of  
17 each Federal agency shall jointly establish the  
18 goals described in subparagraph (A) for such  
19 agency. Whenever the Administration and the  
20 head of any Federal agency fail to agree on es-  
21 tablished goals, the disagreement shall be sub-  
22 mitted to the Administrator of the Office of  
23 Federal Procurement Policy for final deter-  
24 mination.

1           “(D) EXPANSION OF PARTICIPATION.—For  
2           the purpose of establishing goals under this  
3           paragraph, the head of each Federal agency  
4           shall make consistent efforts to annually expand  
5           participation by small business concerns from  
6           each industry category in procurement con-  
7           tracts of the agency, including participation by  
8           each specified category of small business con-  
9           cerns. The head of each Federal agency, in at-  
10          tempting to attain such participation, shall con-  
11          sider—

12                   “(i) contracts awarded as the result of  
13                   unrestricted competition;

14                   “(ii) contracts awarded as the result  
15                   of restricted competition under this section  
16                   and under the programs established under  
17                   sections 8(a), 31, and 36; and

18                   “(iii) subcontracts awarded pursuant  
19                   to subcontracting plans required under  
20                   paragraphs (4) or (5) of section 8(d).

21          “(9) DOUBLE COUNTING PROHIBITED.—In the  
22          case of a small business concern that is part of more  
23          than 1 specified subcategory of small business con-  
24          cerns, with respect to any prime contract or sub-  
25          contract awarded to such concern, a Federal agency

1 shall treat such concern as part of only 1 such speci-  
2 fied subcategory for purposes of this subsection.

3 “(10) RESTRICTION ON USE OF FUNDS IN CASE  
4 OF FAILURE TO ACHIEVE GOALS.—

5 “(A) IN GENERAL.—In the case of fiscal  
6 year 2004 and each fiscal year thereafter, if an  
7 agency fails to meet the Government-wide goal  
8 established under this subsection for such fiscal  
9 year with respect to any specified subcategory  
10 of small business concerns, the applicable  
11 amount of any amounts appropriated or other-  
12 wise made available to such agency for the fol-  
13 lowing fiscal year shall be used only for—

14 “(i) procurements under any prime  
15 contract awarded to such specified sub-  
16 category of small business concerns, and

17 “(ii) that portion of procurements  
18 under any prime contract (with respect to  
19 which a subcontracting plan is required  
20 under paragraph (4) or (5)) which is at-  
21 tributable to the goal for the utilization as  
22 subcontractors of such specified sub-  
23 category of small business concerns under  
24 such plan.

1           “(B) APPLICABLE AMOUNT.—For purposes  
2 of this paragraph, the term ‘applicable amount’  
3 means, with respect to any agency that fails to  
4 meet a Government-wide goal for a fiscal year  
5 with respect to any specified subcategory of  
6 small business concerns, the applicable percent-  
7 age for such fiscal year of the total value of all  
8 prime contract awards made by such agency for  
9 such fiscal year.

10           “(C) APPLICABLE PERCENTAGE.—For  
11 purposes of this paragraph:

12           “(i) IN GENERAL.—Except as pro-  
13 vided in clause (ii), the term ‘applicable  
14 percentage’ means, with respect to any  
15 specified subcategory of small business  
16 concerns, the Government-wide percentage  
17 goal for participation by such specified  
18 subcategory of small business concerns for  
19 the fiscal year.

20           “(ii) TRANSITION RULES.—In the  
21 case of fiscal years 2004 through 2008:

22           “(I) 3 PERCENT GOALS.—With  
23 respect to small business concerns  
24 owned and controlled by veterans,  
25 small business concerns owned and

1 controlled by service-disabled veterans,  
 2 and qualified HUBZone small busi-  
 3 ness concerns, the applicable percent-  
 4 age shall be determined in accordance  
 5 with the following table:

<b>“In the case of fiscal year:</b>	<b>The applicable percentage is:</b>
2004 .....	0.5%
2005 .....	1%
2006 .....	1.5%
2007 .....	2%
2008 .....	2.5%.

6 “(II) 5 PERCENT GOALS.—With  
 7 respect to small business concerns  
 8 owned and controlled by socially and  
 9 economically disadvantaged individ-  
 10 uals and small business concerns  
 11 owned and controlled by women, the  
 12 applicable percentage shall be deter-  
 13 mined in accordance with the fol-  
 14 lowing table:

<b>“In the case of fiscal year:</b>	<b>The applicable percentage is:</b>
2004 .....	1%
2005 .....	2%
2006 .....	3%
2007 .....	4%
2008 .....	5%.

15 “(11) RESTRICTED COMPETITION TO ACHIEVE  
 16 GOALS.—

17 “(A) IN GENERAL.—In accordance with  
 18 this paragraph, a contracting officer may re-

1 strict competition for any contract for the pro-  
2 curement of goods or services by the Federal  
3 Government to any specified category of small  
4 business concerns, if—

5 “(i) the contracting officer has a rea-  
6 sonable expectation that two or more small  
7 business concerns of such category will  
8 submit offers for the contract;

9 “(ii) the anticipated award price of  
10 the contract (including options) does not  
11 exceed the simplified acquisition threshold;

12 “(iii) in the estimation of the con-  
13 tracting officer, the contract award can be  
14 made at a fair and reasonable price;

15 “(iv) the award of such contract to a  
16 small business concern of such category  
17 will not result in the agency exceeding the  
18 greater of the Government-wide goal or the  
19 agency goal under this subsection with re-  
20 spect to such category; and

21 “(v) each of the concerns—

22 “(I) is certified by the Adminis-  
23 trator or any person or entity ap-  
24 proved by the Administrator as a



1 small business concern of such cat-  
2 egory; or

3 “(II) certifies to the contracting  
4 officer that it is a small business con-  
5 cern of such category and provides  
6 adequate documentation, in accord-  
7 ance with standards established by the  
8 Administration, to support such cer-  
9 tification.

10 “(B) RELATIONSHIP TO OTHER CON-  
11 TRACTING PREFERENCES.—A procurement  
12 shall not be made from a source on the basis  
13 of a preference provided in subparagraph (A),  
14 if the procurement would otherwise be made  
15 from a different source under section 4124 or  
16 4125 of title 18, United States Code, or the  
17 Javits-Wagner-O’Day Act (41 U.S.C. 46 et  
18 seq.).

19 “(C) VERIFICATION OF ELIGIBILITY.—In  
20 carrying out this paragraph, the Administrator  
21 shall establish procedures relating to—

22 “(i) the filing, investigation, and dis-  
23 position by the Administration of any chal-  
24 lenge to the eligibility of a small business  
25 concern to receive assistance under this

1 paragraph (including a challenge, filed by  
2 an interested party, relating to the veracity  
3 of a certification referred to in subpara-  
4 graph (A)(v)); and

5 “(ii) verification by the Administrator  
6 of the accuracy of any certification made  
7 or information provided under subpara-  
8 graph (A)(v).

9 “(D) EXAMINATIONS.—The procedures es-  
10 tablished under subparagraph (C) may provide  
11 for program examinations (including random  
12 program examinations) by the Administrator of  
13 any small business concern certified under sub-  
14 paragraph (A)(v).

15 “(E) PROVISION OF DATA.—Upon the re-  
16 quest of the Administrator, the head of any  
17 Federal agency shall promptly provide to the  
18 Administrator such information as the Adminis-  
19 trator determines to be necessary to carry out  
20 this paragraph.

21 “(F) PENALTIES.—In addition to the pen-  
22 alties described in section 16(d), any small busi-  
23 ness concern that is determined by the Admin-  
24 istrator to have misrepresented the status of  
25 that concern as part of a specified category of

1 small business concerns for purposes of this  
2 paragraph shall be subject to—

3 “(i) section 1001 of title 18, United  
4 States Code; and

5 “(ii) sections 3729 through 3733 of  
6 title 31, United States Code.

7 “(G) CONTRACTING OFFICER.—For pur-  
8 poses of this paragraph, the term ‘contracting  
9 officer’ has the meaning given such term in sec-  
10 tion 27(f)(5) of the Office of Federal Procure-  
11 ment Policy Act (41 U.S.C. 423(f)(5)).

12 “(12) APPLICABLE SUBCONTRACTS.—For pur-  
13 poses of this subsection, the term ‘applicable sub-  
14 contract’ means any subcontract under a contract  
15 that is subject to the requirements of paragraph (4)  
16 or (5) of section 8(d).”.

17 (b) CONFORMING AMENDMENTS.—Section 15(h)(2)  
18 of the Small Business Act (15 U.S.C. 644(h)(2)) is  
19 amended by striking subparagraphs (D), (E), and (F),  
20 and inserting the following new subparagraphs:

21 “(D) The total number and dollar value of  
22 prime contracts awarded to each specified category  
23 of small business concerns through—

24 “(i) noncompetitive negotiation;

1 “(ii) competition restricted to such speci-  
2 fied category; and

3 “(iii) unrestricted competition.

4 “(E) The total number and dollar value of ap-  
5 plicable subcontracts (as defined in subsection  
6 (g)(12)) awarded to each specified category of small  
7 business concerns.

8 “(F) The information described in subpara-  
9 graphs (D) and (E) stated separately with respect to  
10 each agency.”.

11 **SEC. 5. REQUIREMENTS RELATED TO SUBCONTRACTING**  
12 **PLANS.**

13 (a) FACTORS FOR EVALUATING OFFERS.—Subpara-  
14 graph (G) of section 8(d)(4) of the Small Business Act  
15 (15 U.S.C. 637(d)(4)) is amended to read as follows:

16 “(G) In the case of any contract that is awarded pur-  
17 suant to the negotiated method of procurement, the fol-  
18 lowing shall be treated as significant factors for purposes  
19 of evaluating offers for any such contract:

20 “(i) A factor that is based on the extent to  
21 which the subcontracting plan for small business  
22 participation in the performance of the contract ex-  
23 ceeds the requirement described in paragraph  
24 (6)(A).

1           “(ii) A factor that is based on the extent to  
2           which the subcontracting plan provides for the use  
3           of small business concerns with respect to which the  
4           contractor is serving as a mentor under a mentoring  
5           program established by the agency.

6           “(iii) A factor that is based on the extent to  
7           which the offeror attained applicable goals for small  
8           business participation in the performance of past  
9           and current contracts.”.

10          (b) MINIMUM GOAL.—Subparagraph (A) of section  
11          8(d)(6) of the Small Business Act (15 U.S.C. 637(d)(6))  
12          is amended to read as follows:

13               “(A) percentage goals for the utilization as sub-  
14               contractors of each specified category of small busi-  
15               ness concerns (determined in accordance with the re-  
16               quirement of section 15(g)(9)), which goal for the  
17               utilization of small business concerns shall be not  
18               less than the percentage goal established under sec-  
19               tion 15(g)(2);”.

20          (c) REQUIRED PENALTY FOR MATERIAL BREACH.—  
21          Paragraph (8) of section 8(d) of the Small Business Act  
22          (15 U.S.C. 637(d)(8)) is amended by adding at the end  
23          the following: “If a contracting officer finds the prime con-  
24          tractor or any subcontractor to be in material breach  
25          under this paragraph, such prime contractor shall pay a

1 penalty in an amount determined by such officer, except  
2 that such penalty shall not be less than 10 percent of the  
3 total dollar value of the contract under which the prime  
4 contractor or subcontractor is in material breach. Rules  
5 similar to the rules of paragraph (4)(F)(ii) shall apply for  
6 purposes of the preceding sentence. Notwithstanding any  
7 other provision of law, the amount of any penalty collected  
8 under this paragraph shall be paid over to the agency that  
9 let the contract and may be retained and used by such  
10 agency for any operating expense of the agency.”.

11 **SEC. 6. DEFINITIONS.**

12 (a) SERVICE-DISABLED VETERAN.—

13 (1) IN GENERAL.—Paragraph (1) of section  
14 3(q) of the Small Business Act (15 U.S.C.  
15 632(q)(1)) is amended to read as follows:

16 “(1) SERVICE-DISABLED VETERAN.—The term  
17 ‘service-disabled veteran’ means any veteran with a  
18 disability that is—

19 “(A) service-connected (as defined in sec-  
20 tion 101(16) of title 38, United States Code);  
21 and

22 “(B) rated at 10 percent or more disabling  
23 by the Secretary of Veterans Affairs or, in the  
24 case of a disability not rated by the Secretary  
25 of Veterans Affairs, by the Secretary concerned

1 (as defined in section 101(25) of title 38,  
2 United States Code).”.

3 (2) TRANSITION RULE.—A small business con-  
4 cern that is receiving assistance under this Act (or  
5 if fully approved to receive such assistance) on the  
6 date of the enactment of this Act shall not cease to  
7 qualify for such assistance solely because of the  
8 amendment made by paragraph (1). The preceding  
9 sentence shall not make such concern eligible for any  
10 other assistance.

11 (b) SPECIFIED CATEGORIES AND SUBCATEGORIES OF  
12 SMALL BUSINESS CONCERNS.—Section 3 of the Small  
13 Business Act (15 U.S.C. 632) is amended by adding at  
14 the end the following new subsections:

15 “(r) SPECIFIED CATEGORY OF SMALL BUSINESS  
16 CONCERNS.—For purposes of this Act, each of following  
17 is a specified category of small business concerns:

18 “(1) Small business concerns owned and con-  
19 trolled by veterans.

20 “(2) Small business concerns owned and con-  
21 trolled by service-disabled veterans.

22 “(3) Qualified HUBZone small business con-  
23 cerns.

1           “(4) Small business concerns owned and con-  
2           trolled by socially and economically disadvantaged  
3           individuals.

4           “(5) Small business concerns owned and con-  
5           trolled by women.

6           “(6) Small business concerns.

7           “(s) SPECIFIED SUBCATEGORIES OF SMALL BUSI-  
8           NESS CONCERNS.—For purposes of this Act, each speci-  
9           fied category of small business concerns described in para-  
10          graphs (1) through (5) of subsection (r) is a specified sub-  
11          category of small business concerns.”.

12   **SEC. 7. UNIFORM APPLICATION OF DEFINITIONS OF SPECI-**  
13                   **FIED CATEGORIES AND SUBCATEGORIES OF**  
14                   **SMALL BUSINESS CONCERNS.**

15          (a) IN GENERAL.—

16               (1) Section 8(d)(1) of the Small Business Act  
17               (15 U.S.C. 637(d)(1)) is amended—

18                   (A) in the first sentence, by striking “small  
19                   business concerns” the first place it appears  
20                   and all that follows through “women,” and in-  
21                   serting “each specified category of small busi-  
22                   ness concerns”; and

23                   (B) in the second sentence, by striking  
24                   “small business concerns” the first place it ap-  
25                   pears and all that follows through “women”



1           and inserting “each specified category of small  
2           business concerns”.

3           (2) Paragraphs (4)(D), (4)(E), (6)(C), (6)(F),  
4           and (10)(B) of section 8(d) of the Small Business  
5           Act (15 U.S.C. 637(d)) are each amended by strik-  
6           ing “small business concerns” the first place it ap-  
7           pears and all that follows through “women” and in-  
8           serting “each specified category of small business  
9           concerns”.

10          (3) Paragraphs (1) and (2)(A) of section 15(h)  
11          of the Small Business Act (15 U.S.C. 644(h)) are  
12          each amended by striking “small business concerns”  
13          the first place it appears and all that follows  
14          through “women” and inserting “each specified cat-  
15          egory of small business concerns”.

16          (4) Section 16(d)(1) of the Small Business Act  
17          (15 U.S.C. 645(d)(1)) is amended by striking “as a  
18          ‘small business concern’” and all that follows  
19          through “women’,” and inserting “as being part of  
20          any specified category of small business concerns”.

21          (5) Section 16(e) of the Small Business Act (15  
22          U.S.C. 645(e)) is amended by striking “as a ‘small  
23          business concern’” and all that follows through  
24          “women’” and inserting “as being part of any speci-  
25          fied category of small business concerns”.

1 (b) APPLICATION TO CONTRACT CLAUSES.—

2 (1) IN GENERAL.—Section 8(d)(3) of the Small  
3 Business Act (15 U.S.C. 637(d)(3)) is amended—

4 (A) in the first and second sentences of  
5 subparagraph (A), by striking “small business  
6 concerns” the first place it appears in each sen-  
7 tence and all that follows through “women” and  
8 inserting “each specified category of small busi-  
9 ness concerns”;

10 (B) by striking subparagraphs (C), (D),  
11 (E), (F), and (G); and

12 (C) by inserting after subparagraph (B)  
13 the following new subparagraphs:

14 “(C) As used in this contract, the term  
15 ‘specified category of small business concerns’  
16 has the meaning given such term pursuant to  
17 section 3 of the Small Business Act and rel-  
18 evant regulations promulgated thereto.

19 “(D) The contractor shall presume that so-  
20 cially and economically disadvantaged individ-  
21 uals include Black Americans, Hispanic Ameri-  
22 cans, Native Americans, Asian Pacific Ameri-  
23 cans, other minorities, and any other individual  
24 found to be disadvantaged by the Administra-

1           tion pursuant to section 8(a) of the Small Busi-  
2           ness Act.

3           “(E) Contractors acting in good faith may  
4           rely on written representations by their sub-  
5           contractors regarding their status as being part  
6           of any specified category of small business con-  
7           cerns.”.

8           (2) DEFINITION OF SMALL BUSINESS CONCERN  
9           OWNED AND CONTROLLED BY SOCIALLY AND ECO-  
10          NOMICALLY DISADVANTAGED INDIVIDUALS.—Section  
11          3 of the Small Business Act (15 U.S.C. 632) is fur-  
12          ther amended by adding at the end the following  
13          new subsection:

14          “(t) SMALL BUSINESS CONCERN OWNED AND CON-  
15          TROLLED BY SOCIALLY AND ECONOMICALLY DISADVAN-  
16          TAGED INDIVIDUALS.—For purposes of this Act:

17                 “(1) IN GENERAL.—The term ‘small business  
18                 concern owned and controlled by socially and eco-  
19                 nomically disadvantaged individuals’ means a small  
20                 business concern—

21                         “(A) which is at least 51 percent owned by  
22                         one or more socially and economically disadvan-  
23                         taged individuals; or, in the case of any publicly  
24                         owned business, at least 51 percent of the stock

1 of which is owned by one or more socially and  
2 economically disadvantaged individuals; and

3 “(B) whose management and daily busi-  
4 ness operations are controlled by one or more of  
5 such individuals.”.

6 “(2) APPLICATION OF DEFINITION BY PERSONS  
7 OTHER THAN THE ADMINISTRATION.—Any indi-  
8 vidual or entity (other than the Administration)  
9 shall presume for purposes of carrying out any pro-  
10 gram that socially and economically disadvantaged  
11 individuals include Black Americans, Hispanic  
12 Americans, Native Americans, Asian Pacific Ameri-  
13 cans, other minorities, and any other individual  
14 found to be disadvantaged by the Administration  
15 pursuant to section 8(a).”.

16 (3) TREATMENT OF REFERENCES TO DEFINI-  
17 TIONS.—Any reference in a law, regulation, or other  
18 document of the United States to the meaning or  
19 definition given to the term “small business concern  
20 owned and controlled by socially and economically  
21 disadvantaged individuals”, “small business concern  
22 owned and controlled by women”, “small business  
23 concern owned and controlled by veterans”, or  
24 “qualified HUBZone small business concern” in sec-  
25 tion 8(d)(3) of the Small Business Act (15 U.S.C.

1       637(d)(3)) (as in effect on the day before the date  
2       of the enactment of this Act) shall be treated as a  
3       reference to the meaning or definition given such  
4       term in section 3 of the Small Business Act (as  
5       amended by this Act).

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