

responsible for, among other matters, the construction and maintenance of surface vehicle roads, existing pursuant to section 20.23, Florida Statutes, with authority to execute the settlement agreement pursuant to section 334.044, Florida Statutes;

(4) the term "board of trustees of the Internal Improvements Trust Fund" means the agency of the State of Florida holding legal title to and responsible for trust administration of certain lands of the State of Florida, consisting of the Florida Governor, Attorney General, Commissioner of Agriculture, Commissioner of Education, Controller, Secretary of State, and Treasurer sitting as trustees;

(5) the term "State of Florida" means all agencies or departments of the State of Florida, including the Florida Department of Transportation and the board of trustees of the Internal Improvements Trust Fund, as well as the State itself as a governmental entity;

(6) the term "Secretary" means the United States Secretary of the Interior;

(7) the term "land transfers" means those lands identified in the settlement agreement for transfer from the United States to the Florida Department of Transportation and those lands identified in the settlement agreement for transfer from the State of Florida to the United States;

(8) the term "lawsuit" means the action in the United States District Court for the Southern District of Florida, entitled *Miccosukee Tribe of Indians of Florida v. State of Florida and Florida Department of Transportation*, et al., docket number 91-6285-Civ-Paine; and

(9) the terms "settlement agreement" and "agreement" mean those documents entitled "settlement agreement" (with incorporated exhibits), which identifies the lawsuit in the first paragraph, which was signed on page 15 therein on August 28, 1996, by Ben G. Watts (Secretary of the Florida Department of Transportation) and Billy Cypress (Chairman of the Miccosukee Tribe), and thereafter concurred in by the board of trustees of the Internal Improvements Trust Fund of the State of Florida.

#### SEC. 4. AUTHORITY OF SECRETARY.

As trustee for the Miccosukee Tribe, the Secretary shall:

(1) Aid and assist in the fulfillment of the settlement agreement at all times and in all reasonable manner, and cooperate with and assist the Miccosukee Tribe for this purpose.

(2) Upon finding that the settlement agreement is legally sufficient and that the State of Florida and its agencies have the necessary authority to fulfill the agreement, sign the settlement agreement on behalf of the United States, and have a representative of the Bureau of Indian Affairs sign the settlement agreement as well.

(3) Upon finding that all necessary conditions precedent to the transfer of Miccosukee land to the Florida Department of Transportation as provided in the settlement agreement have been or will be met so that the agreement has been or will be fulfilled but for the execution of this land transfer and related land transfers, transfer ownership of the Miccosukee land to the Florida Department of Transportation as provided in the settlement agreement, including in such transfer solely and exclusively that Miccosukee land identified in the settlement agreement for such transfer and no other land.

(4) Upon finding that all necessary conditions precedent to the transfer of Florida land to the United States have been or will be met so that the agreement has been or will be fulfilled but for the execution of this land transfer and related land transfers, re-

ceive and accept in trust for the use and benefit of the Miccosukee Tribe ownership of all land identified in the settlement agreement for transfer to the United States, constituting thereby Indian Reservation lands of the Miccosukee Tribe.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Texas [Mr. THORNBERRY] and the gentleman from California [Mr. FARR] each will control 20 minutes.

The Chair recognizes the gentleman from Texas [Mr. THORNBERRY].

(Mr. THORNBERRY asked and was given permission to revise and extend his remarks.)

Mr. THORNBERRY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 1476, the proposed Miccosukee Settlement Act of 1977, which provides that Congress consents to a settlement agreement reached between the State of Florida, the Miccosukee Tribe, and the U.S. Department of the Interior involving the transfer of rights-of-way from the tribe to the State.

Included in the settlement agreement are provisions relating to airboat access to certain lands, the relocation of a microwave tower, interchange lighting at the Snake Road interchange, and the conveyance of 22.87 acres of land to the United States by the State of Florida.

Also included in the settlement agreement are provisions whereby the tribe agrees to dismiss certain litigation pending against the State and to release and forever discharge any and all claims the tribe may have against the Florida Department of Transportation and State of Florida in any way related to Interstate Highway 75.

Mr. Speaker, I believe this measure deserves the support of the House.

Mr. Speaker, I reserve the balance of my time.

Mr. FARR of California. Mr. Speaker, I yield as much time as he may consume to the gentleman from Michigan [Mr. KILDEE], a long and experienced Member on these issues, distinguished Member of this House.

Mr. KILDEE. Mr. Speaker, I thank the gentleman for yielding me time.

We also support passage of this act. This bill ratifies a 1996 settlement of a lawsuit between the Miccosukee Tribe in Florida over lands taken by the State for construction of Alligator Alley across the Everglades.

Under the terms of this agreement, the tribe gets \$2.1 million, 22 acres of land, and two rights-of-way, while the State gets several rights-of-way from the tribe for highway maintenance and release from the lawsuit. Congress is involved because the agreement calls for the Department of the Interior to approve the rights-of-way given to the State and to place the tribe's newly acquired lands into trust.

I am pleased that the tribe and State have reached this amicable agreement. I also applaud the diligence and hard work of the gentleman from Florida

[Mr. DIAZ-BALART]. I also note that the Committee on Resources held a hearing, and just prior to full committee markup the Department sent over several technical changes that have not yet been incorporated into the bill. These are not critical changes, but it is my hope that the Senate will give them fair consideration as it takes up the bill.

Mr. DIAZ-BALART. Mr. Speaker, H.R. 1476, The Miccosukee Settlement Act of 1997, approves and implements a settlement between the State of Florida and the Miccosukee Tribe of Indians of Florida regarding right-of-way usage and dredging during the construction of Interstate Highway I-75—"Alligator Alley"—across tribal lands in the Florida Everglades. This settlement authorizes the Secretary of the Interior to transfer title to certain strips of land used to dredge fill material for the construction of I-75 to the Florida Department of Transportation from its trust status, and in return directs the Secretary to take into trust for the Miccosukee Tribe as Miccosukee Indian Reservation several parcels of land as compensation.

This land transfer is fully endorsed by the Florida Governor and Cabinet, who sit jointly as the trustees for Florida land and who voted unanimously in favor of this settlement. The Tribe also receives approximately \$2 million, better access to its existing reservation through new access ramps on I-75, and airboat launch sites.

I am pleased that the State and the tribe have worked out a fair solution and I recommend passage of the bill.

Mr. THORNBERRY. Mr. Speaker, I have no further requests for time.

Mr. KILDEE. Mr. Speaker, I yield back the balance of my time.

Mr. THORNBERRY. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Texas [Mr. THORNBERRY] that the House suspend the rules and pass the bill, H.R. 1476.

The question was taken.

Mr. CONDIT. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point or order that a quorum is not present.

The SPEAKER pro tempore. Pursuant to clause 5, rule I, and the Chair's prior announcement, further proceedings on this motion will be postponed.

The point of no quorum is considered withdrawn.

#### GENERAL LEAVE

Mr. THORNBERRY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on H.R. 1476, the bill just debated.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

#### SMALL BUSINESS PROGRAMS RE-AUTHORIZATION AND AMENDMENTS ACT OF 1997

Mr. TALENT. Mr. Speaker, I move to suspend the rules and pass the bill

(H.R. 2261) to reauthorize and amend the programs of the Small Business Act and the Small Business Investment Act, and for other purposes, as amended.

The Clerk read as follows:

H.R. 2261

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

# **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

(a) **SHORT TITLE.**—This Act may be cited as the “Small Business Programs Reauthorization and Amendments Acts of 1997”.

(b) **TABLE OF CONTENTS.**—

Sec. 1. Short title; table of contents.

## **TITLE I—AUTHORIZATIONS**

Sec. 101. Authorizations.

### **TITLE II—FINANCIAL PROGRAMS**

#### **Subtitle A—General Business Loans**

Sec. 201. Securitization regulations.

Sec. 202. Background check of loan applicants.

Sec. 203. Report on increased lender approval, servicing, foreclosure, liquidation, and litigation of 7(a) loans.

Sec. 204. Completion of planning for loan monitoring system.

#### **Subtitle B—Certified Development Company Program**

Sec. 221. Reauthorization of fees.

Sec. 222. PCLP participation

Sec. 223. PCLP eligibility.

Sec. 224. Loss reserves.

Sec. 225. Goals.

Sec. 226. Technical amendments.

Sec. 227. Promulgation of regulations.

Sec. 228. Technical amendment.

Sec. 229. Repeal.

Sec. 230. Loan servicing and liquidation.

Sec. 231. Use of proceeds.

Sec. 232. Lease of property.

Sec. 233. Seller financing.

Sec. 234. Preexisting conditions.

#### **Subtitle C—Small Business Investment Company Program**

Sec. 241. 5-year commitments.

Sec. 242. Program reform.

Sec. 243. Fees.

Sec. 244. Examination fees.

#### **Subtitle D—Microloan Program**

Sec. 251. Microloan program extension.

Sec. 252. Supplemental microloan grants

### **TITLE III—WOMEN'S BUSINESS ENTERPRISES**

Sec. 301. Reports.

Sec. 302. Council duties.

Sec. 303. Council membership.

Sec. 304. Authorization of appropriations.

Sec. 305. Women's business centers.

Sec. 306. Office of Women's Business Ownership.

### **TITLE IV—COMPETITIVENESS PROGRAM**

Sec. 401. Program term.

Sec. 402. Monitoring agency performance.

Sec. 403. Reports to Congress.

Sec. 404. Small business participation in dredging.

Sec. 405. Technical amendment.

### **TITLE V—MISCELLANEOUS PROVISIONS**

Sec. 501. Small business development centers.

Sec. 502. Small business export promotion.

Sec. 503. Pilot preferred surety bond guarantee program extension.

Sec. 504. Very small business concerns.

Sec. 505. Extension of cosponsorship authority.

Sec. 506. Trade assistance program for small business concerns harmed by NAFTA.

### **TITLE VI—SERVICE DISABLED VETERANS**

Sec. 601. Purposes.

Sec. 602. Definitions.

Sec. 603. Report by Small Business Administration.

Sec. 604. Information collection.

Sec. 605. State of small business report.

Sec. 606. Loans to veterans.

Sec. 607. Entrepreneurial training, counseling, and management assistance.

Sec. 608. Grants for eligible veterans outreach programs.

Sec. 609. Outreach for eligible veterans.

### **TITLE VII—SMALL BUSINESS TECHNOLOGY TRANSFER PROGRAM**

Sec. 701. Amendments.

### **TITLE I—AUTHORIZATIONS**

#### **SEC. 101. AUTHORIZATIONS.**

Section 20 of the Small Business Act (15 U.S.C. 631 note) is amended by striking subsections (l) through (q) and inserting the following:

“(l) The following program levels are authorized for fiscal year 1998:

“(1) For the programs authorized by this Act, the Administration is authorized to make—

“(A) \$40,000,000 in technical assistance grants, as provided in section 7(m); and

“(B) \$60,000,000 in loans, as provided in section 7(m).

“(2) For the programs authorized by this Act, the Administration is authorized to make \$15,040,000,000 in deferred participation loans and other financings. Of such sum, the Administration is authorized to make—

“(A) \$11,000,000,000 in general business loans as provided in section 7(a);

“(B) \$3,000,000,000 in financings as provided in section 7(a)(13) of this Act and section 504 of the Small Business Investment Act of 1958;

“(C) \$1,000,000,000 in loans as provided in section 7(a)(21); and

“(D) \$40,000,000 in loans as provided in section 7(m).

“(3) For the programs authorized by title III of the Small Business Investment Act of 1958, the Administration is authorized to make—

“(A) \$600,000,000 in purchases of participating securities; and

“(B) \$500,000,000 in guarantees of debentures.

“(4) For the programs authorized by part B of title IV of the Small Business Investment Act of 1958, the Administration is authorized to enter into guarantees not to exceed \$2,000,000,000, of which not more than \$650,000,000 may be in bonds approved pursuant to section 411(a)(3) of that Act.

“(5) The Administration is authorized to make grants or enter into cooperative agreements—

“(A) for the Service Corps of Retired Executives program authorized by section 8(b)(1), \$4,000,000; and

“(B) for activities of small business development centers pursuant to section 21(c)(3)(G), \$15,000,000, to remain available until expended.

“(m)(1) There are authorized to be appropriated to the Administration for fiscal year 1998 such sums as may be necessary to carry out this Act, including administrative expenses and necessary loan capital for disaster loans pursuant to section 7(b), and to carry out the Small Business Investment Act of 1958, including salaries and expenses of the Administration.

“(2) Notwithstanding paragraph (1), for fiscal year 1998—

“(A) no funds are authorized to be provided to carry out the loan program authorized by

section 7(a)(21) except by transfer from another Federal department or agency to the Administration, unless the program level authorized for general business loans under subsection (l)(2)(A) is fully funded; and

“(B) the Administration may not approve loans on behalf of the Administration or on behalf of any other department or agency, by contract or otherwise, under terms and conditions other than those specifically authorized under this Act or the Small Business Investment Act of 1958, except that it may approve loans under section 7(a)(21) of this Act in gross amounts of not more than \$1,250,000.

“(n) The following program levels are authorized for fiscal year 1999:

“(1) For the programs authorized by this Act, the Administration is authorized to make—

“(A) \$60,000,000 in technical assistance grants as provided in section 7(m); and

“(B) \$60,000,000 in loans, as provided in section 7(m).

“(2) For the programs authorized by this Act, the Administration is authorized to make \$16,540,000,000 in deferred participation loans and other financings. Of such sum, the Administration is authorized to make—

“(A) \$12,000,000,000 in general business loans as provided in section 7(a);

“(B) \$3,500,000,000 in financings as provided in section 7(a)(13) of this Act and section 504 of the Small Business Investment Act of 1958;

“(C) \$1,000,000,000 in loans as provided in section 7(a)(21); and

“(D) \$40,000,000 in loans as provided in section 7(m).

“(3) For the programs authorized by title III of the Small Business Investment Act of 1958, the Administration is authorized to make—

“(A) \$700,000,000 in purchases of participating securities; and

“(B) \$650,000,000 in guarantees of debentures.

“(4) For the programs authorized by part B of title IV of the Small Business Investment Act of 1958, the Administration is authorized to enter into guarantees not to exceed \$2,000,000,000, of which not more than \$650,000,000 may be in bonds approved pursuant to section 411(a)(3) of that Act.

“(5) The Administration is authorized to make grants or enter cooperative agreements—

“(A) for the Service Corps of Retired Executives program authorized by section 8(b)(1), \$4,500,000; and

“(B) for activities of small business development centers pursuant to section 21(c)(3)(G), not to exceed \$15,000,000, to remain available until expended.

“(o)(1) There are authorized to be appropriated to the Administration for fiscal year 1999 such sums as may be necessary to carry out this Act, including administrative expenses and necessary loan capital for disaster loans pursuant to section 7(b), and to carry out the Small Business Investment Act of 1958, including salaries and expenses of the Administration.

“(2) Notwithstanding paragraph (1), for fiscal year 1999—

“(A) no funds are authorized to be provided to carry out the loan program authorized by section 7(a)(21) except by transfer from another Federal department or agency to the Administration, unless the program level authorized for general business loans under subsection (n)(2)(A) is fully funded; and

“(B) the Administration may not approve loans on behalf of the Administration or on behalf of any other department or agency, by

contract or otherwise, under terms and conditions other than those specifically authorized under this Act or the Small Business Investment Act of 1958, except that it may approve loans under section 7(a)(21) of this Act in gross amounts of not more than \$1,250,000.

“(p) The following program levels are authorized for fiscal year 2000:

“(l) For the programs authorized by this Act, the Administration is authorized to make—

“(A) \$75,000,000 in technical assistance grants as provided in section 7(m); and

“(B) \$80,000,000 in direct loans, as provided in section 7(m).

“(2) For the programs authorized by this Act, the Administration is authorized to make \$19,040,000,000 in deferred participation loans and other financings. Of such sum, the Administration is authorized to make—

“(A) \$13,500,000,000 in general business loans as provided in section 7(a);

“(B) \$4,500,000,000 in financings as provided in section 7(a)(13) of this Act and section 504 of the Small Business Investment Act of 1958;

“(C) \$1,000,000,000 in loans as provided in section 7(a)(21); and

“(D) \$40,000,000 in loans as provided in section 7(m).

“(3) For the programs authorized by title III of the Small Business Investment Act of 1958, the Administration is authorized to make—

“(A) \$850,000,000 in purchases of participating securities; and

“(B) \$700,000,000 in guarantees of debentures.

“(4) For the programs authorized by part B of title IV of the Small Business Investment Act of 1958, the Administration is authorized to enter into guarantees not to exceed \$2,000,000,000, of which not more than \$650,000,000 may be in bonds approved pursuant to the provisions of section 411(a)(3) of that Act.

“(5) The Administration is authorized to make grants or enter cooperative agreements—

“(A) for the Service Corps of Retired Executives program authorized by section 8(b)(1), \$5,000,000; and

“(B) for activities of small business development centers pursuant to section 21(c)(3)(G), not to exceed \$15,000,000, to remain available until expended.

“(q)(1) There are authorized to be appropriated to the Administration for fiscal year 2000 such sums as may be necessary to carry out this Act, including administrative expenses and necessary loan capital for disaster loans pursuant to section 7(b), and to carry out the provisions of the Small Business Investment Act of 1958, including salaries and expenses of the Administration.

“(2) Notwithstanding paragraph (1), for fiscal year 2000—

“(A) no funds are authorized to be provided to carry out the loan program authorized by section 7(a)(21) except by transfer from another Federal department or agency to the Administration, unless the program level authorized for general business loans under subsection (p)(2)(A) is fully funded; and

“(B) the Administration may not approve loans on behalf of the Administration or on behalf of any other department or agency, by contract or otherwise, under terms and conditions other than those specifically authorized under this Act or the Small Business Investment Act of 1958, except that it may approve loans under section 7(a)(21) of this Act in gross amounts of not more than \$1,250,000.”.

## TITLE II—FINANCIAL PROGRAMS

### Subtitle A—General Business Loans

#### SEC. 201. SECURITIZATION REGULATIONS.

The Administrator shall promulgate final regulations permitting bank and non-bank lenders to sell or securitize the non-guaranteed portion of loans made under section 7(a) of the Small Business Act (15 U.S.C. 636(a)). Such regulations shall be issued within 90 days of the date of enactment of this Act, and shall allow securitizations to proceed as regularly as is possible within the bounds of prudent and sound financial management practice.

#### SEC. 202. BACKGROUND CHECK OF LOAN APPLICANTS.

Section 7(a)(1) of the Small Business Act (15 U.S.C. 636(a)(1)) is amended by striking “(1)” and inserting the following:

“(1)(A) CREDIT ELSEWHERE.—”, and by adding the following new paragraph at the end:

“(B) BACKGROUND CHECKS.—Prior to the approval of any loan made pursuant to this subsection, or section 503 of the Small Business Investment Act, the Administrator shall verify the applicant's criminal background, or lack thereof, through the best available means, including, if possible, use of the National Crime Information Center computer system at the Federal Bureau of Investigation.”.

#### SEC. 203. REPORT ON INCREASED LENDER APPROVAL, SERVICING, FORECLOSURE, LIQUIDATION, AND LITIGATION OF 7(a) LOANS.

(a) Within six months of the date of enactment of this Act the Administrator shall report on action taken and planned for future reliance on private sector lender resources to originate, approve, close, service, liquidate, foreclose, and litigate loans made under Section 7(a) of the Small Business Act. The report should address administrative and other steps necessary to achieve these results, including—

(1) streamlining the process for approving lenders and standardizing requirements;

(2) establishing uniform reporting requirements using on-line automated capabilities to the maximum extent feasible;

(3) reducing paperwork through automation, simplified forms or incorporation of lender's forms;

(4) providing uniform standards for approval, closing, servicing, foreclosure, and liquidation;

(5) promulgating new regulations or amending existing ones;

(6) establishing a timetable for implementing the plan for reliance on private sector lenders;

(7) implementing organizational changes at SBA; and

(8) estimating the annual savings that would occur as a result of implementation.

(b) In preparing the report the Administrator shall seek the views and consult with, among others, 7(a) borrowers and lenders, small businesses who are potential program participants, financial institutions who are potential program lenders, and representative industry associations, such as the U. S. Chamber of Commerce, the American Bankers Association, the National Association of Government Guaranteed Lenders and the Independent Bankers Association of America.

#### SEC. 204. COMPLETION OF PLANNING FOR LOAN MONITORING SYSTEM.

(a) The Administrator shall perform and complete the planning needed to serve as the basis for funding the development and implementation of computerized loan monitoring system, including—

(1) fully defining the system requirement using on-line, automated capabilities to the extent feasible;

(2) identifying all data inputs and outputs necessary for timely report generation;

(3) benchmark loan monitoring business processes and systems against comparable industry processes and, if appropriate, simplify or redefine work processes based on these benchmarks;

(4) determine data quality standards and control systems for ensuring information accuracy;

(5) identify an acquisition strategy and work increments to completion;

(6) analyze the benefits and costs of alternatives and use to demonstrate the advantage of the final project;

(7) ensure that the proposed information system is consistent with the agency's information architecture; and

(8) estimate the cost to system completion, identifying the essential cost element.

(b) Six months from the date of enactment of this Act, the Administrator shall report to the House and Senate Committees on Small Business pursuant to the requirements of subsection (a), and shall also submit a copy of the report to the General Accounting Office, which shall evaluate the report for compliance with subsection (a) and shall submit such evaluation to both Committees no later than 28 days after receipt of the report from the Small Business Administration. None of the funds provided for the purchase of the loan monitoring system may be expended until the requirements of this section have been satisfied.

### Subtitle B—Certified Development Company Program

#### SEC. 221. REAUTHORIZATION OF FEES.

Section 503 of the Small Business Investment Act of 1958 (15 U.S.C. 697) is amended—

(1) by striking subsection (b)(7)(A) and inserting the following:

“(A) assesses and collects a fee, which shall be payable by the borrower, in an amount equal to 0.9375 percent per year of the outstanding balance of the loan; and”;

(2) by striking from subsection (d)(2) “equal to 50 basis points” and inserting “equal to not more than 50 basis points.”;

(3) by adding the following at the end of subsection (d)(2): “The amount of the fee authorized herein shall be established annually by the Administration in the minimal amount necessary to reduce the cost (as that term is defined in section 502 of the Federal Credit Reform Act of 1990) to the Administration of purchasing and guaranteeing debentures under this Act to zero.”; and

(4) by striking from subsection (f) “1997” and inserting “2000”.

#### SEC. 222. PCPL PARTICIPATION.

Section 508(a) of the Small Business Investment Act of 1958 (15 U.S.C. 697e(a)) is amended by striking “not more than 15”.

#### SEC. 223. PCPL ELIGIBILITY.

Section 508(b)(2) of the Small Business Investment Act of 1958 (15 U.S.C. 697e(b)(2)) is amended by striking paragraphs (A) and (B) and inserting:

“(A) is an active certified development company in good standing and has been an active participant in the accredited lenders program during the entire 12-month period preceding the date on which the company submits an application under paragraph (1), except that the Administration may waive this requirement if the company is qualified to participate in the accredited lenders program;

“(B) has a history (i) of submitting to the Administration adequately analyzed debenture guarantee application packages and (ii) of properly closing section 504 loans and servicing its loan portfolio; and”.

#### SEC. 224. LOSS RESERVES.

Section 508(c) of the Small Business Investment Act of 1958 (15 U.S.C. 697e(c)) is amended to read as follows:

“(c) LOSS RESERVE.—

“(1) ESTABLISHMENT.—A company designated as a premier certified lender shall establish a loss reserve for financing approved pursuant to this section.

“(2) AMOUNT.—The amount of the loss reserve shall be equal to 10 percent of the amount of the company's exposure as determined under subsection (b)(2)(C).

“(3) ASSETS.—The loss reserve shall be comprised of any combination of the following types of assets:

“(A) segregated funds on deposit in an account or accounts with a federally insured depository institution or institutions selected by the company, subject to a collateral assignment in favor of, and in a format acceptable to, the Administration; or

“(B) irrevocable letter or letters of credit, with a collateral assignment in favor of, and a commercially reasonable format acceptable to, the Administration.

“(4) CONTRIBUTIONS.—The company shall make contributions to the loss reserve, either cash or letters of credit as provided above, in the following amounts and at the following intervals:

“(A) 50 percent when a debenture is closed;

“(B) 25 percent additional not later than 1 year after a debenture is closed; and

“(C) 25 percent additional not later than 2 years after a debenture is closed.

“(5) REPLENISHMENT.—If a loss has been sustained by the Administration, any portion of the loss reserve, and other funds provided by the premier company as necessary, may be used to reimburse the Administration for the company's 10 percent share of the loss as provided in subsection (b)(2)(C). If the company utilizes the reserve, within 30 days it shall replace an equivalent amount of funds.

“(6) DISBURSEMENTS.—The Administration shall allow the certified development company to withdraw from the loss reserve amounts attributable to any debenture which has been repaid.”.

#### SEC. 225. GOALS.

Section 508 of the Small Business Investment Act of 1958 (15 U.S.C. 697e) is amended by inserting the following after subsection (d) and by redesignating subsections (e) to (i) as (f) to (j):

“(e) PROGRAM GOALS.—Certified development companies participating in this program shall establish a goal of processing 50 percent of their loan applications for section 504 assistance pursuant to the premier certified lender program authorized in this section.”.

#### SEC. 226. TECHNICAL AMENDMENTS.

Section 508(g) of the Small Business Investment Act of 1958 (15 U.S.C. 697(g)) is amended—

(1) in subsection (g), as redesignated herein, is amended by striking “State or local” and inserting “certified”;

(2) in subsection (h), as redesignated herein—

(A) by striking “EFFECT OF SUSPENSION OR DESIGNATION” and inserting “EFFECT OF SUSPENSION OR REVOCATION”; and

(B) by striking “under subsection (f)” and inserting “under subsection (g)”.

#### SEC. 227. PROMULGATION OF REGULATIONS.

Section 508(i) of the Small Business Investment Act of 1958 (15 U.S.C. 697e(i)), as redesignated herein, is amended to read as follows:

“(i) REGULATIONS.—Not later than 90 days after the date of enactment of this section, the Administration shall promulgate regulations to carry out this section. Not later than 120 days after the date of enactment, the Administration shall issue program guidelines and implement the changes made herein.”.

#### SEC. 228. TECHNICAL AMENDMENT.

Section 508(j) of the Small Business Investment Act of 1958 (15 U.S.C. 697e(j)), as redesignated herein, is amended by striking “other lenders” and inserting “other lenders, specifically comparing default rates and recovery rates on liquidations”.

#### SEC. 229. REPEAL.

Section 217(b) of Public Law 103-403 (108 Stat. 4185) is repealed.

#### SEC. 230. LOAN SERVICING AND LIQUIDATION.

Section 508(d)(1) of the Small Business Investment Act of 1958 (15 U.S.C. 697e(d)) is amended by striking “to approve loans” and inserting “to approve, authorize, close, service, foreclose, litigate, and liquidate loans”.

#### SEC. 231. USE OF PROCEEDS.

Section 502(1) of the Small Business Investment Act of 1958 (15 U.S.C. 696(1)) is amended to read as follows:

“(1) The proceeds of any such loan shall be used solely by such borrower or borrowers to assist an identifiable small-business or businesses and for a sound business purpose approved by the Administration.”.

#### SEC. 232. LEASE OF PROPERTY.

Section 502 of the Small Business Investment Act of 1958 (15 U.S.C. 696) is amended by adding the following new subsection:

“(5) Not to exceed 25 percent of any project may be permanently leased by the assisted small business: *Provided*, That the assisted small business shall be required to occupy and use not less than 55 percent of the space in the project after the execution of any leases authorized in this section.”.

#### SEC. 233. SELLER FINANCING AND COLLATERALIZATION.

Section 502(3) of the Small Business Investment Act of 1958 (15 U.S.C. 696(3)) is amended by inserting the following new subparagraphs:

“(D) SELLER FINANCING.—Seller provided financing may be used to meet the requirements of—

“(i) paragraph (B), if the seller subordinates his interest in the property to the debenture guaranteed by the Administration; and

“(ii) not to exceed 50 percent of the amounts required by paragraph (C).

“(E) COLLATERALIZATION.—The collateral provided by the small business concern generally shall include a subordinate lien position on the property being financed under this title, and is only one of the factors to be evaluated in the credit determination. Additional collateral shall be required only if the Administration determines, on a case by case basis, that additional security is necessary to protect the interest of the Government.”.

#### SEC. 234. PREEXISTING CONDITIONS.

Section 502 of the Small Business Investment Act of 1958 (15 U.S.C. 696) is amended by adding the following new paragraph:

“(6) Any loan authorized under this section shall not be denied or delayed for approval by the Administration due to concerns over preexisting environmental conditions: *Provided*, That the development company provides the Administration a letter issued by the appropriate State or Federal environmental protection agency specifically stating that the environmental agency will not institute any legal proceedings against the borrower or, in the event of a default, the development company or the Administration based on the preexisting environmental conditions: *Provided further*, That the borrower shall agree to provide environmental agencies access to the property for any reasonable and necessary remediation efforts or inspections.”.

#### Subtitle C—Small Business Investment Company Program

#### SEC. 241. 5-YEAR COMMITMENTS.

Section 20(a)(2) of the Small Business Act (15 U.S.C. 631 note) is amended in the last sentence by striking “the following fiscal year” and inserting “any one or more of the 4 subsequent fiscal years”.

#### SEC. 242. PROGRAM REFORM.

(a) TAX DISTRIBUTIONS.—Section 303(g)(8) of the Small Business Investment Act of 1958 (15 U.S.C. 683(g)(8)) is amended in the first sentence—

(1) by inserting “, for each calendar quarter or once annually, as the company may elect,” after “the company may”; and

(2) by inserting “for the preceding quarter or year” before the period.

(b) LEVERAGE FEE.—Section 303(i) of the Small Business Investment Act of 1958 (15 U.S.C. 683(i)) is amended by striking “, payable upon” and all that follows before the period and inserting the following: “in the following manner: 1 percent upon the date on which the Administration enters into any commitment for such leverage with the licensee, and the balance of 2 percent (or 3 percent in which case in which no commitment has been entered into by the Administration) on the date on which the leverage is drawn by the licensee”.

(c) PERIODIC ISSUANCE OF GUARANTEES AND TRUST CERTIFICATES.—Section 320 of the Small Business Investment Act of 1958 (15 U.S.C. 687m) is amended by striking “three months” and inserting “6 months”.

(d) INDEXING FOR LEVERAGE.—Section 303 of the Small Business Investment Act of 1958 (15 U.S.C. 683) is amended—

(1) in subsection (b)—

(A) in paragraph (2), by adding at the end the following:

“(D)(i) The dollar amounts in subparagraphs (A), (B), and (C) shall be adjusted annually to reflect increases in the Consumer Price Index established by the Bureau of Labor Statistics of the Department of Labor.

“(ii) The initial adjustments made under this subparagraph after the date of enactment of the Small Business Reauthorization Act of 1997 shall reflect only increases from March 31, 1993.”; and

(B) by striking paragraph (4) and inserting the following:

“(4) MAXIMUM AGGREGATE AMOUNT OF LEVERAGE.—

“(A) IN GENERAL.—Except as provided in subparagraph (B), the aggregate amount of outstanding leverage issued to any company or companies that are commonly controlled (as determined by the Administrator) may not exceed \$90,000,000, as adjusted annually for increases in the Consumer Price Index.

“(B) EXCEPTIONS.—The Administrator may, on a case-by-case basis—

“(i) approve an amount of leverage that exceeds the amount described in subparagraph (A) for companies under common control; and

“(ii) impose such additional terms and conditions as the Administrator determines to be appropriate to minimize the risk of loss to the Administration in the event of default.

“(C) APPLICABILITY OF OTHER PROVISIONS.—Any leverage that is issued to a company or companies commonly controlled in an amount that exceeds \$90,000,000, whether as a result of an increase in the Consumer Price Index or a decision of the Administrator, is subject to subsection (d).”; and

(2) by striking subsection (d) and inserting the following:

“(d) REQUIRED CERTIFICATIONS.—

“(1) IN GENERAL.—The Administrator shall require each licensee, as a condition of approval of an application for leverage, to certify in writing—

“(A) for licensees with leverage less than or equal to \$90,000,000, that not less than 20 percent of the licensee’s aggregate dollar amount of financings will be provided to smaller enterprises; and

“(B) for licensees with leverage in excess of \$90,000,000, that, in addition to satisfying the requirements of subparagraph (A), 100 percent of the licensee’s aggregate dollar amount of financings made in whole or in part with leverage in excess of \$90,000,000 will be provided to smaller enterprises as defined in section 103(12).

“(2) MULTIPLE LICENSEES.—Multiple licensees under common control (as determined by the Administrator) shall be considered to be a single licensee for purposes of determining both the applicability of and compliance with the investment percentage requirements of this subsection.”.

#### SEC. 243. FEES.

Section 301 of the Small Business Investment Act of 1958 (15 U.S.C. 681) is amended by adding the following:

“(d) FEES.—

“(1) IN GENERAL.—The Administration may prescribe fees to be paid by each applicant for a license to operate as a small business investment company under this Act.

“(2) USE OF AMOUNTS.—Amounts collected pursuant to this subsection shall be—

“(A) deposited in the account for salaries and expenses of the Administration; and

“(B) available without further appropriation solely to cover contracting and other administrative costs related to licensing.”.

#### SEC. 244. EXAMINATION FEES.

Section 310(b) of the Small Business Investment Act of 1958 (15 U.S.C. 687b(b)) is amended by inserting after the first sentence the following: “Fees collected under this subsection shall be deposited in the account for salaries and expenses of the Administration, and are authorized to be appropriated solely to cover the costs of examinations and other program oversight activities.”.

#### Subtitle D—Microloan Program

#### SEC. 251. MICROLOAN PROGRAM EXTENSION.

(a) LOAN LIMITS.—Section 7(m)(3)(C) of the Small Business Act (15 U.S.C. 636(m)(3)(C)) is amended by striking “\$2,500,000” and inserting “\$3,500,000”.

(b) LOAN LOSS RESERVE FUND.—Section 7(m)(3)(D) of the Small Business Act (15 U.S.C. 636(m)(3)(D)) is amended by striking clauses (i) and (ii), and inserting the following:

“(i) during the initial 5 years of the intermediary’s participation in the program under this subsection, at a level equal to not more than 15 percent of the outstanding balance of the notes receivable owed to the intermediary; and

“(ii) in each year of participation thereafter, at a level equal to not more than the greater of—

“(I) 2 times an amount reflecting the total losses of the intermediary as a result of participation in the program under this subsection, as determined by the Administrator on a case-by-case basis; or

“(II) 10 percent of the outstanding balance of the notes receivable owed to the intermediary.”.

(c) AUTHORIZATION OF APPROPRIATIONS.—Section 7(m) of the Small Business Act (15 U.S.C. 636(m)) is amended—

(1) in the subsection heading, by striking “DEMONSTRATION”;

(2) by striking “Demonstration” each place that term appears;

(3) by striking “demonstration” each place that term appears; and

(4) in paragraph (12), by striking “during fiscal years 1995 through 1997” and inserting “during fiscal years 1998 through 2000”.

#### SEC. 252. SUPPLEMENTAL MICROLOAN GRANTS.

Section 7(m)(4) of the Small Business Act (15 USC 636 (m)(4)) is amended by adding the following:

“(F)(i) The Administration may accept and disburse funds received from another Federal department or agency to provide additional assistance to individuals who are receiving assistance under the State program funded under part A of title IV of the Social Security Act (42 USC 601 et seq.), or under any comparable State-funded means-tested program of assistance for low-income individuals.

“(ii) Grant proceeds are in addition to other grants provided by this subsection and shall not require the contribution of matching amounts to be eligible. The grants may be used to pay or reimburse a portion of child care and transportation costs of individuals described in clause (i) and for marketing, management and technical assistance.

“(iii) Prior to accepting and distributing any such grants, the Administration shall enter a Memorandum of Understanding with the department or agency specifying the terms and conditions of the grants and providing appropriate monitoring of expenditures by the intermediary and ultimate grant recipient to insure compliance with the purpose of the grant.

“(iv) On January 31, 1999, and annually thereafter, the Administration shall submit to the Committees on Small Business of the House of Representatives and the Senate a report on any monies distributed pursuant to the provisions of this paragraph.

“(v) No funds are authorized to be provided to carry out the grant program authorized by this paragraph (F) except by transfer from another Federal department or agency to the Administration.”.

### TITLE III—WOMEN’S BUSINESS ENTERPRISES

#### SEC. 301. REPORTS.

Section 404 of the Women’s Business Ownership Act of 1988 (15 U.S.C. 631 note) is amended—

(1) by inserting “, through the Small Business Administration,” after “transmit”;

(2) by striking paragraph (1) and redesignating paragraphs (2) through (4) as paragraphs (1) through (3), respectively; and

(3) in paragraph (1), as redesignated, by inserting before the semicolon the following: “, including a status report on the progress of the Interagency Committee in meeting its responsibilities and duties under section 402(a)”.

#### SEC. 302. COUNCIL DUTIES.

Section 406 of the Women’s Business Ownership Act of 1988 (15 U.S.C. 631 note) is amended—

(1) in subsection (c), by inserting after “Administrator” the following: “(through the Assistant Administrator for the Office of Women’s Business Ownership)”;

(2) in subsection (d)—

(A) in paragraph (4), by striking “and” at the end;

(B) in paragraph (5), by striking the period at the end and inserting “; and”; and

(C) by adding at the end the following:

“(6) submit to the President and to the Committee on Small Business of the Senate and the Committee on Small Business of the House of Representatives, an annual report containing—

“(A) a detailed description of the activities of the council, including a status report on the Council’s progress toward meeting its duties outlined in subsections (a) and (d) of section 406;

“(B) the findings, conclusions, and recommendations of the Council; and

“(C) the Council’s recommendations for such legislation and administrative actions

as the Council considers appropriate to promote the development of small business concerns owned and controlled by women.

“(e) SUBMISSION OF REPORTS.—The annual report required by subsection (d) shall be submitted not later than 90 days after the end of each fiscal year.”.

#### SEC. 303. COUNCIL MEMBERSHIP.

Section 407 of the Women’s Business Ownership Act of 1988 (15 U.S.C. 631 note) is amended—

(1) in subsection (a), by striking “and Amendments Act of 1994” and inserting “Act of 1997”;

(2) in subsection (b)—

(A) by striking “and Amendments Act of 1994” and inserting “Act of 1997”;

(B) by inserting after “the Administrator shall” the following: “, after receiving the recommendations of the Chair and the Ranking Member of the Minority of the Committees on Small Business of the House of Representatives and the Senate,”;

(C) by striking “9” and inserting “14”;

(D) in paragraph (1), by striking “2” and inserting “4”;

(E) in paragraph (2)—

(i) by striking “2” and inserting “4”; and

(ii) by striking “and” at the end;

(F) in paragraph (3)—

(i) by striking “5” and inserting “6”; and

(ii) by striking “national”.

#### SEC. 304. AUTHORIZATION OF APPROPRIATIONS.

Section 409 of the Women’s Business Ownership Act of 1988 (15 U.S.C. 631 note) is amended—

(1) by striking “1995 through 1997” and inserting “1998 through 2000”; and

(2) by striking “\$350,000” and inserting “\$600,000, of which \$200,000 shall be for grants for research of women’s procurement or finance issues.”.

#### SEC. 305. WOMEN’S BUSINESS CENTERS.

(a) IN GENERAL.—Section 29 of the Small Business Act (15 U.S.C. 656) is amended to read as follows:

#### “SEC. 29. WOMEN’S BUSINESS CENTERS.

“(a) DEFINITION.—For the purposes of this section the term ‘small business concern owned and controlled by women’, either startup or existing, includes any small business concern—

“(1) that is not less than 51 percent owned by one or more women; and

“(2) the management and daily business operations of which are controlled by one or more women.

“(b) AUTHORITY.—The Administration may provide financial assistance to private organizations to conduct 5-year projects for the benefit of small business concerns owned and controlled by women. The projects shall provide—

“(1) financial assistance, including training and counseling in how to apply for and secure business credit and investment capital, preparing and presenting financial statements, and managing cash flow and other financial operations of a business concern;

“(2) management assistance, including training and counseling in how to plan, organize, staff, direct, and control each major activity and function of a small business concern; and

“(3) marketing assistance, including training and counseling in identifying and segmenting domestic and international market opportunities, preparing and executing marketing plans, developing pricing strategies, locating contract opportunities, negotiating contracts, and utilizing varying public relations and advertising techniques.

“(c) CONDITIONS OF PARTICIPATION.—

“(1) NON-FEDERAL CONTRIBUTIONS.—As a condition of receiving financial assistance

authorized by this section, the recipient organization shall agree to obtain, after its application has been approved and notice of award has been issued, cash contributions from non-Federal sources as follows:

“(A) In the first and second years, 1 non-Federal dollar for each 2 Federal dollars.

“(B) In the third year, 1 non-Federal dollar for each Federal dollar.

“(C) In the fourth and fifth years, 2 non-Federal dollars for each Federal dollar.

“(2) FORM OF NON-FEDERAL CONTRIBUTIONS.—Not more than one-half of the non-Federal sector matching assistance may be in the form of in-kind contributions which are budget line items only, including but not limited to office equipment and office space.

“(3) FORM OF FEDERAL CONTRIBUTIONS.—The financial assistance authorized pursuant to this section may be made by grant, contract, or cooperative agreement and may contain such provision, as necessary, to provide for payments in lump sum or installments, and in advance or by way of reimbursement. The Administration may disburse up to 25 percent of each year's Federal share awarded to a recipient organization after notice of the award has been issued and before the non-Federal sector matching funds are obtained.

“(4) FAILURE TO OBTAIN PRIVATE FUNDING.—If any recipient of assistance fails to obtain the required non-Federal contribution during any project, it shall not be eligible thereafter for advance disbursements pursuant to paragraph (3) during the remainder of that project, or for any other project for which it is or may be funded by the Administration, and prior to approving assistance to such organization for any other projects, the Administration shall specifically determine whether the Administration believes that the recipient will be able to obtain the requisite non-Federal funding and enter a written finding setting forth the reasons for making such determination.

“(d) CONTRACT AUTHORITY.—A women's business center may enter into a contract with a Federal department or agency to provide specific assistance to women and other underserved small business concerns. Performance of such contract should not hinder the women's business centers in carrying out the terms of the grant received by the women's business centers from the Administration.

“(e) SUBMISSION OF 5-YEAR PLAN.—Each applicant organization initially shall submit a 5-year plan to the Administration on proposed fundraising and training activities, and a recipient organization may receive financial assistance under this program for a maximum of 5 years per women's business center.

“(f) CRITERIA.—The Administration shall evaluate and rank applicants in accordance with predetermined selection criteria that shall be stated in terms of relative importance. Such criteria and their relative importance shall be made publicly available and stated in each solicitation for applications made by the Administration. The criteria shall include—

“(1) the experience of the applicant in conducting programs or ongoing efforts designed to impart or upgrade the business skills of women business owners or potential owners;

“(2) the present ability of the applicant to commence a project within a minimum amount of time;

“(3) the ability of the applicant to provide training and services to a representative number of women who are both socially and economically disadvantaged; and

“(4) the location for the women's business center site proposed by the applicant.

“(g) OFFICE OF WOMEN'S BUSINESS OWNERSHIP.—There is established within the Administration an Office of Women's Business

Ownership, which shall be responsible for the administration of the Administration's programs for the development of women's business enterprises (as that term is defined in section 408 of the Women's Business Ownership Act of 1988). The Office of Women's Business Ownership shall be administered by an Assistant Administrator, who shall be appointed by the Administrator.

“(h) REPORT.—The Administrator shall prepare and submit an annual report to the Committees on Small Business of the House of Representatives and the Senate on the effectiveness of all projects conducted under the authority of this section. Such report shall provide information concerning—

“(1) the number of individuals receiving assistance;

“(2) the number of startup business concerns formed;

“(3) the gross receipts of assisted concerns;

“(4) increases or decreases in profits of assisted concerns; and

“(5) the employment increases or decreases of assisted concerns.

“(i) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated \$8,000,000 per year to carry out the projects authorized by this section of which for fiscal year 1998 not more than 10 percent may be used for administrative expenses related to the program. Amounts appropriated pursuant to this subsection for fiscal year 1999 and later are to be used exclusively for grant awards and not for costs incurred by the Administration for the management and administration of the program. Notwithstanding any other provision of law, the Administration may use such expedited acquisition methods as it deems appropriate, through the Assistant Administrator of the Office of Women's Business Ownership, to achieve the purposes of this section, except that the Administration shall ensure that all small business sources are provided a reasonable opportunity to submit proposals.”.

(b) APPLICABILITY.—Any organization conducting a 3-year project under section 29 of the Small Business Act (15 U.S.C. 656) on the day before the date of enactment of this Act, may extend the term of that project to a total term of 5 years and receive financial assistance in accordance with section 29(c) of the Small Business Act (as amended by this title) subject to procedures established by the Administrator in coordination with the Office of Women's Business Ownership established under section 29 of the Small Business Act (15 U.S.C. 656) (as amended by this title).

#### **SEC. 306. OFFICE OF WOMEN'S BUSINESS OWNERSHIP.**

Section 29 of the Small Business Act (15 U.S.C. 656) is amended by adding at the end the following:

“(j) ASSISTANT ADMINISTRATOR FOR THE OFFICE OF WOMEN'S BUSINESS OWNERSHIP.—

“(1) ESTABLISHMENT.—There is established the position of Assistant Administrator for the Office of Women's Business Ownership (hereafter in this section referred to as the ‘Assistant Administrator’) who shall serve without regard to the provisions of title 5, United States Code, governing appointments in the competitive service.

“(2) RESPONSIBILITIES AND DUTIES.—

“(A) RESPONSIBILITIES.—The responsibilities of the Assistant Administrator shall be to administer the programs and services of the Office of Women's Business Ownership established to assist women entrepreneurs in the areas of—

“(i) starting and operating a small business;

“(ii) development of management and technical skills;

“(iii) seeking Federal procurement opportunities; and

“(iv) increasing the opportunity for access to capital.

“(B) DUTIES.—Duties of the position of the Assistant Administrator shall include—

“(i) administering and managing the Women's Business Centers program;

“(ii) recommending the annual administrative and program budgets for the Office of Women's Business Ownership (including the budget for the Women's Business Centers);

“(iii) establishing appropriate funding levels therefore;

“(iv) reviewing the annual budgets submitted by each applicant for the Women's Business Center program;

“(v) selecting applicants to participate in this program;

“(vi) implementing this section;

“(vii) maintaining a clearinghouse to provide for the dissemination and exchange of information between Women's Business Centers;

“(viii) serving as the vice chairperson of the Interagency Committee on Women's Business Enterprise;

“(ix) serving as liaison for the National Women's Business Council; and

“(x) advising the Administrator on appointments to the Women's Business Council.

“(3) CONSULTATION REQUIREMENTS.—In carrying out the responsibilities and duties described in this subsection, the Assistant Administrator shall confer with and seek the advice of the Administration officials in areas served by the Women's Business Centers.

“(k) PROGRAM EXAMINATION.—

“(1) IN GENERAL.—Not later than 180 days after the date of enactment of this subsection, the Administration shall develop and implement an annual programmatic and financial examination of each Women's Business Center established pursuant to this section.

“(2) EXTENSION OF CONTRACTS.—In extending or renewing a contract with a Women's Business Center, the Administration shall consider the results of the examination conducted pursuant to paragraph (1).

“(l) CONTRACT AUTHORITY.—The authority of the Administration to enter into contracts shall be in effect for each fiscal year only to the extent and in the amounts as are provided in advance in appropriations Acts. After the Administration has entered a contract, either as a grant or a cooperative agreement, with any applicant under this section, it shall not suspend, terminate, or fail to renew or extend any such contract unless the Administration provides the applicant with written notification setting forth the reasons therefore and affording the applicant an opportunity for a hearing, appeal, or other administrative proceeding under chapter 5 of title 5, United States Code.”.

#### **TITLE IV—COMPETITIVENESS PROGRAM**

##### **SEC. 401. PROGRAM TERM.**

Section 711(c) of the Small Business Competitiveness Demonstration Program Act of 1988 (15 U.S.C. 644 note) is amended by striking “, and terminate on September 30, 1997”.

##### **SEC. 402. MONITORING AGENCY PERFORMANCE.**

Section 712(d)(1) of the Small Business Competitiveness Demonstration Program Act of 1988 (15 U.S.C. 644 note) is amended to read as follows:

“(1) Participating agencies shall monitor the attainment of their small business participation goals on an annual basis. An annual review by each participating agency shall be completed not later than January 31 of each year, based on the data for the preceding fiscal year, from October 1 through September 30.”.

##### **SEC. 403. SMALL BUSINESS PARTICIPATION IN DREDGING.**

Section 722(a) of the Small Business Competitiveness Demonstration Program Act of

1988 (15 U.S.C. 644 note) is amended by striking "and terminating on September 30, 1997".

#### SEC. 404. TECHNICAL AMENDMENT.

Section 717 of the Small Business Competitiveness Demonstration Program Act of 1988 (15 U.S.C. 644 note) is amended—

(1) by striking "standard industrial classification code" each time it appears and inserting in lieu thereof "North American Industrial Classification Code"; and

(2) by striking "standard industrial classification codes" each time it appears and inserting in lieu thereof "North American Industrial Classification Codes".

#### TITLE V—MISCELLANEOUS PROVISIONS

##### SEC. 501. SMALL BUSINESS DEVELOPMENT CENTERS.

(a) IN GENERAL.—Section 21(a) of the Small Business Act (15 U.S.C. 648(a)) is amended—

(1) in paragraph (1), by inserting "any women's business center operating pursuant to section 29," after "credit or finance corporation,";

(2) in paragraph (3)—

(A) by striking "but with" and all that follows through "parties," and inserting the following: "for the delivery of programs and services to the Small Business community. Such programs and services shall be jointly developed, negotiated, and agreed upon, with full participation of both parties, pursuant to an executed cooperative agreement between the Small Business Development Center applicant and the Administration."; and

(B) by adding at the end the following:

"(C) On an annual basis, the Small Business Development Center shall review and coordinate public and private partnerships and cosponsorships with the Administration for the purpose of more efficiently leveraging available resources on a National and a State basis.";

(3) in paragraph (4)(C)—

(A) by striking clause (i) and inserting the following:

"(i) IN GENERAL.—

"(I) MAXIMUM AMOUNT.—Except as provided in clause (ii), and subject to subclause (II) of this clause, the amount of a grant received by a State under this section shall not exceed greater of—

"(aa) \$500,000; and

"(bb) the State's pro rata share of a national program, based upon the population of the State as compared to the total population of the United States.

"(II) EXCEPTION.—Subject to the availability of amounts made available in advance in an appropriations Act to carry out this section for any fiscal year in excess of amounts so provided for fiscal year 1997, the amount of a grant received by a State under this section shall not exceed the greater of \$500,000, and the sum of—

"(aa) the State's pro rata share of a national program, based upon the population of the State as compared to the total population of the United States; and

"(bb) and \$300,000 in fiscal year 1998, \$400,000 in fiscal year 1999, and \$500,000 in each fiscal year thereafter.";

(B) in clause (iii), by striking "(iii)" and all that follows through "1997," and inserting the following:

"(iii) NATIONAL PROGRAM.—The national program under this section shall be—

"(I) \$85,000,000 for fiscal year 1998;

"(II) \$90,000,000 for fiscal year 1999; and

"(III) \$95,000,000 for fiscal year 2000 and each fiscal year thereafter.";

(4) in paragraph (6)—

(A) in subparagraph (A), by striking "and" at the end;

(B) in subparagraph (B), by striking the comma at the end and inserting "; and"; and

(C) inserting after subparagraph (B) the following:

"(C) with outreach, development, and enhancement of minority-owned small business startups or expansions, veteran-owned small business startups or expansions, and women-owned small business startups or expansions, in communities impacted by base closings or military or corporate downsizing, or in rural or underserved communities;"

(b) SBDC SERVICES.—Section 21(c) of the Small Business Act (15 U.S.C. 648(c)) is amended—

(1) in paragraph (3)—

(A) in subparagraph (A), by striking "businesses;" and inserting "businesses, including—

"(i) working with individuals to increase awareness of basic credit practices and credit requirements;

"(ii) working with the Administration to develop and provide informational tools for use in working with individuals on pre-business startup planning, existing business expansion, business plans, financial packages, credit applications, contract proposals, and export planning; and

"(iii) working with individuals referred by the local offices of the Administration and Administration participating lenders;"

(B) in each of subparagraphs (B), (C), (D), (E), (F), (G), (M), (N), (O), (Q), and (R) by moving each margin two ems to the left;

(C) in subparagraph (C), by inserting "and the Administration" after "Center";

(D) in subparagraph (Q), by striking "and" at the end;

(E) in subparagraph (R), by striking the period at the end and inserting "; and"; and

(2) in paragraph (5)—

(A) by moving the margin 2 ems to the left;

(B) by striking "paragraph (a)(1)" and inserting "subsection (a)(1)";

(C) by striking "which ever" and inserting "whichever"; and

(D) by striking "last," and inserting "last.";

(3) by redesignating paragraphs (4) through (7) as paragraphs (5) through (8), respectively; and

(4) in paragraph (3), in the undesignated material following subparagraph (S) (as added by this subsection), by striking "A small" and inserting the following:

"(4) A small".

(c) COMPETITIVE AWARDS.—Section 21(l) of the Small Business Act (15 U.S.C. 648(l)) is amended by adding at the end the following: "If any contract under this section is not renewed or extended, award of the succeeding contract shall be made on a competitive basis."

(d) PROHIBITION ON CERTAIN FEES.—Section 21 of the Small Business Act (15 U.S.C. 648) is amended by adding at the end the following:

"(m) PROHIBITION ON CERTAIN FEES.—A small business development center shall not impose or otherwise collect a fee or other compensation in connection with the provision of counseling services under this section."

##### SEC. 502. SMALL BUSINESS EXPORT PROMOTION.

(a) IN GENERAL.—Section 21(c)(3) of the Small Business Act (15 U.S.C. 648(c)(3)) is amended by inserting after subparagraph (R) the following:

"(S) providing small business owners with access to a wide variety of export-related information by establishing on-line computer linkages between small business development centers and an international trade data information network with ties to the Export Assistance Center program."

(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out section 21(c)(3)(S) of the Small Business Act (15 U.S.C. 648(c)(3)(S)), as added by this section, \$1,500,000 for each of fiscal years 1998 and 1999.

##### SEC. 503. PILOT PREFERRED SURETY BOND GUARANTEE PROGRAM EXTENSION.

Section 207 of the Small Business Administration Reauthorization and Amendment Act of 1988 (15 U.S.C. 694b note) is amended by striking "September 30, 1997" and inserting "September 30, 2000".

##### SEC. 504. VERY SMALL BUSINESS CONCERNS.

Section 304(i) of Public Law 103-403 (15 U.S.C. 644 note) is amended by striking "1998" and inserting "2000".

##### SEC. 505. EXTENSION OF COSPONSORSHIP AUTHORITY.

Section 401(a)(2) of the Small Business Administration Reauthorization and Amendments Act of 1994 (15 U.S.C. 637 note) is amended by striking "September 30, 1997" and inserting "September 30, 2000".

##### SEC. 506. TRADE ASSISTANCE PROGRAM FOR SMALL BUSINESS CONCERNS HARMED BY NAFTA.

The Small Business Administration shall coordinate assistance programs currently administered by the Administration to counsel small business concerns harmed by the North American Free Trade Agreement to aid such concerns in reorienting their business purpose.

#### TITLE VI—SERVICE DISABLED VETERANS

##### SEC. 601. PURPOSES.

The purposes of this title are—

(1) to foster enhanced entrepreneurship among eligible veterans by providing increased opportunities;

(2) to vigorously promote the legitimate interests of small business concerns owned and controlled by eligible veterans; and

(3) to ensure that those concerns receive fair consideration in purchases made by the Federal Government.

##### SEC. 602. DEFINITIONS.

For purposes of this title, the following definitions apply:

(1) ADMINISTRATION.—The term "Administration" means the Small Business Administration.

(2) ADMINISTRATOR.—The term "Administrator" means the Administrator of the Small Business Administration.

(3) ELIGIBLE VETERAN.—The term "eligible veteran" means a disabled veteran, as defined in section 4211(3) of title 38, United States Code.

(4) SMALL BUSINESS CONCERN OWNED AND CONTROLLED BY ELIGIBLE VETERANS.—The term "small business concern owned and controlled by eligible veterans" means a small business concern (as defined in section 3 of the Small Business Act)—

(A) which is at least 51 percent owned by 1 or more eligible veteran, or in the case of a publicly owned business, at least 51 percent of the stock of which is owned by 1 or more eligible veteran; and

(B) whose management and daily business operations are controlled by eligible veterans.

##### SEC. 603. REPORT BY SMALL BUSINESS ADMINISTRATION.

(a) STUDY AND REPORT.—Not later than 6 months after the date of the enactment of this Act, the Administrator shall conduct a comprehensive study and issue a final report to the Committees on Small Business of the House of Representatives and the Senate containing findings and recommendations of the Administrator on—

(1) the needs of small business concerns owned and controlled by eligible veterans;

(2) the availability and utilization of Administration programs by small business concerns owned and controlled by eligible veterans;

(3) the percentage, and dollar value, of Federal contracts awarded to small business concerns owned and controlled by eligible veterans in the preceding 5 fiscal years; and



(4) methods to improve Administration and other programs to serve the needs of small business concerns owned and controlled by eligible veterans.

The report also shall include recommendations to Congress concerning the need for legislation and recommendations to the Office of Management and Budget, relevant offices within the Administration, and the Department of Veterans Affairs.

(b) CONDUCT OF STUDY.—In carrying out subsection (a), the Administrator—

(1) may conduct surveys of small business concerns owned and controlled by eligible veterans and service disabled veterans, including those who have sought financial assistance or other services from the Administration;

(2) shall consult with the appropriate committees of Congress, relevant groups and organizations in the non-profit sector, and Federal or State government agencies; and

(3) shall have access to any information within other Federal agencies which pertains to such veterans and their small businesses, unless such access is specifically prohibited by law.

#### SEC. 604. INFORMATION COLLECTION.

After the date of issuance of the report required by section 603, the Secretary of Veterans Affairs shall, in consultation with the Assistant Secretary for Veterans' Employment and Training and the Administrator, engage in efforts each fiscal year to identify small business concerns owned and controlled by eligible veterans in the United States. The Secretary shall inform each small business concern identified under this section that information on Federal procurement is available from the Administrator.

#### SEC. 605. STATE OF SMALL BUSINESS REPORT.

Section 303(b) of the Small Business Economic Policy Act of 1980 (15 U.S.C. 631b(b)) is amended by striking "and female-owned businesses" and inserting " , female-owned, and veteran-owned businesses".

#### SEC. 606. LOANS TO VETERANS.

Section 7(a) of the Small Business Act (15 U.S.C. 636(a)) is amended by inserting after paragraph (7) the following:

"(8) The Administration is empowered to make loans under this subsection to small business concerns owned and controlled by disabled veterans. For purposes of this paragraph, the term 'disabled veteran' shall have the meaning such term has in section 4211(3) of title 38, United States Code."

#### SEC. 607. ENTREPRENEURIAL TRAINING, COUNSELING, AND MANAGEMENT ASSISTANCE.

The Administrator shall take such actions as may be necessary to ensure that small business concerns owned and controlled by eligible veterans have access to programs established under the Small Business Act which provide entrepreneurial training, business development assistance, counseling, and management assistance to small business concerns. Such programs include the Small Business Development Center, Small Business Institute, Service Corps of Retired Executives (SCORE), and Active Corps of Executives (ACE) programs.

#### SEC. 608. GRANTS FOR ELIGIBLE VETERANS OUTREACH PROGRAMS.

Section 8(b) of the Small Business Act (15 U.S.C. 637(b)) is amended—

(1) by striking "and" at the end of paragraph (15);

(2) by striking the period at the end of the first paragraph (16) and inserting "; and";

(3) by striking the second paragraph (16); and

(4) by adding at the end the following new paragraph:

"(17) to make grants to, and enter into contracts and cooperative agreements with,

educational institutions, private businesses, veterans' nonprofit community-based organizations, and Federal, State, and local departments and agencies for the establishment and implementation of outreach programs for disabled veterans, as defined in section 4211(3) of title 38, United States Code."

#### SEC. 609. OUTREACH FOR ELIGIBLE VETERANS.

The Administrator, the Secretary of Veterans Affairs, and the Assistant Secretary of Labor for Veterans' Employment and Training shall develop and implement a program of comprehensive outreach to assist eligible veterans. Such outreach shall include business training and management assistance, employment and relocation counseling, and dissemination of information on veterans benefits and veterans entitlements.

### TITLE VII—SMALL BUSINESS TECHNOLOGY TRANSFER PROGRAM.

#### SEC. 701. AMENDMENTS.

Section 9 of the Small Business Act (15 U.S.C. 638) is amended—

(1) in subsection (b)(7), by inserting " , and the Committee on Science" after "of the Senate";

(2) in subsection (e)(4)(A) by striking "(ii)";

(3) in subsection (e)(6)(B), by inserting "agency" after "to meet particular";

(4) in subsection (n)(1)(C), by striking "and 1997" and inserting in lieu thereof "through 2000";

(5) in subsection (o)—

(A) by redesignating paragraphs (8) through (11) as paragraphs (10) through (13), respectively; and

(B) by inserting after paragraph (7) the following new paragraphs:

"(8) include, as part of its annual performance plan as required by section 1115(a) and (b) of title 31, United States Code, a section on its STTR program, and shall submit such section to the Committee on Small Business of the Senate, and the Committee on Science and the Committee on Small Business of the House of Representatives;

"(9) collect such data from awardees as is necessary to assess STTR program outputs and outcomes;"; and

(6) by adding at the end the following new subsections:

"(s) OUTREACH PROGRAM.—Within 90 days after the date of the enactment of this subsection, the Administrator shall develop and begin implementation of an outreach program to encourage increased participation in the STTR program of small business concerns, universities, and other research institutions located in States in which the total number of STTR awards for the previous 2 fiscal years is less than 20.

"(t) INCLUSION IN STRATEGIC PLANS.—Program information relating to the SBIR and STTR programs shall be included by Federal agencies in any updates and revisions required under section 306(b) of title 5, United States Code."

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Missouri [Mr. TALENT] and the gentleman from New York [Mr. LAFALCE] each will control 20 minutes.

The Chair recognizes the gentleman from Missouri [Mr. TALENT].

Mr. TALENT. Mr. Speaker, I yield myself such time as I may consume.

The primary purpose of H.R. 2261 is to reauthorize the Small Business Administration and the programs which that agency manages by authority granted under the Small Business Act and the Small Business Investment Act through fiscal year 2000.

The committee regularly authorizes these programs for a 3-year period, with the last reauthorization occurring in 1994 during the 103d Congress. Programs include the financial programs of the SBA: the 7(a) general business loan guarantee, Section 504 Certified Development Company program, and other programs.

The programs of the SBA, Mr. Speaker, annually provide assistance to over 100,000 small businesses all across the United States. These financial programs remedy shortfalls in access to credit and capital for small businesses that are in need because of unfortunate imperfections in the national economy.

By assuring financial assistance for amounts as small as \$500 to as much as \$1,250,000, the SBA and its private sector partners, bank and non-bank lenders, surety bond insurers, et cetera, provide a vital impetus to the small business sector. The SBA also provides hundreds of millions of dollars in vital disaster assistance to small businesses and homeowners every year.

H.R. 2261 reflects the committee's dedication to and support for these programs and the belief that they are not only necessary but also constantly in need of refinement and improvement as the economy shifts and changes. The bill includes not only the basic reauthorization language necessary to continue regular operations but also changes to the underlying program structures.

The bill includes significant improvements in the Preferred Certified Lender Program of the Section 504 Certified Development Company Program. These changes serve to help implement the committee's goals of increased reliance on private sector lending partners. The committee seeks to both enable the CDC's to take additional responsibility for servicing, liquidation and litigation of defaulted loans, and to improve the recoveries for this program.

H.R. 2261 also continues the committee's work on improving the Small Business Investment Company Program. Last year this program underwent significant changes, and this year the committee seeks to build on those improvements by providing SBIC's with increased flexibility and some responsiveness in order to better allow the SBIC's to interact in the marketplace and thereby reduce risks of loss.

The measure before us has two additional components that were added to this legislation since our committee reported it. These additional elements have been added as a result of bipartisan efforts and, in fact, have involved the collective work of multiple committees. Title VI of H.R. 2261, as amended, contains a number of provisions which are designed to assist the Federal Government in better serving service disabled veterans and small businesses owned by service disabled veterans. These measures are the product of bipartisan efforts by myself and



the gentleman from New York [Mr. LAFALCE], the committee's ranking member, working together with the chairman of the Committee on Rules and the chairman of the Committee on Veterans' Affairs.

Title VII of this legislation is also the product of a bipartisan and multi-committee effort between the Committee on Small Business and the Committee on Science. Title VII contains H.R. 2429, as reported by the Committee on Science, which is a 3-year reauthorization of the Pilot Small Business Technology Transfer Program. Building upon the established model of the Small Business Innovation Research Program, the STTR program provides the statutory basis for structured collaborations between small technology entrepreneurs and nonprofit research institutions, such as universities or federally funded Research and Development Centers, to foster commercialization of the results of federally sponsored research.

Mr. Speaker, I urge my colleagues to support small business, the engine of our economy, by voting for this needed legislation.

Mr. Speaker I reserve the balance of my time.

Mr. LAFALCE. Mr. Speaker, I yield myself such time as I may consume.

(Mr. LAFALCE asked and was given permission to revise and extend his remarks.)

Mr. LAFALCE. Mr. Speaker, I rise in strong support of H.R. 2261. I concur fully in the remarks of the gentleman from Missouri [Mr. TALENT], the distinguished chairman of the Committee on Small Business.

Mr. Speaker, I do not think it is necessary to reiterate the contents of this bill. Suffice it to say it is an important bill. The bill is a product of tremendous cooperation between the gentleman from Missouri [Mr. TALENT] and myself, between his staff and my staff, and amongst the various committees that were involved, too, the Committee on Rules, the Subcommittee on Technology, et cetera.

The gentleman from Missouri [Mr. TALENT] has shown excellence as chairman of the Committee on Small Business. He will do nothing but grow in that position and become even more excellent, but I hope he will yield that position unwillingly at the end of 1998.

Mr. Speaker, I rise in strong support of H.R. 2261. The bill, which was marked up by the Small Business Committee in late July, received broad bipartisan support and was unanimously adopted by the Small Business Committee. It reauthorizes and makes improvements to a number of excellent SBA programs that have always had, and today do have broad bipartisan support in this House.

The small business community has long been a key source of economic activity and a spur to job creation. But access to capital has been a recurrent problem. The programs of the SBA annually provide over \$13 billion of financial assistance to over 100,000 small businesses, remedying shortfalls in access to credit and capital for small business.

By providing financial assistance for amounts as small as \$500 to as much as \$1,250,000, the SBA and its private sector partners—bank and non-bank lenders, surety bond insurers, certified development companies, microlenders, and small business investment companies—play a vital role for small businesses in this economy. The SBA is particularly successful because it relies mostly on private capital to provide financing to small businesses. In addition, the SBA has become more responsive to the needs of small businesses by creating loan programs geared to their special needs, including the LowDoc Program with reduced paperwork for smaller borrowers, the Export Working Capital Program for small business exporters, and the Microloan Program. Also, the SBA also provides millions of dollars in vital disaster assistance to small businesses and homeowners every year.

In addition, the SBA also provides counseling to small business owners. In fiscal year 1997, the agency has provided counseling and training to over 1 million of its small business clients through resource partners such as the Service Corps of Retired Executives [SCORE] and Small Business Development Centers [SBDC's].

These billions of dollars in assistance are provided at a total cost of \$850 million for programs and salaries and expenses.

The bill reauthorizes the Small Business Administration's programs for 3 years, fiscal year 1998 through fiscal year 2000, and also makes significant improvements to them. The programs include the section 7(a) general business loan guarantee, the section 504 Certified Development Company [CDC], the Microloan, the Small Business Investment Company [SBIC], SBDC, and SCORE Programs. I would like to describe some of the bill's more important provisions.

Title I of the bill sets forth the authorization levels for the various SBA programs. For example, in fiscal year 1998, funding is provided to allow for \$10 billion in guaranteed loans, with an increase to \$11 billion in fiscal year 1999, and \$13 billion in fiscal year 2000. Likewise the section 504 [CDC] program is authorized at \$3 billion in fiscal year 1998, an increase of 340 million over current year levels, \$3.5 billion in fiscal year 1999, and \$4.5 billion in the year 2000. The bill authorizes increases in the Micro-loan Program, from increased technical assistance to more funds for guaranteed and direct loans.

Title II improves various financial assistance programs to make them more sound, by increasing funding from the private sector and effectively liquidating those loans which do fail.

In particular, title II makes significant improvements in the section 504 [CDC] program. It expands the program to qualify more Certified Development Companies [CDC's]; establishes loan loss reserves to preferred lender participants; authorizes participating CDC's to foreclose on, liquidate, and litigate on defaulted loans, which should free up SBA resources and substantially improve recovery rates for those loans which do fail; allows sellers of property to provide financing of up to 50 percent, as long as the seller is subordinate to the SBA's interest in the property; and prevents SBA from delaying loan approval due to environmental concerns, if a prospective borrower obtains a letter of nonliability from the EPA or a State environmental agency con-

cerning any hazardous conditions and otherwise cooperates in remediation efforts.

Title II also makes several minor changes and reforms to the SBIC program. The bill would provide SBICs with greater flexibility and better access to financial markets and would improve the operations of SBA's investment division.

Finally, title II permanently authorizes the Microloan Program, changing it from a demonstration program, and extends the guaranteed Microloan Program by 3 years. This program provides loans of amounts below \$25,000 and is designed to provide technical assistance, business counseling grants, and financial assistance to very small businesses, in particular startups and home-based businesses. The Microloan Program has made over 5,000 loans totaling over \$60 million to small businesses since 1991.

In addition, the bill authorizes the SBA and its microlending partners to provide supplemental technical assistance in the form of transportation and child care assistance, to be paid from funds made available by other agencies. The House report on this bill reflected a concern expressed by two Democratic members, Messrs. BALDACCIO and FLAKE, regarding the availability of transportation in economically depressed areas and the obstacles it poses to people looking for work. The committee encourages funding of for-profit and cooperative transportation businesses to provide links between these communities and job opportunities.

Title III of the bill expands on SBA's programs for Women's Business Enterprises, including Women Business Centers, the SBA's Office of Women's Business Ownership, and the Women's Business Council, an effective advocacy organization. I am especially pleased that this bill continues strong support for women's business efforts, including expanding the women's business center program, which provides seed funding for business training centers across the country and is one of the most successful programs which SBA operates. The bill establishes a funding formula for grantees receiving funds under this program, increasing the time to 5 years, but requiring an increasing number of non-Federal dollars for each Federal dollar, 2 non-Federal dollars for each Federal dollar in funding during years four and five, for example.

Title V contains miscellaneous provisions. For example, section 502 encourages SBA to develop and expand an international trade data network. This title also extends the Preferred Surety Bond Program through fiscal year 2000. And, section 506 directs SBA to coordinate its programs and offer specific assistance to small businesses that may have been adversely affected by NAFTA.

Chairman TALENT has included in the bill a manager's amendment, which includes, first, a technical amendment; second, provisions to require SBA to conduct a study on the small business needs of disabled veterans and to expand SBA outreach to such veterans; and third, a reauthorization for the Small Business Technology Transfer [STTR] Program. After negotiations with the Science Committee, Chairman TALENT and I agreed to a simple bill which reauthorizes the STTR program for 3 years. The bill, reported out by the Science Committee, does not in any way change the STTR program.

In summary, the bill will allow continuation of these current SBA programs, some of the

most effective business programs operated by the U.S. Government, and makes changes to improve their effectiveness for small businesses, while protecting the government's interest. I strongly urge an affirmative vote for H.R. 2261 today, so that we could go to conference before the financial assistance and other SBA programs expire on September 30. Finally, I want to thank Chairman TALENT and his staff for their cooperation in the process of coming up with this excellent bill.

Mr. Speaker, I reserve the balance of my time.

Mr. TALENT. Mr. Speaker, I thank the gentleman for his kind comments, and I yield 2 minutes to the gentleman from Florida [Mr. MILLER].

Mr. MILLER of Florida. Mr. Speaker, as a former small businessman before entering Congress, I certainly recognize the importance of small business. My community in Florida, in Sarasota, is totally dependent on small business. And certainly the Small Business Administration does a lot of very fine things and should continue.

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I have some concerns, this being brought up under suspension, for a rather significant increase in money, and maybe I need to have explained to me a little bit more, because the total amount of money authorized is a significant increase over what is currently being appropriated, and I recognize this still has to go through the appropriation process, and as a member of the Committee on Appropriations, though not the subcommittee for small business, I will be able to follow this.

But under the 1997 bill, appropriation bill, we have an authorization or outlays of \$820 million, and it is going to increase next year to \$1.3 billion. So it is a rather significant increase that concerns me, that we are doing this under suspension, where we have no opportunity to offer amendments and question it. While there are many good programs, there have been concerns about set-aside issues also under the Small Business Administration.

So, I, or I think the gentleman from California [Mr. CONDIT], may be asking for a recorded vote because of concerns of bringing this under this particular suspension.

Mr. TALENT. Mr. Speaker, I yield myself such time as I may consume, and I appreciate the gentleman's comments.

Let me just say that if we take the reauthorization levels over the next 3 years, the authorization is not going up, it is going down. The bill does not mention or refer to any of the set-aside programs in the Small Business Administration, and that was done deliberately as a result of agreement between the gentleman and myself. In fact, this is one of the few major bills dealing with any of the agencies which does not mention any of the set-aside programs.

For example, we have voted on appropriations bills that have come out of the Committee on Appropriations, in

which the gentleman serves, most of which have some kind of set-aside programs. We are debating right now the Commerce, State, and Justice appropriations bill which funds the Small Business Administration, including the 8(a) program which is a set-aside program, and that might be a good opportunity, if the gentleman wants to raise the point, to raise that whole issue. We have not done it here.

This is a bill which reauthorizes a number of important programs, including the disaster relief program. Members need to understand that if we do not pass this bill, that program will run out at the end of the fiscal year unless it is extended by a CR.

We are moving toward privatization of a number of these lending programs and greater efficiency in these programs. The gentleman knows that the appropriations for the SBA is going down, and I would expect that it would continue to go down under this authorization, and that is certainly my intention.

As for bringing up on suspension, we are getting near the end of the year. The bill came out unanimously from committee. It does an awful lot of good things, and up until the last few days nobody had raised any issues. I would maintain that the issue regarding set-asides is extraneous to this bill, although, of course, Members are entitled to conclude what they want.

So I hope the Members will support this, and I understand the issue regarding set-asides is a very important one. I feel strongly about it myself, but it is truly extraneous to this bill, and I would suggest that Members look for other vehicles if they do want to raise the issue.

Mr. LAFALCE. Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. BENTSEN].

(Mr. BENTSEN asked and was given permission to revise and extend his remarks.)

Mr. BENTSEN. Mr. Speaker, I thank the gentleman for yielding this time to me, and there is an issue within this bill that I wanted to discuss, if I could, with both the chairman and the ranking member as it relates to the unsecuritized portion of 7(a) loans.

I am a former, I served on this committee in the last Congress, I do not serve on the committee in this Congress, and in the last Congress when we were working on this bill, the issue of certain SBA rules as it related to the unsecuritized portion of 7(a) loans came up.

I have a great deal of concern with the SBA and the direction that they are headed on this. I appreciate the fact that the bill, as I understand it, either asked or requires the SBA to address this issue within 90 days of enactment, and, if I could, during my time I would like to discuss this with both the chairman and the ranking member.

Mr. TALENT. Mr. Speaker, will the gentleman yield?

Mr. BENTSEN. I yield to the gentleman from Missouri.

Mr. TALENT. I would be happy to discuss this with the gentleman. This is the securitization the gentleman has been talking about?

Mr. BENTSEN. The gentleman is correct.

Mr. TALENT. Mr. Speaker, I appreciate the gentleman's good work on this.

The agency has had this issue, as the gentleman knows, since the bill we passed last year. I am hopeful that the agency can come up with a set of regulations that do advance the ability of both bank and nonbank lenders to securitize these on the secondary market as much as is consistent, of course, with sound lending practices, and I recognize the gentleman's background on that, and I am very pleased that he is working to midwife some acceptable compromise in that area.

Mr. BENTSEN. Also, reclaiming my time, I have been in some meetings with the SBA about this. I agree that we need to ensure that there are prudent lending standards that ensure the safety and soundness as it relates to the tax back guarantee of the 7(a) loans and how that relates to the unsecuritized portion.

I do have some concerns with what SBA has been proposing that may, in fact, go overboard and, in fact, may have additional motives beyond safety and soundness, which is what I think primarily the concern of the committee and House ought to be.

Mr. LAFALCE. Mr. Speaker, will the gentleman yield?

Mr. BENTSEN. I yield to my colleague from New York, who is also aware of this.

Mr. LAFALCE. Mr. Speaker, this is an issue that both the chairman and I have discussed at considerable length, we have discussed with representatives from the Small Business Administration, and I am concerned that we do not have some more definitive position coming from the SBA.

We had hoped in the last Congress that they would have promulgated definitive regulations by this time. But in consultation with them, I became concerned that they might be confusing their purposes, that they instead of focusing exclusively on securitization issues, on creditworthy issues and safety and soundness issues, et cetera, they might be focusing additionally on the issue of concentration of lending. And I think it is appropriate for them to focus on concentration of lending and do something about it, if it is necessary, but not within the context of securitization rules. They are totally separate and distinct. They should deal with securitization issues and promulgating securitization rules. They should deal with concentration issues by promulgating concentration rules if need be.

Further, there is clearly a distinction between insured depository institutions and nonbank lenders, and while we want rough parity, that does not mean that we must have identity of

treatment; at least that is my judgment, and of course it is up to the SBA to make their own independent judgment exclusively based upon their perception of the public interest.

Mr. BENTSEN. Mr. Speaker, I thank the gentleman for his comment, and, reclaiming my time, I will just close by saying that we need and the SBA needs to understand that we are dealing with sophisticated markets here which are fairly transparent and that I would hope that we would continue to have as much efficiency as the chairman spoke about while maintaining and preserving safety and soundness.

And I also would like to say for Members of the House that I congratulate the chairman on this bill, I think, being his first major bill, his first time as chairman, and of course the ranking member, and I am in strong support of the legislation, and I appreciate the fact that it does address this issue.

Mr. LAFALCE. Mr. Speaker, I have no further requests for time, and therefore I yield back the balance of my time.

Mr. TALENT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I just want to say because I want to make sure I did not misspeak before, when we authorize these lending programs in this committee, the authorization level goes to the total amount of loans that are authorized; in other words, the total loan volume.

We do expect that as a result of the kinds of changes that are being instituted in the last few years and over at the agency the amount of loan volume that we will be able to support with current or less appropriations levels is going to go up. In other words, I anticipate that we will continue to reduce appropriations for the lending programs for this agency.

At the same time, I do expect that the loan volume is going to go up, so I think we are going to see appropriations going down; it is going down this year. This agency is more than going to do its part in terms of meeting a balanced budget, but I would expect the overall loan volumes, I hope that we can support with those appropriations, to go up.

Mr. SENSENBRENNER. Mr. Speaker, last week in a bipartisan effort, the Committee on Science favorably reported H.R. 2429, as amended, a bill to reauthorize the Small Business Technology Transfer Program [STTR] through fiscal year 2000. This week, the Committee on Science and the Committee on Small Business, again working in a bipartisan fashion, have agreed to incorporate H.R. 2429 into H.R. 2261, the Small Business Programs Reauthorization and Amendments Acts of 1997.

I would like to thank the ranking member of the Science committee, Mr. BROWN, the Subcommittee on Technology chairwoman, Mrs. MORELLA, and the ranking member of that subcommittee, Mr. GORDON, for their efforts to reauthorize STTR. I would also like to thank the chairman of the Committee on Small Business, Mr. TALENT, for the great cooperation he

and all his staff have shown in working with the Science Committee to reauthorize STTR.

STTR was started as a pilot program in 1994. STTR was enacted to provide high technology, small businesses across the country an opportunity to receive Federal R&D funding for ideas that were originated in, and developed in cooperation with, nonprofit research institutions such as universities. It is financed by a 0.15 percent set-aside from the extramural R&D budgets of five agencies: the Department of Defense, the Department of Energy, the National Institutes of Health, the National Aeronautics and Space Administration, and the National Science Foundation.

These ideas are developed under STTR in three phases. Phase I is a 1-year grant of up to \$100,000. It is primarily used to research the viability of a technology. After phase I, a company may apply for phase II funding. Phase II is a 2-year award, of up to \$500,000. Phase II award winners will further develop the technology—with the goal of achieving phase III. Phase III is defined as commercialization of the technology, including use of the technology by the Government. STTR funds are not used for phase III.

H.R. 2429 will reauthorize STTR at its current set-aside of 0.15 percent through fiscal year 2000. The measure also makes some significant improvements to the program.

H.R. 2429 requires the STTR participating agencies to include STTR in their annual performance plans, as required by the Results Act. This plan will result in each agency defining program goals and setting out metrics to measure these goals. I believe that the plan will give Congress a clearer picture of the effectiveness of the STTR Program. In addition to the performance plan, H.R. 2429 requires each agency to include programs under 15 U.S.C. 638 in their strategic plan updates, again a requirement under the Results Act.

The STTR program has been criticized in some circles for the disparity of awards among States. To address this concern, H.R. 2429 mandates the Small Business Administration to develop an outreach program for small businesses and universities from States that have not received 20 or more STTR or Small Business Innovation Research [SBIR] awards in the previous 2 fiscal years. I do not favor mandating a set-aside for these States, but I do believe that through this program we will see an increase in the number of award applications, which should serve to strengthen STTR.

Finally, H.R. 2429 assures that the Committee on Science will be added to the list of committee's receiving the Small Business Administration's annual report on the STTR and SBIR Programs.

I am pleased that H.R. 2429 will be incorporated in its totality into H.R. 2261. It is also my understanding that the Committee on Science will have an equal number of conferees as the Small Business Committee on the STTR provision, when and if conference occurs with the Senate. I look forward to working with the Small Business Committee in representing the House position on the STTR Program.

Mr. WEYGAND. Mr. Speaker, I rise in support of H.R. 2261, the Small Business Programs Reauthorization and Amendments Act of 1997. First, I would like to thank Chairman TALENT and Mr. LAFALCE for their leadership and for producing a bill that will undoubtedly

benefit all small businesses. This bill reauthorizes the Small Business Administration and its programs which provide access to capital and services that might not otherwise be available to small business owners.

To highlight the SBA's importance, I would like too showcase what the SBA is doing in my district, in Rhode Island. Over the past 4 years there have been significant increases in the number of Small Business Administration loans awarded. In fact the number of loans has more than doubled. In 1993, there were 115 approved loans totaling \$32.6 million, in 1996, there were 292 loans totaling \$53.3 million.

Importantly, in my district alone there have been dramatic improvements in access to capital for women, minorities, and veterans. In 1993, there were 8 loans to minorities, 17 to women, and 14 to veterans. In 1996, we had 16 loans to minorities, 40 to women, and 46 to veterans. That is, nearly 35 percent of all approved SBA loans are going to these three groups. By reauthorizing these programs we will continue to provide the access to capital that those groups need allowing us to expand opportunities to women, minorities, and veterans.

I cannot overstate the impact of small business on Rhode Island's economy. Approximately 97 percent of all businesses in Rhode Island are classified as small businesses. These companies employ thousands of Rhode Islanders and provide the economic foundation of my State and our country. Small businesses play a vital role in job creation and provide endless opportunities for our citizens.

Along with the financial programs, the SBA provides services to assist business owners in becoming or remaining successful. Once a business has a loan we must make sure that the business stays healthy and profitable enough to repay that loan. Services provided by programs such as Small Business Development Centers, Service Corps of Retired Entrepreneurs, Business Information Centers, Minority Enterprise Development program, and Women's Business Enterprise program supply information and counseling services to business owners. These services are invaluable to the smallest businesses who do not have the budgets to hire high-priced consultants.

Small businesses are the backbone of our economy. They account for 53 percent of the Nation's private workforce. Small businesses generate more than 50 percent of the gross domestic product and are the primary source growth across the country. We, as leaders, must do all we can to foster and encourage the development and growth of small businesses and this bill moves us in that direction. This bill will allow us to continue to support existing small businesses and encourage the development of new ones, both in Rhode Island and across the country. I urge my colleagues to support it.

Mr. TALENT. Mr. Speaker, the primary purpose of H.R. 2261 is to reauthorize the Small Business Administration [SBA] and the programs which that agency manages by authority granted under the Small Business Act and the Small Business Investment Act through fiscal year 2000. The committee regularly authorizes these programs for a 3-year period, with the last reauthorization occurring in 1994 during the 103d Congress. The programs include the financial programs of the SBA: the 7(a) general business loan guarantee program, the Section 504 Certified Development

Company program, the Microloan program and the Small Business Investment Company [SBIC] program.

In addition, the bill will reauthorize the technical assistance and procurement programs of the SBA—the Service Core of Retired Executives [SCORES], the Women's Business Center program, the Small Business Development Center [SBDC] program, the Competitiveness Demonstration program, and other.

This legislation also changes and improves various programs, specifically modifying the Section 504 Preferred Certified Lender Program [PCLP], the SBIC program, the Women's Business Center program, and the SBDC program.

The programs of the Small Business Administration annually provide over \$14 billion of financial assistance to over 100,000 small businesses all across the United States. These financial programs remedy shortfalls in access to credit and capital for small businesses that are in need because of unfortunate imperfections in our national economy. By assuring financial assistance for amounts as small as \$500 to as much as \$1,250,000, the SBA and its private sector partners—bank and non-bank lenders, surety bond insurers, certified development companies, microlenders, and small business investment companies—provide a vital impetus to the small business sector of the economy. The SBA also provides hundreds of millions of dollars in vital disaster assistance to small businesses and homeowners every year.

H.R. 2261 reflects the committee's dedication to and support for these programs and the belief that they are not only necessary but also constantly in need of refinement and improvement as the economy shifts and changes. The bill includes not only the basic reauthorization language necessary to continue regular operations but also changes to the underlying program structures.

The bill includes significant improvements in the Preferred Certified Lender Program of the Section 504 Certified Development Company Program. These changes serve to help implement the committee's goals of increased reliance on private sector lending partners. The committee seeks to both enable the certified development companies to take additional responsibility for servicing, liquidation, and litigation of defaulted loans, and to improve the recoveries for this program.

Committee hearings revealed that recoveries are, in fact, the largest single factor in the increased subsidy cost of the 504 program. The committee continues to be concerned over the subsidy estimates for the 7(a) and 504 programs and makes these changes in the 504 program in order to encourage private sector participation in the liquidation process.

H.R. 2261 also continues the committee's work on improving the Small Business Investment Company program. Last year this program underwent significant changes, and this year the committee seeks to build on those improvements by providing SBIC's with increased flexibility and some responsiveness in order to better allow the SBIC's to interact in the marketplace and thereby reduce risks of loss.

The bill also reauthorizes and improves the Microloan program. Begun in 1991, this program has served the smallest and often least noticed segment of the small business community. The committee has recognized the ef-

ficacy of this program and changed it from demonstration to permanent program status.

In addition to financial assistance, the SBA also provides technical and managerial advice and assistance to hundreds of thousands of small businesses every year through the small business development centers, the women's business centers, and the Service Corps of Retired Executives. The committee reauthorizes these programs in H.R. 2261 and makes some valuable improvements to both the Women's Business Center and Small Business Development Center programs.

The measure before us has two additional components that were added to this legislation since our committee reported it. These additional elements have been added as a result of bipartisan efforts; and, in fact, have involved the collective work of multiple committees. Title VI of H.R. 2261, as amended, contains a number of provisions which are designed to assist the Federal Government in better serving service disabled veterans and small businesses owned by service disabled veterans. These measures are the product of bipartisan efforts by myself and our committee's ranking member, working together with the chairman of the Rules Committee and the chairman of the Committee on Veterans' Affairs.

Title VII of this legislation is also the product of a bipartisan and multicommittee effort between the Small Business Committee and the Science Committee. Title VII contains H.R. 2429, as reported by the Committee on Science, which is a 3-year reauthorization of the Pilot Small Business Technology Transfer [STTR] program. Building upon the established model of the Small Business Innovation Research [SBIR] program, the STTR Program provides the statutory basis for structured collaborations between small technology entrepreneurs and nonprofit research institutions, such as universities or Federal-funded research and development centers [FFRDC's], to foster commercialization of the results of federally sponsored research.

Mr. Speaker, H.R. 2261 is the product of bipartisan efforts in our committee to reauthorize the Small Business Administration through fiscal year 2000. It also reflects the efforts of other individuals and committees and their staffs. I would like to thank Mr. SENSENBRENNER, the chairman of the Committee on Science, and Mr. BROWN, his ranking member, for their work on H.R. 2429, which has become title VII of this legislation. I would also like to express my appreciation to their staff who worked on this. I would also like to thank Mr. STUMP, the chairman of the Veterans' Affairs Committee, and Mr. SOLOMON, the chairman of the Rules Committee, along with their staffs, for their help in working on title VI of this legislation. I would also like to thank our committee's ranking member, Mr. LAFALCE, for all of his help in helping to craft this legislation and assisting in bringing it to this floor. Finally, I would like to acknowledge the Small Business Committee staff who worked on this legislation: Emily Murphy, Mary McKenzie, Charles "Tee" Rowe, and Harry Katrichis for the majority, and Jeanne Roslanowick, Steve McSpadden, and Tom Powers for the minority.

I urge my colleagues to vote for this important legislation.

Mrs. MORELLA. Mr. Speaker, I am delighted that the bipartisan bill H.R. 2429 will be included as an amendment to the small business reauthorization bill. I would like to thank

Chairman SENSENBRENNER; ranking member, Mr. BROWN; the ranking member of the Subcommittee on Technology, Mr. GORDON; Mr. BARTLETT, as well as the other members from the Committee on Small Business who have cosponsored H.R. 2429.

The STTR program expires on September 30th of this year. H.R. 2429 will reauthorize STTR at its current set-aside level through fiscal year 2000. This will put STTR on the same timeline as its parent program, the Small Business Innovation Research Program.

STTR fosters collaboration between small businesses and research institutions to develop high-technology projects that can one day reach the marketplace or be used by the Federal Government. Since its inception, STTR has made nearly 800 awards totaling over \$115 million. Of those totals, 42 awards for \$4.8 million have gone to Maryland small businesses.

As Chairman SENSENBRENNER has stated, H.R. 2429 addresses some important concerns regarding the STTR Program, including establishing goals for the program, and establishing an outreach program to increase the participation of those states that have been under-represented in the STTR Program.

STTR began in 1994. Very few ideas have even reached the phase II level. Because of its infancy, it was difficult to determine whether STTR was a success or not. I hope that—with the changes made by H.R. 2429—along with 3 more years of data, Congress will have a better idea of the effectiveness and success of the program when its reauthorization expires in the year 2000.

Mr. TALENT. I have no further speakers on this side, Mr. Speaker, and so I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Missouri [Mr. TALENT] that the House suspend the rules and pass the bill, H.R. 2261, as amended.

The question was taken.

Mr. MILLER of Florida. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Pursuant to clause 5, rule I, and the Chair's prior announcement, further proceedings on this motion will be postponed.

The point of no quorum is considered withdrawn.

#### GENERAL LEAVE

Mr. TALENT. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 2261, the bill just considered.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

#### CHILD SUPPORT INCENTIVE ACT OF 1997

Mr. SHAW. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 2487) to improve the effectiveness