

108TH CONGRESS  
1ST SESSION

# S. 1255

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

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## IN THE SENATE OF THE UNITED STATES

JUNE 12, 2003

Mr. KERRY (for himself, Mr. ENSIGN, Mr. JEFFORDS, Mr. BINGAMAN, Ms. LANDRIEU, Mr. LEAHY, Mr. MILLER, Mr. CRAIG, and Ms. STABENOW) introduced the following bill; which was read twice and referred to the Committee on Small Business and Entrepreneurship

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## A BILL

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

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

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “National Small Busi-  
5       ness Regulatory Assistance Act of 2003”.

1 **SEC. 2. PURPOSE.**

2 The purpose of this Act is to establish a 4-year pilot  
3 program to—

4 (1) provide confidential assistance to small  
5 business concerns;

6 (2) provide small business concerns with the in-  
7 formation necessary to improve their rate of compli-  
8 ance with Federal and State regulations derived  
9 from Federal law;

10 (3) create a partnership among Federal agen-  
11 cies to increase outreach efforts to small business  
12 concerns with respect to regulatory compliance;

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

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

20 **SEC. 3. SMALL BUSINESS REGULATORY ASSISTANCE PILOT**  
21 **PROGRAM.**

22 (a) DEFINITIONS.—In this section, the following defi-  
23 nitions shall apply:

24 (1) ADMINISTRATOR.—The term “Adminis-  
25 trator” means the Administrator of the Small Busi-  
26 ness Administration, acting through the Associate

1 Administrator for Small Business Development Cen-  
2 ters.

3 (2) ASSOCIATION.—The term “Association”  
4 means the association, established pursuant to sec-  
5 tion 21(a)(3)(A) of the Small Business Act (15  
6 U.S.C. 648(a)(3)(A)), representing a majority of  
7 Small Business Development Centers.

8 (3) PARTICIPATING SMALL BUSINESS DEVELOP-  
9 MENT CENTER.—The term “participating Small  
10 Business Development Center” means a Small Busi-  
11 ness Development Center participating in the pilot  
12 program established under this Act.

13 (4) REGULATORY COMPLIANCE ASSISTANCE.—  
14 The term “regulatory compliance assistance” means  
15 assistance provided by a Small Business Develop-  
16 ment Center to a small business concern to facilitate  
17 the concern in complying with Federal and State  
18 regulatory requirements derived from Federal law.

19 (5) SMALL BUSINESS DEVELOPMENT CEN-  
20 TER.—The term “Small Business Development Cen-  
21 ter” means a Small Business Development Center  
22 described in section 21 of the Small Business Act  
23 (15 U.S.C. 648).

24 (6) STATE.—The term “State” means each of  
25 the several States, the District of Columbia, the

1 Commonwealth of Puerto Rico, the Virgin Islands,  
2 American Samoa, and Guam.

3 (b) AUTHORITY.—In accordance with this section,  
4 the Administrator shall establish a pilot program to pro-  
5 vide regulatory compliance assistance to small business  
6 concerns through participating Small Business Develop-  
7 ment Centers.

8 (c) SMALL BUSINESS DEVELOPMENT CENTERS.—

9 (1) IN GENERAL.—In carrying out the pilot  
10 program established under this section, the Adminis-  
11 trator shall enter into arrangements with partici-  
12 pating Small Business Development Centers under  
13 which such centers will—

14 (A) provide access to information and re-  
15 sources, including current Federal and State  
16 nonpunitive compliance and technical assistance  
17 programs similar to those established under  
18 section 507 of the Clean Air Act Amendments  
19 of 1990 (42 U.S.C. 7661f);

20 (B) conduct training and educational ac-  
21 tivities;

22 (C) offer confidential, free-of-charge, one-  
23 on-one, in-depth counseling to the owners and  
24 operators of small business concerns regarding  
25 compliance with Federal and State regulations

1 derived from Federal law, provided that such  
2 counseling is not considered to be the practice  
3 of law in a State in which a Small Business  
4 Development Center is located or in which such  
5 counseling is conducted;

6 (D) provide technical assistance;

7 (E) give referrals to experts and other pro-  
8 viders of compliance assistance who meet such  
9 standards for educational, technical, and profes-  
10 sional competency as are established by the Ad-  
11 ministrator; and

12 (F) form partnerships with Federal compli-  
13 ance programs.

14 (2) REPORTS.—Each participating Small Busi-  
15 ness Development Center shall transmit to the Ad-  
16 ministrator and the Chief Counsel for Advocacy of  
17 the Small Business Administration, as the Adminis-  
18 trator may direct, a quarterly report that includes—

19 (A) a summary of the regulatory compli-  
20 ance assistance provided by the center under  
21 the pilot program;

22 (B) the number of small business concerns  
23 assisted under the pilot program; and

24 (C) for every fourth report, any regulatory  
25 compliance information based on Federal law

1           that a Federal or State agency has provided to  
2           the center during the preceding year and re-  
3           quested that it be disseminated to small busi-  
4           ness concerns.

5           (d) ELIGIBILITY.—A Small Business Development  
6 Center shall be eligible to receive assistance under the  
7 pilot program established under this section only if such  
8 center is certified under section 21(k)(2) of the Small  
9 Business Act (15 U.S.C. 648(k)(2)).

10          (e) SELECTION OF PARTICIPATING STATE PRO-  
11 GRAMS.—

12           (1) IN GENERAL.—In consultation with the As-  
13 sociation and giving substantial weight to the rec-  
14 ommendations of the Association, the Administrator  
15 shall select the Small Business Development Center  
16 programs of 2 States from each of the following  
17 groups of States to participate in the pilot program  
18 established under this section:

19           (A) Group 1: Maine, Massachusetts, New  
20 Hampshire, Connecticut, Vermont, and Rhode  
21 Island.

22           (B) Group 2: New York, New Jersey,  
23 Puerto Rico, and the Virgin Islands.

1 (C) Group 3: Pennsylvania, Maryland,  
 2 West Virginia, Virginia, the District of Colum-  
 3 bia, and Delaware.

4 (D) Group 4: Georgia, Alabama, North  
 5 Carolina, South Carolina, Mississippi, Florida,  
 6 Kentucky, and Tennessee.

7 (E) Group 5: Illinois, Ohio, Michigan, Indi-  
 8 ana, Wisconsin, and Minnesota.

9 (F) Group 6: Texas, New Mexico, Arkan-  
 10 sas, Oklahoma, and Louisiana.

11 (G) Group 7: Missouri, Iowa, Nebraska,  
 12 and Kansas.

13 (H) Group 8: Colorado, Wyoming, North  
 14 Dakota, South Dakota, Montana, and Utah.

15 (I) Group 9: California, Guam, American  
 16 Samoa, Hawaii, Nevada, and Arizona.

17 (J) Group 10: Washington, Alaska, Idaho,  
 18 and Oregon.

19 (2) DEADLINE FOR SELECTION.—The Adminis-  
 20 trator shall make selections under this subsection  
 21 not later than 60 days after publication of final reg-  
 22 ulations under section 4 of this Act.

23 (f) MATCHING NOT REQUIRED.—Subparagraphs (A)  
 24 and (B) of section 21(a)(4) of the Small Business Act (15  
 25 U.S.C. 648(a)(4)) shall not apply to assistance made

1 available under the pilot program established under this  
2 section.

3 (g) GRANT AMOUNTS.—Each State program selected  
4 to receive a grant under subsection (e) shall be eligible  
5 to receive a grant in an amount—

6 (1) not less than \$150,000 per fiscal year; and

7 (2) not to exceed \$300,000 per fiscal year.

8 (h) EVALUATION AND REPORT.—Not later than 30  
9 months after the disbursement of the first grant under  
10 the pilot program, the General Accounting Office shall—

11 (1) initiate an evaluation of the pilot program;

12 and

13 (2) within 6 months of the initiation of the  
14 evaluation under paragraph (1), transmit, to the Ad-  
15 ministrator, the Committee on Small Business and  
16 Entrepreneurship of the Senate, and the Committee  
17 on Small Business of the House of Representatives,  
18 a report containing—

19 (A) the results of the evaluation under  
20 paragraph (1); and

21 (B) any recommendations as to whether  
22 the pilot program, with or without modification,  
23 should be extended to include the participation  
24 of all Small Business Development Centers.

25 (i) AUTHORIZATION OF APPROPRIATIONS.—



1           (1) IN GENERAL.—There are authorized to be  
2       appropriated to carry out this section—

3           (A) \$5,000,000 for the fiscal year begin-  
4       ning after the date of enactment of this Act;  
5       and

6           (B) \$5,000,000 for each of the 3 fiscal  
7       years following the fiscal year authorized under  
8       subparagraph (A).

9           (2) LIMITATION ON USE OF OTHER FUNDS.—  
10      The Administrator may carry out the pilot program  
11      only with amounts appropriated in advance specifi-  
12      cally to carry out this section.

13      (j) TERMINATION.—The authorization to carry out  
14      the Small Business Regulatory Assistance Pilot Program  
15      established under this section shall terminate 4 years after  
16      the disbursement of the first grant.

17   **SEC. 4. PROMULGATION OF REGULATIONS.**

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

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

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

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

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

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

15 **SEC. 5. PRIVACY REQUIREMENTS APPLICABLE TO SMALL**  
16 **BUSINESS DEVELOPMENT CENTERS.**

17          (a) Section 21(c) of the Small Business Act (15  
18 U.S.C. 648(c)) is amended by adding at the end the fol-  
19 lowing:

20               “(9) PRIVACY REQUIREMENTS.—

21               “(A) IN GENERAL.—No Small Business  
22               Development Center, consortium of Small Busi-  
23               ness Development Centers, or contractor or  
24               agent of a Small Business Development Center  
25               shall disclose the name, street, address, or tele-

1 phone number of any individual or small busi-  
2 ness concern receiving assistance under this  
3 section without the consent of such individual  
4 or small business concern, except that—

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

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

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

20 “(C) ADMINISTRATION USE OF INFORMA-  
21 TION.—This section shall not be interpreted  
22 to—

23 “(i) restrict Administration access to  
24 program activity data; or

1                   “(ii) prevent the Administration from  
2                   using client information (other than the in-  
3                   formation listed in subparagraph (A)) to  
4                   conduct client surveys.”.

5           (b) EFFECTIVE DATE.—This section shall take effect  
6 30 days after the date of enactment of this Act.

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