

111TH CONGRESS
2D SESSION

H. R. 4420

To amend the Small Business Act with respect to misrepresentation through the use of a pass-through business, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 12, 2010

Mr. SESTAK introduced the following bill; which was referred to the Committee on Small Business

A BILL

To amend the Small Business Act with respect to misrepresentation through the use of a pass-through business, 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 “Small Business Con-
5 tracting Protection Act of 2010”.

6 **SEC. 2. MISREPRESENTATION THROUGH USE OF A PASS-**
7 **THROUGH BUSINESS.**

8 (a) PASS-THROUGH BUSINESS DEFINED.—Not later
9 than 180 days after the date of enactment of this Act,
10 the Administrator of the Small Business Administration

1 shall issue regulations defining the term “pass-through
2 business” for purposes of section 16(d) of the Small Busi-
3 ness Act (15 U.S.C. 645(d)), as amended by subsection
4 (b) of this section. Such definition shall include one or
5 more of the following as criteria for determining whether
6 an entity is a pass-through business with respect to an-
7 other business:

8 (1) The business shares a location with such
9 other business.

10 (2) The business shares ordering or personnel
11 systems with such other business.

12 (3) An officer, director, principal, stockholder,
13 managing member, or key employee of the business
14 participates in the business decisions of such other
15 business.

16 (4) Equity interest in the business owned by
17 such other business.

18 (5) The accounts receivable of the business is
19 directly or indirectly controlled by such other busi-
20 ness.

21 (6) The relationship with the business generates
22 more than 50 percent of the income of such other
23 business.

24 (b) PENALTIES FOR MISREPRESENTATION.—

1 (1) AMENDMENT.—Section 16(d)(1) of the
2 Small Business Act (15 U.S.C. 645(d)(1)) is amend-
3 ed by striking “, in order” and inserting “, including
4 through the use of a pass-through business, in
5 order”.

6 (2) EFFECTIVE DATE.—The amendment made
7 under paragraph (1) shall take effect on the date
8 that is 180 days after the date of enactment of this
9 Act.

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