

examination of the Internal Revenue Service that there was a 25-percent rate of error in the paperwork. In electronic filing the rate of error was less than 1 percent. Errors mean dollars both to the filers as well as the organization that is being operated. There is a tremendous opportunity for saving money both from standpoint of the taxpayer in what it costs to comply with the code as well as the taxpayer from the standpoint of operating the IRS.

We believe, and everybody who has looked at it believes, that electronic filing is a tremendous way to save money and satisfy the demand of the customer to close this breathtaking gap that currently exists between what a private sector financial service agency can do and what the IRS can do. All of us understand what an ATM card is. All of us have seen what the private sector has done to reduce the amount of time needed to do a transaction with a financial institution. The IRS has been unable to keep pace with what the private sector is doing, and we think that electronic filing is not only likely to save money but will also increase people's confidence that the IRS is closing the gap between what the private sector is able to do and what they are able to do.

We have a section in there on taxpayer rights. We do not address the so-called 6103, the privacy issues, that Chairman ROTH and Senator MOYNIHAN did with the Finance Committee, but there are a number of things where we are absolutely certain that, if we make some changes, the taxpayer will have increased authority. We give the taxpayer advocate more independence, moving them outside the IRS; it is very difficult to imagine that person doing the job they need to do if, after they criticize the IRS, they then depend on the IRS personnel system in order to be advanced.

We make some additional changes on the burden of proof. We think having modified it slightly does not produce a situation that will result in a deterioration of our ability to get voluntary compliance or impose a burden upon individuals who are willing to comply in a voluntary fashion.

We provide as well, Mr. President, some changes that will I think address the problem of a complex Code, not by reforming the Tax Code but by putting the Commissioner at the table and giving the Commissioner the authority to comment either on proposals made by the President or by the Congress as to the cost of compliance and putting in a complexity index that would give us some kind of idea of cost anytime we have some new change we want to make.

Over and over and over we heard from witnesses coming before the Commission who said to us almost nothing is going to work if Congress continues to make the Code complex. If we continue to add provisions that add to the already estimated \$200 billion that the private sector taxpayer pays in order

to complete their forms, if we continue to make the Tax Code more and more complicated, it is going to be very difficult to manage the Agency for the purpose of reducing the customer dissatisfaction and increasing the voluntary compliance with the system.

Mr. President, I am very encouraged, and I hope we are able, in fact—there is now 13 of the 20 members of the Finance Committee who are supportive of this legislation. My guess is it will pass the Senate with a very large number. I have heard very few people raise objections now that we have reached agreement with the administration. I have heard very few people say this legislation would not help an awful lot. There will be 200 or more collections notices a day going out between now and the time that we act, 800,000 notices of either audits or other kinds of requirements sent to the taxpayers every single month. There is an urgency to act on this.

Are there other things that need to be done? The answer is yes. Will it solve every problem? The answer is no. But it will give the Commission the tools the Commissioner needs to manage the agency. It will change the oversight and make it possible for us to get shared and agreed consensus on where it is we are going to go. It will give the taxpayer more authority and more power than they currently have. And it will enable us to assess whether or not some new tax idea that we have is going to cost us more to implement than we are going to generate in revenue as a result of the change in the Code.

So I am very encouraged by the majority leader's comments in the paper this morning, and I am hopeful in that bipartisan way, in a big bipartisan way we can pass in the Senate, conference with the House, and send to the President for his signature a change in the law that would give taxpaying citizens increased confidence not only that they are going to get a fair shake but that Government of, for, and by the people works.

Mr. President, I yield the floor and I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. FRIST). The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BOND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

SMALL BUSINESS PROGRAMS RE-AUTHORIZATION AND AMENDMENTS ACT OF 1997

Mr. BOND. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on (S. 1139) to authorize the programs of the Small Business Administration, and for other purposes.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the bill from the Senate (S. 1139) entitled "An Act to reauthorize the programs of the Small Business Administration, and for other purposes," do pass with the following amendment:

Strike out all after the enacting clause and insert:

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:

“(1) 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) \$60,000,000 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. PCPLP 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. PCPLP 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 in-

serting the following after subsection (d) and by redesignating subsections (e) through (i) as (f) through (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)"; and

(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 woman’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.”; and

(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.”; and

(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 start-up 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”; and

(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;”;

(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.”

AMENDMENT NO. 1543

(Purpose: To provide a complete substitute)

Mr. BOND. Mr. President, I move to concur in the House amendment with an amendment which is at the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Missouri [Mr. BOND] proposes an amendment numbered 1543.

(The text of the amendment is located in today's RECORD under “Amendments Submitted.”)

Mr. BOND. Mr. President, I advise my colleagues that after long negotiations, I think we have reached an agreement on the measure to reauthorize the Small Business Administration for the next 3 fiscal years to continue vitally important programs and to add new programs which we think will be of significant benefit to our country. The measure before us now is similar to the bill we passed in early September, and it includes changes passed by the House of Representatives.

The negotiations have been very detailed, and we think if we can get to passage of this measure on the House side prior to the adjournment for the remainder of the calendar year that our Nation's small businesses will be greatly aided by this bill.

There are certain programs in the Small Business Administration that need to be reauthorized, and that cannot occur without this legislation. Some of the loan programs will continue even without the reauthorization, but the Small Business Technology Transfer Program, known as STTR, the Microloan Program, the 504 Loan Program, the Small Business

Competitiveness Demonstration Program, and SBA's cosponsorship authority will expire if there is no reauthorization passed and signed by the President.

In addition, the measure that we passed unanimously in early September includes provisions relating to the very important issue of bundling of large Federal contracts. The bill adds a new outreach program for disabled veterans. It also includes significant changes in the Microloan Program, which was a top priority of Senator KERRY and others. The bill contains my HUBZones Program which is designed to encourage small businesses to provide welfare-to-work opportunities in inner cities and in rural areas of high unemployment by providing small business contracts set-asides in HUBZones, which are historically underutilized business zones marked by high rates of poverty and high rates of unemployment. We believe the

HUBZone Program can do a tremendous amount to assist us in the goal which I think is generally agreed upon around here, and that is to provide more opportunities for people who need want to move from welfare or dependency upon public assistance to gainful employment.

Mr. President, I am very pleased that we can accomplish passage of this important legislation today. We hope that the House will move on it expeditiously next week so that we can get the measure to the President for his signature before we adjourn for the year.

Mr. President, I ask unanimous consent that a joint explanatory statement describing this bill be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

JOINT EXPLANATORY STATEMENT

The bill establishes authorizations of appropriation for programs of the Small Business Administration, creates a new program, and makes a number of changes in existing programs.

TITLE 1: AUTHORIZATIONS

In Title I, the bill authorizes appropriations for SBA's several business loan programs and for certain business development programs for Fiscal Years 1998, 1999, and 2000. Included among the loan programs are section 7(a) loan guarantees, 7(a)(21) defense conversion loan guarantees, Microloans, Small Business Investment Company (SBIC) debentures, and SBIC Participating Securities. Also included in this Title is a "such sums as may be necessary" authorization of appropriations for SBA business and homeowner disaster loans, which are direct loans made to individuals and businesses in communities which have been affected by natural disasters.

Except for disaster loan funding, the authorization levels with respect to funding for SBA loan programs, and certain business development programs, are set forth in the following chart.

Program Levels for SBA Reauthorization Bill
(In millions)

Program	Current Level		SBA 3 Year Authorization Request			Reauthorization Bill		
	FY 97	FY 98 Budget Request	1998	1999	2000	1998	1999	2000
7(a)	\$10.3	\$8.5	\$10	\$11	\$13	\$12,000	\$13,000	\$14,500
504	2.65	2.3	3	3.5	4.5	3,000	3,500	4,500
SBIC:								
Debentures	300	376	450	550	650	600	700	800
Participating Securities	410	456	600	700	850	700	800	900
Microloan:								
Technical Assistance	13	16.5	42	65.8	86.7	40	40	40
Direct Loans	24	19	60	60	60	60	60	60
Guaranteed Loans	19	25	40	40	40	40	40	40
Delta	48	88	1	1	1,000	1,000	1,000	1,000
Surety Bond Guarantee	1,800	1,700						
General Program	N/A	N/A	1,350	1,350	1,350	1,350	1,350	1,350
Preferred Program	N/A	N/A	650	650	650	650	650	650
SCORE	3.3	3.5	3.9	4.2	4.5	4	4.5	5
SBDC Base Closure Assistance	2		15	15	15	15	15	15
Women's Business Centers	4	4	4	4	4	8	8	8

TITLE II: FINANCIAL ASSISTANCE PROGRAMS

Subtitle A—Microloan Program

Section 201. Microloan Program.

The bill authorizes the direct microloan program, including the technical assistance grants, as a permanent program and extends the guaranteed microloan program through Fiscal Year 2000. In doing so, the Congress recognizes the effectiveness of these programs and the integral role they play in SBA's array of small business financial assistance programs. In order to maintain the financial integrity and success of the programs, including the welfare-to-work microloan initiative authorized by section 202 of this bill, SBA should continue to administer the programs through its offices charged with management and oversight of small business finance programs.

The bill makes a number of changes to the permanent program, including: 1) increases the loan limit for each intermediary under the microloan program from \$2,500,000 to \$3,500,000; 2) changes the loan loss reserve requirements for an experienced microloan intermediary to the greater of twice its historic loss rate or 10 percent of its outstanding loan balance; 3) increases from 15 percent to 25 percent the percentage of a technical assistance grant that may be used for microloan program participants prior to their receipt of a microloan; and 4) authorizes up to 25 percent of the technical assistance grants to be used for contracting with third parties to provide assistance to micro-borrowers.

Section 202. Welfare-to-Work Microloan Initiative.

The bill establishes a Welfare-to-Work Microloan Initiative, a three-year initiative to test the feasibility of providing supplemental grants to existing microloan intermediaries and technical assistance providers specifically targeted to helping individuals leave public assistance and establish their own businesses. While this initiative is not expected to be appropriate for all individuals seeking to leave public assistance, testimony before the Senate Committee indicated that in the state of Iowa microloan technical assistance has been one useful tool for assisting some in this population to establish small businesses. By authorizing 20 locations to target the welfare population, this initiative is intended to test the effectiveness of this tool in all regions of the country. The bill requires an annual evaluation of the initiative and its effectiveness in moving individuals from public assistance to business ownership.

The bill also authorizes supplemental grants to be used, at the discretion of the intermediary or technical assistance provider, to pay all or a portion of the child care or transportation costs of an individual participating in this initiative. These costs are often identified as the highest barriers to the employment of welfare recipients. To encourage the creation of small businesses in these key areas, the bill authorizes the microloan program to assist individuals who are starting or operating a for-profit or non-profit child care establishment or a for-profit transportation business.

The bill authorizes SBA to fund the supplemental microloan technical assistance grants solely through transfers by cooperative agreements with other Federal departments or agencies which have appropriated funds for the purpose of moving individuals from public assistance to employment. The Small Business Administration is authorized to receive \$3 million for Fiscal Year 1998, \$4 million for Fiscal Year 1999, and \$5 million for Fiscal Year 2000 for the welfare-to-work microloan initiative.

Subtitle B—Small Business Investment Company Program

Section 211. Five Year Commitments for SBICs at Option of Administrator.

The bill gives the Administrator of SBA authority to make five year leverage commitments for SBICs. This new authority is designed to assist SBICs in raising private capital, which is matched with government guaranteed capital to be invested in small businesses. By allowing SBA to approve five year commitments, an SBIC will be able to obtain leverage commitments based on its typical investment pattern, which normally allows for all investments to be made during the first five years of the SBIC's life-cycle.

Section 212. Fees.

The bill includes a provision to permit SBA to collect fees from applicants for a license under the SBIC Program. It permits SBA to retain these funds to offset its overhead to conduct a review of each applicant.