

FAIRCLOTH, Mr. GRAMS, Mr. INHOFE, Mr. KEMPTHORNE, Mr. LOTT, Mr. McCAIN, Mr. PRESSLER, Mr. SANTORUM, Mr. SHELBY, Mr. SMITH, Mr. THOMAS, and Mr. THOMPSON):

S.J. Res. 49. A joint resolution proposing an amendment to the Constitution of the United States to require two-thirds majorities for bills increasing taxes; to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. BOND:

S. 1574. A bill to provide Federal contracting opportunities for small business concerns located in historically underutilized business zones, and for other purposes; to the Committee on Small Business.

THE HUBZONE ACT OF 1996

Mr. BOND. Mr. President, I rise today to introduce a measure called the HUBZone Act of 1996. The purpose underlying this bill is to create new opportunities for growth through small business opportunities in distressed urban and rural communities which have suffered economic decline. This legislation will provide for an immediate infusion of cash and the creation of new jobs in our Nation's economically distressed areas.

During the 8 years I served as Governor of Missouri, I met frequently with community leaders who were seeking help in attracting businesses and jobs to their cities and towns. We tried various programs. The enterprise zone concept met with some limited success in Missouri but the concept was good. Our incentives were limited to State tax relief, which was not a very significant element, but I believe that the idea of providing incentives for locating businesses in areas of high unemployment makes sense.

Now, in my position representing my State and serving as chairman of the Committee on Small Business, I continue to receive pleas for help. We have not yet found the perfect formula to bring economic hope and independence to these communities. But I believe we are working on it. I think we are on the right track.

The message for help has changed somewhat. Although help has been forthcoming from the Federal Government, high unemployment and poverty remain. One community leader, for example, has stressed to me that his city has all the job training funds it is capable of using. He said, "Don't send us any more training funds. Send us some jobs." What the city, the inner city, and people there need is more jobs.

Too many of our Nation's cities and rural areas have suffered economic decline while others have prospered often with Federal assistance. In October of last year, I chaired a hearing before the Senate Committee on Small Business on "Revitalizing America's Rural and Urban Communities." We heard insightful testimony about the importance of changing the U.S. Tax Code, for example, and providing other incen-

tives to attract businesses to the communities in need of economic opportunity. Their recommendations have merit, and I urge my colleagues in the committees with jurisdiction over appropriate legislation to take swift action to bring these legislative changes to the Senate floor.

What distinguishes the HUBZone Act of 1996 from other excellent proposals is that there is an immediate impact this bill can have on economically distressed communities. The HUBZone proposal would benefit entire communities by creating meaningful incentives for small businesses to operate and provide employment within America's most disadvantaged inner-city neighborhoods and rural areas.

Specifically, the HUBZone Act of 1996 creates a new class of small businesses eligible for Federal Government contract set-asides and preferences. To be eligible, a small business must be located in a historically underutilized business zone—that is the basis for the acronym "HUBZone"—and not less than 35 percent of its work force would have to reside in a HUBZone.

I will contrast the HUBZone proposal in this legislation today with a draft Executive order that is being circulated by the Clinton administration to establish an empowerment contracting program. I commend the President and the administration for focusing on the value of targeting Federal Government assistance to low-income communities. However, I think that program falls short of meeting the goal of helping low-income communities and its residents.

For example, under the President's proposal, any business, large or small, located in a low-income community would qualify for a valuable contracting preference, even if it does not employ one resident of the community. This is clearly a major deficiency or loophole when trying to assist the unemployed and underemployed who live in those target areas. A further weakness in the President's proposal is the failure to define clearly and objectively the criteria which makes a community eligible for his program. We need to avoid creating a new Federal program that ends up helping well-off individuals and companies while failing to have a significant impact on the poor.

The HUBZone Act of 1996 makes the contracting preference available only if the small business is located in the economically distressed area and employs 35 percent of its work force from a HUBZone. That is a significant difference. It is one that is clearly designed to attack deep-seated poverty in geographic locations within the United States.

To qualify for the program, the small business would have to certify to the Administrator of the U.S. Small Business Administration that it is located in a HUBZone and that it will comply with certain rules governing subcontracting. In addition, a qualified small business must agree to perform at least

50 percent of the contract in a HUBZone unless the terms of the contract require that the efforts be conducted elsewhere; in other words, a service contract requiring the small business' presence in Government-owned or leased buildings, for example. In the latter case, no less than 50 percent of the contract would have to be performed by employees of the eligible small business.

Mr. President, the HUBZone Act of 1996 is designed to cut through Government redtape while stressing a streamlined effort to place Government contracts and new jobs in economically distressed communities.

Many of my colleagues are familiar with the SBA's 8(a) minority small business program and some of the rules which are cumbersome for small businesses seeking to qualify for the program. Typically, an 8(a) program applicant has to hire a lawyer to help prepare the application and shepherd it through the SBA procedure, which can often take months. In fact, Congress was forced to legislate the maximum time the agency could review an application as a last-ditch effort to speed up the process. Today, it still takes the SBA at least 90 days, the statutory maximum, to review an application.

The HUBZone Act of 1996 is specifically designed to avoid bureaucratic roadblocks that have delayed and discouraged small business from taking advantage of Government programs. Simply put, if you are a small business located in the HUBZone, employing people from a HUBZone, you are eligible. Once eligible, the small business notifies the SBA of its participation in the HUBZone program, and it is qualified to receive Federal Government contract preferences.

Our goal in introducing this measure is to have new Government contracts being awarded to small businesses in economically distressed communities. Therefore, we have included some ambitious goals for each Government agency. In 1997, 1 percent of the total value of all prime Government contracts would be awarded to small businesses located in HUBZones. The goal would increase to 2 percent in 1998, 3 percent in 1999, and 4 percent in 2000 and each succeeding year.

HUBZone contracting is a bold undertaking. Passage of the HUBZone Act would create hope for inner cities and distressed rural areas that have long been ignored. Most importantly, passage of the HUBZone bill will create hope for the hundreds of thousands of unemployed or underemployed people who long ago thought our country had given up on them. This hope is tangible; it is jobs and income.

We are going to be holding hearings before the Committee on Small Business on the HUBZone Act of 1996 and the role our Nation's small business community can play in revitalizing our distressed cities and rural communities. I really think the HUBZone proposal has great merit. I ask my colleagues to look at it, offer comments,