

110TH CONGRESS
1ST SESSION

S. 1005

To amend the Small Business Act to improve programs for veterans, and
for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 28, 2007

Mr. KERRY (for himself, Mr. HAGEL, Mr. CARDIN, Mr. PRYOR, and Mr. TESTER) introduced the following bill; which was read twice and referred to the Committee on Small Business and Entrepreneurship

A BILL

To amend the Small Business Act to improve programs
for 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,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Military Reservist and
5 Veteran Small Business Reauthorization Act of 2007”.

6 **SEC. 2. DEFINITIONS.**

7 In this Act—

8 (1) the term “activated” means receiving an
9 order placing a Reservist on active duty;

1 (2) the term “active duty” has the meaning
2 given that term in section 101 of title 10, United
3 States Code;

4 (3) the terms “Administration” and “Adminis-
5 trator” mean the Small Business Administration
6 and the Administrator thereof, respectively;

7 (4) the term “Reservist” means a member of a
8 reserve component of the Armed Forces, as de-
9 scribed in section 10101 of title 10, United States
10 Code;

11 (5) the term “Service Corps of Retired Execu-
12 tives” means the Service Corps of Retired Execu-
13 tives authorized by section 8(b)(1) of the Small
14 Business Act (15 U.S.C. 637(b)(1));

15 (6) the terms “service-disabled veteran” and
16 “small business concern” have the meanings given
17 those terms in section 3 of the Small Business Act
18 (15 U.S.C. 632);

19 (7) the term “small business development cen-
20 ter” means a small business development center de-
21 scribed in section 21 of the Small Business Act (15
22 U.S.C. 648); and

23 (8) the term “women’s business center” means
24 a women’s business center described in section 29 of
25 the Small Business Act (15 U.S.C. 656).

1 **TITLE I—MILITARY RESERVIST**
2 **LOANS**

3 **SEC. 101. GRANT ASSISTANCE FOR MILITARY RESERVISTS’**
4 **SMALL BUSINESSES.**

5 (a) AUTHORIZATION OF GRANTS.—Section
6 7(b)(3)(B) of the Small Business Act (15 U.S.C.
7 636(b)(3)(B)) is amended by inserting “or grants” after
8 “or a deferred basis”).

9 (b) GRANT SPECIFICATIONS.—Section 7(b)(3) of the
10 Small Business Act (15 U.S.C. 636(b)(3)) is amended by
11 inserting after subparagraph (F) the following:

12 “(G) Grants made under subparagraph
13 (B)—

14 “(i) may be awarded in addition to
15 any loan made under subparagraph (B);

16 “(ii) shall not exceed \$25,000; and

17 “(iii) shall be made only to a small
18 business concern—

19 “(I) that provides a business plan
20 demonstrating viability for not less
21 than 3 years after the date of the ap-
22 plication for that grant;

23 “(II) with 10 or fewer employees;
24 and

1 “(III) that has not received a
2 grant under subparagraph (B) during
3 the 2-year period ending on the date
4 of the application for that grant.”.

5 (c) AUTHORIZATION OF APPROPRIATIONS.—Section
6 20(e)(2) of the Small Business Act (15 U.S.C. 631 note)
7 is amended by inserting after subparagraph (B) the fol-
8 lowing:

9 “(C) GRANT ASSISTANCE FOR MILITARY
10 RESERVISTS’ SMALL BUSINESSES.—There are
11 authorized to be appropriated for grants under
12 section 7(b)(3)(B)—

13 “(i) \$5,000,000 for the first fiscal
14 year beginning after the date of enactment
15 of the Military Reservist and Veteran
16 Small Business Reauthorization Act of
17 2007; and

18 “(ii) \$5,000,000 for each of the 2 fis-
19 cal years following the fiscal year described
20 in clause (i).”.

21 **SEC. 102. NONCOLLATERALIZED LOANS.**

22 Section 7(b)(3) of the Small Business Act (15 U.S.C.
23 636(b)(3)) is amended by inserting after subparagraph
24 (G), as added by this Act, the following:

1 “(H)(i) Notwithstanding any other provi-
 2 sion of law, the Administrator may make a loan
 3 under this paragraph of not more than
 4 \$100,000 without collateral.

5 “(ii) The Administrator may defer pay-
 6 ment of principal and interest on a loan de-
 7 scribed in clause (i) during the longer of—

8 “(I) the 1-year period beginning on
 9 the date of the initial disbursement of the
 10 loan; and

11 “(II) the period during which the rel-
 12 evant essential employee is on active
 13 duty.”.

14 **SEC. 103. APPLICATION PERIOD.**

15 Section 7(b)(3)(C) of the Small Business Act (15
 16 U.S.C. 636(b)(3)(C)) is amended by striking “90 days”
 17 and inserting “1 year”.

18 **SEC. 104. PREAPPROVAL PROCESS.**

19 (a) DEFINITION.—In this section, the term “eligible
 20 Reservist” means a Reservist who—

21 (1) has not been ordered to active duty;

22 (2) expects to be ordered to active duty during
 23 a period of military conflict (as that term is defined
 24 in section 7(n)(1) of the Small Business Act (15
 25 U.S.C. 636(n)(1)); and

1 (3) can reasonably demonstrate that the small
2 business concern for which that Reservist is a key
3 employee will suffer economic injury in the absence
4 of that Reservist.

5 (b) ESTABLISHMENT.—Not later than 6 months after
6 the date of enactment of this Act, the Administrator shall
7 establish a preapproval process, under which—

8 (1) the Administrator may approve a loan or
9 grant to a small business concern under section
10 7(b)(3) of the Small Business Act (15 U.S.C.
11 636(b)(3)), as amended by this Act, before an eligi-
12 ble Reservist employed by that small business con-
13 cern is activated; and

14 (2) the Administrator shall distribute funds for
15 any loan or grant approved under paragraph (1) if
16 that eligible Reservist is activated.

17 **SEC. 105. OUTREACH AND TECHNICAL ASSISTANCE PRO-**
18 **GRAM.**

19 (a) IN GENERAL.—Not later than 6 months after the
20 date of enactment of this Act, the Administrator, in con-
21 sultation with the Secretary of Veterans Affairs and the
22 Secretary of Defense, shall develop a comprehensive out-
23 reach and technical assistance program (in this section re-
24 ferred to as the “program”) to—

1 (1) market the loans and grants available under
2 section 7(b)(3) of the Small Business Act (15 U.S.C.
3 636(b)(3)), as amended by this Act, to Reservists,
4 and family members of Reservists, that are on active
5 duty and that are not on active duty; and

6 (2) provide technical assistance to a small busi-
7 ness concern applying for a loan or grant under that
8 section.

9 (b) COMPONENTS.—The program shall—

10 (1) incorporate appropriate websites maintained
11 by the Administration, the Department of Veterans
12 Affairs, and the Department of Defense; and

13 (2) require that information on the program is
14 made available to small business concerns directly
15 through—

16 (A) the district offices and resource part-
17 ners of the Administration, including small
18 business development centers, women’s business
19 centers, and the Service Corps of Retired Ex-
20 ecutives; and

21 (B) other Federal agencies, including the
22 Department of Veterans Affairs and the De-
23 partment of Defense.

24 (c) REPORT.—

1 (1) IN GENERAL.—Not later than 6 months
2 after the date of enactment of this Act, and every
3 6 months thereafter until the date that is 30 months
4 after such date of enactment, the Administrator
5 shall submit to Congress a report on the status of
6 the program.

7 (2) CONTENTS.—Each report submitted under
8 paragraph (1) shall include—

9 (A) for the 6-month period before the date
10 of that report—

11 (i) the number of loans and grants
12 approved under section 7(b)(3) of the
13 Small Business Act (15 U.S.C. 636(b)(3)),
14 as amended by this Act;

15 (ii) the number of loans and grants
16 disbursed under that section; and

17 (iii) the total amount disbursed under
18 that section; and

19 (B) recommendations, if any, to make the
20 program more effective in serving small busi-
21 ness concerns that employ Reservists.

1 **TITLE II—NATIONAL RESERVIST**
2 **ENTERPRISE TRANSITION**
3 **AND SUSTAINABILITY**

4 **SEC. 201. SHORT TITLE.**

5 This title may be cited as the “National Reservist
6 Enterprise Transition and Sustainability Act of 2007”.

7 **SEC. 202. PURPOSE.**

8 The purpose of this title is to establish a program
9 to—

10 (1) provide managerial, financial, planning, de-
11 velopment, technical, and regulatory assistance to
12 small business concerns owned and operated by Re-
13 servists;

14 (2) provide managerial, financial, planning, de-
15 velopment, technical, and regulatory assistance to
16 the temporary heads of small business concerns
17 owned and operated by Reservists;

18 (3) create a partnership between the Small
19 Business Administration, the Department of De-
20 fense, and the Department of Veterans Affairs to as-
21 sist small business concerns owned and operated by
22 Reservists;

23 (4) utilize the service delivery network of small
24 business development centers, women’s business cen-
25 ters, Veterans Business Outreach Centers, and cen-

1 ters operated by the National Veterans Business De-
 2 velopment Corporation to expand the access of small
 3 business concerns owned and operated by Reservists
 4 to programs providing business management, devel-
 5 opment, financial, procurement, technical, regu-
 6 latory, and marketing assistance;

7 (5) utilize the service delivery network of small
 8 business development centers, women’s business cen-
 9 ters, Veterans Business Outreach Centers, and cen-
 10 ters operated by the National Veterans Business De-
 11 velopment Corporation to quickly respond to an acti-
 12 vation of Reservists that own and operate small
 13 business concerns; and

14 (6) utilize the service delivery network of small
 15 business development centers, women’s business cen-
 16 ters, Veterans Business Outreach Centers, and cen-
 17 ters operated by the National Veterans Business De-
 18 velopment Corporation to assist Reservists that own
 19 and operate small business concerns in preparing for
 20 future military activations.

21 **SEC. 203. NATIONAL GUARD AND RESERVE BUSINESS AS-**
 22 **SISTANCE.**

23 (a) IN GENERAL.—Section 21(a)(1) of the Small
 24 Business Act (15 U.S.C. 648(a)(1)) is amended by insert-
 25 ing “any small business development center, women’s

1 business center, Veterans Business Outreach Center, or
 2 center operated by the National Veterans Business Devel-
 3 opment Corporation providing enterprise transition and
 4 sustainability assistance to Reservists under section 37,”
 5 after “any women’s business center operating pursuant to
 6 section 29,”.

7 (b) PROGRAM.—The Small Business Act (15 U.S.C.
 8 631 et seq.) is amended—

9 (1) by redesignating section 37 (15 U.S.C. 631
 10 note) as section 38; and

11 (2) by inserting after section 36 the following:

12 **“SEC. 37. RESERVIST ENTERPRISE TRANSITION AND SUS-**
 13 **TAINABILITY.**

14 “(a) IN GENERAL.—The Administrator shall estab-
 15 lish a program to provide business planning assistance to
 16 small business concerns owned and operated by Reservists.

17 “(b) DEFINITIONS.—In this section—

18 “(1) the terms ‘activated’ and ‘activation’ mean
 19 having received an order placing a Reservists on ac-
 20 tive duty, as defined by section 101(1) of title 10,
 21 United States Code;

22 “(2) the term ‘Administrator’ means the Ad-
 23 ministrator of the Small Business Administration,
 24 acting through the Associate Administrator for
 25 Small Business Development Centers;

1 “(3) the term ‘Association’ means the associa-
2 tion established under section 21(a)(3)(A);

3 “(4) the term ‘eligible applicant’ means—

4 “(A) a small business development center
5 that is accredited under section 21(k);

6 “(B) a women’s business center;

7 “(C) a Veterans Business Outreach Center
8 that receives funds from the Office of Veterans
9 Business Development; or

10 “(D) an information and assistance center
11 operated by the National Veterans Business
12 Development Corporation under section 33;

13 “(5) the term ‘enterprise transition and sus-
14 tainability assistance’ means assistance provided by
15 an eligible applicant to a small business concern
16 owned and operated by a Reservist, who has been
17 activated or is likely to be activated in the next 12
18 months, to develop and implement a business strat-
19 egy for the period while the owner is on active duty
20 and 6 months after the date of the return of the
21 owner;

22 “(6) the term ‘Reservists’ means any person
23 who is—

1 “(A) a member of a reserve component of
2 the Armed Forces, as defined by section 10101
3 of title 10, United States Code; and

4 “(B) on active status, as defined by section
5 101(d)(4) of title 10, United States Code;

6 “(7) the term ‘small business development cen-
7 ter’ means a small business development center as
8 described in section 21 of the Small Business Act
9 (15 U.S.C. 648);

10 “(8) the term ‘State’ means each of the several
11 States of the United States, the District of Colum-
12 bia, the Commonwealth of Puerto Rico, the Virgin
13 Islands, American Samoa, and Guam; and

14 “(9) the term ‘women’s business center’ means
15 a women’s business center described in section 29 of
16 the Small Business Act (15 U.S.C. 656).

17 “(c) **AUTHORITY.**—The Administrator may award
18 grants, in accordance with the regulations developed under
19 subsection (d), to eligible applicants to assist small busi-
20 ness concerns owned and operated by Reservists by—

21 “(1) providing management, development, fi-
22 nancing, procurement, technical, regulatory, and
23 marketing assistance;

1 “(2) providing access to information and re-
2 sources, including Federal and State business assist-
3 ance programs;

4 “(3) distributing contact information provided
5 by the Department of Defense regarding activated
6 Reservists to corresponding State directors;

7 “(4) offering free, one-on-one, in-depth coun-
8 seling regarding management, development, financ-
9 ing, procurement, regulations, and marketing;

10 “(5) assisting in developing a long-term plan
11 for possible future activation; and

12 “(6) providing enterprise transition and sus-
13 tainability assistance.

14 “(d) RULEMAKING.—

15 “(1) IN GENERAL.—The Administrator, in con-
16 sultation with the Association and after notice and
17 an opportunity for comment, shall promulgate regu-
18 lations to carry out this section.

19 “(2) DEADLINE.—The Administrator shall pro-
20 mulgate final regulations not later than 180 days of
21 the date of enactment of the Military Reservist and
22 Veteran Small Business Reauthorization Act of
23 2007.

1 “(3) CONTENTS.—The regulations developed by
2 the Administrator under this subsection shall estab-
3 lish—

4 “(A) procedures for identifying, in con-
5 sultation with the Secretary of Defense, States
6 that have had a recent activation of Reservists;

7 “(B) priorities for the types of assistance
8 to be provided under the program authorized by
9 this section;

10 “(C) standards relating to educational,
11 technical, and support services to be provided
12 by a grantee;

13 “(D) standards relating to any national
14 service delivery and support function to be pro-
15 vided by a grantee;

16 “(E) standards relating to any work plan
17 that the Administrator may require a grantee
18 to develop; and

19 “(F) standards relating to the educational,
20 technical, and professional competency of any
21 expert or other assistance provider to whom a
22 small business concern may be referred for as-
23 sistance by a grantee.

24 “(e) APPLICATION.—

1 “(1) IN GENERAL.—Each eligible applicant de-
 2 siring a grant under this section shall submit an ap-
 3 plication to the Administrator at such time, in such
 4 manner, and accompanied by such information as
 5 the Administrator may reasonably require.

6 “(2) CONTENTS.—Each application submitted
 7 under paragraph (1) shall describe—

8 “(A) the activities for which the applicant
 9 seeks assistance under this section; and

10 “(B) how the applicant plans to allocate
 11 funds within its network.

12 “(3) MATCHING NOT REQUIRED.—Subpara-
 13 graphs (A) and (B) of section 21(a)(4), requiring
 14 matching funds, shall not apply to grants awarded
 15 under this section.

16 “(f) AWARD OF GRANTS.—

17 “(1) DEADLINE.—The Administrator shall
 18 award grants not later than 60 days after the pro-
 19 mulgation of final rules and regulations under sub-
 20 section (d).

21 “(2) AMOUNT.—Each eligible applicant award-
 22 ed a grant under this section shall receive a grant
 23 in an amount—

24 “(A) not less than \$150,000 per fiscal
 25 year; and

1 “(B) not greater than \$500,000 per fiscal
2 year.

3 “(g) REPORT.—

4 “(1) IN GENERAL.—The Comptroller General of
5 the United States shall—

6 “(A) initiate an evaluation of the program
7 not later than 30 months after the disburse-
8 ment of the first grant under this section; and

9 “(B) submit a report not later than 6
10 months after the initiation of the evaluation
11 under paragraph (1) to—

12 “(i) the Administrator;

13 “(ii) the Committee on Small Busi-
14 ness and Entrepreneurship of the Senate;
15 and

16 “(iii) the Committee on Small Busi-
17 ness of the House of Representatives.

18 “(2) CONTENTS.—The report under paragraph
19 (1) shall—

20 “(A) address the results of the evaluation
21 conducted under paragraph (1); and

22 “(B) recommend changes to law, if any,
23 that it believes would be necessary or advisable
24 to achieve the goals of this section.

25 “(h) 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 first fiscal year
4 beginning after the date of enactment of the
5 Military Reservist and Veteran Small Business
6 Reauthorization Act of 2007; and

7 “(B) \$5,000,000 for each of the 3 fiscal
8 years following the fiscal year described in sub-
9 paragraph (A).

10 “(2) LIMITATION ON USE OF OTHER FUNDS.—
11 The Administrator may carry out the program au-
12 thorized by this section only with amounts appro-
13 priated in advance specifically to carry out this sec-
14 tion.”.

15 **TITLE III—VETERAN** 16 **ENTREPRENEUR LOANS**

17 **SEC. 301. AUTHORIZATION.**

18 The first sentence of section 7(a) of the Small Busi-
19 ness Act (15 U.S.C. 636) is amended by inserting “new
20 veteran entrepreneurs under paragraph (32) and” and
21 after “loans to any qualified small business concern, in-
22 cluding”.

1 **SEC. 302. SPECIFICATIONS.**

2 Section 7(a) of the Small Business Act (15 U.S.C.
3 636(a)) is amended by adding after paragraph (31) the
4 following:

5 “(32) VETERAN ENTREPRENEUR LOANS.—Each
6 loan to a new veteran entrepreneur under this sub-
7 section shall—

8 “(A) be made directly to the new veteran
9 entrepreneur;

10 “(B) not exceed \$100,000; and

11 “(C) be made at the same interest rate as
12 loans made under the second proviso of the un-
13 numbered paragraph of subsection (b).”.

14 **SEC. 303. DEFINITIONS.**

15 Section 3(q) of the Small Business Act (15 U.S.C.
16 632(q)) is amended by adding after paragraph (4) the fol-
17 lowing:

18 “(5) NEW VETERAN ENTREPRENEUR.—The
19 term ‘new veteran entrepreneur’ means a person
20 who—

21 “(A) is a veteran;

22 “(B) is establishing a new small business
23 concern or established a new small business
24 concern during the 6-month period ending on
25 the date of the request for a loan; and

1 “(C) does not own or control any other
2 business.”.

3 **TITLE IV—OTHER PROVISIONS**

4 **SEC. 401. INCREASED FUNDING FOR THE OFFICE OF VET-** 5 **ERANS BUSINESS DEVELOPMENT.**

6 There are authorized to be appropriated to the Office
7 of Veterans Business Development of the Administration,
8 to remain available until expended—

- 9 (1) \$2,100,000 for fiscal year 2008;
- 10 (2) \$2,300,000 for fiscal year 2009; and
- 11 (3) \$2,500,000 for fiscal year 2010.

12 **SEC. 402. PERMANENT EXTENSION OF SBA ADVISORY COM-** 13 **MITTEE ON VETERANS BUSINESS AFFAIRS.**

14 (a) ASSUMPTION OF DUTIES.—Section 33 of the
15 Small Business Act (15 U.S.C. 657c) is amended—

- 16 (1) by striking subsection (h); and
- 17 (2) by redesignating subsections (i) through (k)
18 as subsections (h) through (j), respectively.

19 (b) PERMANENT EXTENSION OF AUTHORITY.—Sec-
20 tion 203 of the Veterans Entrepreneurship and Small
21 Business Development Act of 1999 (15 U.S.C. 657b note)
22 is amended by striking subsection (h).

23 **SEC. 403. RESERVISTS STUDY.**

24 Not later than 180 days after the date of enactment
25 of this Act, the Comptroller General of the United States

1 shall submit to the Committee on Small Business and En-
 2 trepreneurship of the Senate and the Committee on Small
 3 Business of the House of Representatives a report regard-
 4 ing whether there has been a reduction in the hiring of
 5 Reservists by business concerns because of—

6 (1) any increase in the use of Reservists after
 7 September 11, 2001; or

8 (2) any change in any policy of the Department
 9 of Defense relating to Reservists after September
 10 11, 2001.

11 **SEC. 404. SERVICE-DISABLED VETERANS.**

12 Not later than 180 days after the date of enactment
 13 of this Act, the Comptroller General of the United States
 14 shall submit to the Committee on Small Business and En-
 15 trepreneurship of the Senate and the Committee on Small
 16 Business of the House of Representatives a report describ-
 17 ing—

18 (1) the types of assistance needed by service-
 19 disabled veterans who wish to become entrepreneurs;
 20 and

21 (2) any resources that would assist such serv-
 22 ice-disabled veterans.

○