

the next summit meeting of the Organization for Security and Cooperation in Europe (OSCE).

The Department of State shares your concerns about Turkey's human rights record. All states participating in the OSCE are expected to adhere to the principles of the Helsinki Final Act and other OSCE commitments, including respect for human rights and fundamental freedoms. The U.S. Government has consistently called attention to human rights problems in Turkey and has urged improvements. It does not in any way condone Turkey's, or any other OSCE state's, failure to implement OSCE commitments.

The OSCE, however, is also a means of addressing and correcting human rights shortcomings. As you note in your letter, the issue of Turkey's human rights violations was raised at the November OSCE Review Meeting, and will likely continue to be raised at such meetings until Turkey demonstrates that it has taken concrete measures to improve its record. Holding the summit in Turkey could provide an opportunity to influence Turkey to improve its human rights record.

As you note, the Turkish government has made some effort to address problem areas, through the relaxation of restrictions on freedom of expression and the recent promulgation of legal reforms which, if fully implemented, would begin to address the torture problem. These measures are only a first step in addressing the problems that exist, but we believe they reflect the commitment of the Turkish government to address its human rights problems. We have been particularly encouraged by the positive attitude the new government, which came to power July 12, has demonstrated in dealing with human rights issues.

As you know, the fifty-four nations of the OSCE will discuss the question of a summit venue. As in all OSCE decisions, any decision will have to be arrived at through consensus, which will likely take some time to achieve. In the meantime, the Department of State welcomes your views, and will seriously consider your concerns about the OSCE summit site. I welcome your continuing input on this issue, and thank you for your thoughtful letter.

We appreciate your letter and hope this information is helpful. Please do not hesitate to contact us again if we can be of further assistance.

Sincerely,

BARBARA LARKIN,
Assistant Secretary,
Legislative Affairs.

AMENDMENTS SUBMITTED

THE EDUCATION SAVINGS ACT FOR PUBLIC AND PRIVATE SCHOOLS

LOTT AMENDMENT NO. 1542

(Ordered to lie on the table.)

Mr. LOTT submitted an amendment intended to be proposed by him to the bill (H.R. 2646) to amend the Internal Revenue Code of 1986 to allow tax-free expenditures from education individual retirement accounts for elementary and secondary school expenses, to increase the maximum annual amount of contributions to such accounts, and for other purposes; as follows:

Strike all after "1. SHORT" and insert "TITLE.

This act may be cited as the "Education Savings Act for Public and Private Schools".

SEC. 2. MODIFICATIONS TO EDUCATION INDIVIDUAL RETIREMENT ACCOUNTS.

(a) TAX-FREE EXPENDITURES FOR ELEMENTARY AND SECONDARY SCHOOL EXPENSES.—

(1) IN GENERAL.—Section 530(b)(2) of the Internal Revenue Code of 1986 is amended to read as follows:

"(2) QUALIFIED EDUCATION EXPENSES.—

"(A) IN GENERAL.—The term 'qualified education expenses' means—

"(i) qualified higher education expenses (as defined in section 529(e)(3)), and

"(ii) qualified elementary and secondary education expenses (as defined in paragraph (4)) but only with respect to amounts in the account which are attributable to contributions for any taxable year ending before January 1, 2003, and earnings on such contributions.

Such expenses shall be reduced as provided in section 25A(g)(2).

"(B) QUALIFIED STATE TUITION PROGRAMS.—Such term shall include amounts paid or incurred to purchase tuition credits or certificates, or to make contributions to an account, under a qualified State tuition program (as defined in section 529(b)) for the benefit of the beneficiary of the account."

(2) QUALIFIED ELEMENTARY AND SECONDARY EDUCATION EXPENSES.—Section 530(b) of such Code is amended by adding at the end the following new paragraph:

"(4) QUALIFIED ELEMENTARY AND SECONDARY EDUCATION EXPENSES.—

"(A) IN GENERAL.—The term 'qualified elementary and secondary education expenses' means tuition, fees, tutoring, special needs services, books, supplies, computer equipment (including related software and services) and other equipment, transportation, and supplementary expenses required for the enrollment or attendance of the designated beneficiary of the trust at a public, private, or religious school.

"(B) SPECIAL RULE FOR HOMESCHOOLING.—Such term shall include expenses described in subparagraph (A) required for education provided for homeschooling if the requirements of any applicable State or local law are met with respect to such education.

"(C) SCHOOL.—The term 'school' means any school which provides elementary education or secondary education (through grade 12), as determined under State law."

(3) CONFORMING AMENDMENTS.—Subsections (b)(1) and (d)(2) of section 530 of such Code are each amended by striking "higher" each place it appears in the text and heading thereof.

(b) TEMPORARY INCREASE IN MAXIMUM ANNUAL CONTRIBUTIONS.—

(1) IN GENERAL.—Section 530(b)(1)(A)(iii) of the Internal Revenue Code of 1986 is amended by striking "\$500" and inserting "the contribution limit for such taxable year".

(2) CONTRIBUTION LIMIT.—Section 530(b) of such Code is amended by adding at the end the following new paragraph:

"(4) CONTRIBUTION LIMIT.—The term 'contribution limit' means \$2,500 (\$500 in the case of any taxable year ending after December 31, 2002)."

(3) CONFORMING AMENDMENTS.—

(A) Section 530(d)(4)(C) of such Code is amended by striking "\$500" and inserting "the contribution limit for such taxable year".

(B) Section 4973(e)(1)(A) of such Code is amended by striking "\$500" and inserting "the contribution limit (as defined in section 530(b)(4)) for such taxable year".

(c) WAIVER OF AGE LIMITATIONS FOR CHILDREN WITH SPECIAL NEEDS.—Paragraph (1) of section 530(b) of the Internal Revenue Code of 1986 is amended by adding at the end the

following flush sentence: "The age limitations in the preceding sentence shall not apply to any designated beneficiary with special needs (as determined under regulations prescribed by the Secretary)."

(d) CORPORATIONS PERMITTED TO CONTRIBUTE TO ACCOUNTS.—Paragraph (1) of section 530(c) of the Internal Revenue Code of 1986 is amended by striking "The maximum amount which a contributor" and inserting "In the case of a contributor who is an individual, the maximum amount the contributor".

(e) EFFECTIVE DATE; REFERENCES.—

(1) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the amendments made by section 213 of the Taxpayer Relief Act of 1997.

(2) REFERENCES.—Any reference in this section to any section of the Internal Revenue Code of 1986 shall be a reference to such section as added by the Taxpayer Relief Act of 1997.

SEC. 8. OVERRULING OF SCHMIDT BAKING COMPANY CASE.

(a) IN GENERAL.—The Internal Revenue Code of 1986 shall be applied without regard to the result reached in the case of Schmidt Baking Company, Inc. v. Commissioner of Internal Revenue, 107 T.C. 271 (1996).

(b) REGULATIONS.—The Secretary of the Treasury or the Secretary's delegate shall prescribe regulations to reflect subsection (a).

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—Subsections (a) and (b) shall apply to taxable years beginning after October 8, 1997.

(2) SPECIAL RULE FOR TAXABLE YEARS INCLUDING OCTOBER 8, 1997.—In the case of any taxable year which includes October 8, 1997, the amount of the deduction of any taxpayer for vacation, severance, or sick pay shall be reduced by an amount equal to 60 percent of the excess (if any) of—

(A) the amount of such deduction determined without regard to this section, over

(B) the amount of such deduction which would be determined if subsections (a) and (b) applied to such taxable year.

(3) CHANGE IN METHOD OF ACCOUNTING.—In the case of any taxpayer required by this section to change its method of accounting for its first taxable year beginning after October 8, 1997—

(A) such change shall be treated as initiated by the taxpayer.

(B) such change shall be treated as made with the consent of the Secretary of the Treasury, and

(C) the net amount of the adjustments required to be taken into account by the taxpayer under section 481 of the Internal Revenue Code of 1986 shall be taken into account in a prorata manner during the 10-taxable year period beginning with such first taxable year.

THE SMALL BUSINESS REAUTHORIZATION ACT OF 1997 HUBZONE ACT OF 1997

BOND AMENDMENT NO. 1543

Mr. BOND proposed an amendment to the bill (S. 1139) to reauthorize the programs of the Small Business Administration, and for other purposes; as follows:

In lieu of the matter proposed to be inserted, insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Small Business Reauthorization Act of 1997".

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Definitions.
- Sec. 3. Effective date.

TITLE I—AUTHORIZATIONS

- Sec. 101. Authorizations.

TITLE II—FINANCIAL ASSISTANCE

Subtitle A—Microloan Program

- Sec. 201. Microloan program.
- Sec. 202. Welfare-to-work microloan initiative.

Subtitle B—Small Business Investment Company Program

- Sec. 211. 5-year commitments for SBICs at option of Administrator.
- Sec. 212. Underserved areas.
- Sec. 213. Private capital.
- Sec. 214. Fees.
- Sec. 215. Small business investment company program reform.
- Sec. 216. Examination fees.

Subtitle C—Certified Development Company Program

- Sec. 221. Loans for plant acquisition, construction, conversion, and expansion.

- Sec. 222. Development company debentures.
- Sec. 223. Premier certified lenders program.

Subtitle D—Miscellaneous Provisions

- Sec. 231. Background check of loan applicants.
- Sec. 232. Report on increased lender approval, servicing, foreclosure, liquidation, and litigation of section 7(a) loans.
- Sec. 233. Completion of planning for loan monitoring system.

TITLE III—WOMEN'S BUSINESS ENTERPRISES

- Sec. 301. Interagency committee participation.
- Sec. 302. Reports.
- Sec. 303. Council duties.
- Sec. 304. Council membership.
- Sec. 305. Authorization of appropriations.
- Sec. 306. National Women's Business Council procurement project.
- Sec. 307. Studies and other research.
- Sec. 308. Women's business centers.

TITLE IV—COMPETITIVENESS PROGRAM AND PROCUREMENT OPPORTUNITIES

Subtitle A—Small Business 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 amendments.

Subtitle B—Small Business Procurement Opportunities Program

- Sec. 411. Contract bundling.
- Sec. 412. Definition of contract bundling.
- Sec. 413. Assessing proposed contract bundling.
- Sec. 414. Reporting of bundled contract opportunities.
- Sec. 415. Evaluating subcontract participation in awarding contracts.
- Sec. 416. Improved notice of subcontracting opportunities.
- Sec. 417. Deadlines for issuance of regulations.

TITLE V—MISCELLANEOUS PROVISIONS

- Sec. 501. Small Business Technology Transfer program.
- Sec. 502. Small Business Development Centers.
- Sec. 503. Pilot preferred surety bond guarantee program extension.
- Sec. 504. Extension of cosponsorship authority.

- Sec. 505. Asset sales.
- Sec. 506. Small business export promotion.
- Sec. 507. Defense Loan and Technical Assistance program.
- Sec. 508. Very small business concerns.
- Sec. 509. Trade assistance program for small business concerns adversely affected by NAFTA.

TITLE VI—HUBZONE PROGRAM

- Sec. 601. Short title.
- Sec. 602. Historically underutilized business zones.
- Sec. 603. Technical and conforming amendments to the Small Business Act.
- Sec. 604. Other technical and conforming amendments.
- Sec. 605. Regulations.
- Sec. 606. Report.
- Sec. 607. Authorization of appropriations.

TITLE VII—SERVICE DISABLED VETERANS

- Sec. 701. Purposes.
- Sec. 702. Definitions.
- Sec. 703. Report by Small Business Administration.
- Sec. 704. Information collection.
- Sec. 705. State of small business report.
- Sec. 706. Loans to veterans.
- Sec. 707. Entrepreneurial training, counseling, and management assistance.
- Sec. 708. Grants for eligible veterans' outreach programs.
- Sec. 709. Outreach for eligible veterans.

SEC. 2. DEFINITIONS.

In this Act—

- (1) the term "Administration" means the Small Business Administration;
- (2) the term "Administrator" means the Administrator of the Small Business Administration;
- (3) the term "Committees" means the Committees on Small Business of the House of Representatives and the Senate; and
- (4) the term "small business concern" has the meaning given the term in section 3 of the Small Business Act (15 U.S.C. 632).

SEC. 3. EFFECTIVE DATE.

This Act and the amendments made by this Act shall take effect on October 1, 1997.

TITLE I—AUTHORIZATIONS

SEC. 101. AUTHORIZATIONS.

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

"(c) FISCAL YEAR 1998.—

"(1) PROGRAM LEVELS.—The following program levels are authorized for fiscal year 1998:

"(A) For the programs authorized by this Act, the Administration is authorized to make—

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

"(ii) \$60,000,000 in direct loans, as provided in section 7(m).

"(B) For the programs authorized by this Act, the Administration is authorized to make \$16,040,000,000 in deferred participation loans and other financings. Of such sum, the Administration is authorized to make—

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

"(ii) \$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;

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

"(iv) \$40,000,000 in loans as provided in section 7(m).

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

"(i) \$700,000,000 in purchases of participating securities; and

"(ii) \$600,000,000 in guarantees of debentures.

"(D) 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.

"(E) The Administration is authorized to make grants or enter into cooperative agreements—

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

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

"(2) ADDITIONAL AUTHORIZATIONS.—

"(A) 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.

"(B) Notwithstanding subparagraph (A), for fiscal year 1998—

"(i) 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 paragraph (1)(B)(i) is fully funded; and

"(ii) 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.

"(d) FISCAL YEAR 1999.—

"(1) PROGRAM LEVELS.—The following program levels are authorized for fiscal year 1999:

"(A) For the programs authorized by this Act, the Administration is authorized to make—

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

"(ii) \$60,000,000 in direct loans, as provided in section 7(m).

"(B) For the programs authorized by this Act, the Administration is authorized to make \$17,540,000,000 in deferred participation loans and other financings. Of such sum, the Administration is authorized to make—

"(i) \$13,000,000,000 in general business loans as provided in section 7(a);

"(ii) \$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;

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

"(iv) \$40,000,000 in loans as provided in section 7(m).

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

"(i) \$800,000,000 in purchases of participating securities; and

"(ii) \$700,000,000 in guarantees of debentures.

"(D) 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.

"(E) The Administration is authorized to make grants or enter cooperative agreements—

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

"(ii) 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.

"(2) ADDITIONAL AUTHORIZATIONS.—

"(A) 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.

"(B) Notwithstanding subparagraph (A), for fiscal year 1999—

"(i) 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 paragraph (1)(B)(i) is fully funded; and

"(ii) 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.

"(e) FISCAL YEAR 2000.—

"(1) PROGRAM LEVELS.—The following program levels are authorized for fiscal year 2000:

"(A) For the programs authorized by this Act, the Administration is authorized to make—

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

"(ii) \$60,000,000 in direct loans, as provided in section 7(m).

"(B) For the programs authorized by this Act, the Administration is authorized to make \$20,040,000,000 in deferred participation loans and other financings. Of such sum, the Administration is authorized to make—

"(i) \$14,500,000,000 in general business loans as provided in section 7(a);

"(ii) \$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;

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

"(iv) \$40,000,000 in loans as provided in section 7(m).

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

"(i) \$900,000,000 in purchases of participative securities; and

"(ii) \$800,000,000 in guarantees of debentures.

"(D) 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.

"(E) The Administration is authorized to make grants or enter cooperative agreements—

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

"(ii) 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.

"(2) ADDITIONAL AUTHORIZATIONS.—

"(A) 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 Small Business Investment Act of 1958, including salaries and expenses of the Administration.

"(B) Notwithstanding subparagraph (A), for fiscal year 2000—

"(i) 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 paragraph (1)(B)(i) is fully funded; and

"(ii) 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 ASSISTANCE

Subtitle A—Microloan Program

SEC. 201. MICROLOAN PROGRAM.

(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".

(d) TECHNICAL ASSISTANCE GRANTS.—Section 7(m) of the Small Business Act (15 U.S.C. 636(m)) is amended—

(1) in paragraph (4)(E)—

(A) by striking "Each intermediary" and inserting the following:

"(I) IN GENERAL.—Each intermediary";

(B) by striking "15" and inserting "25"; and

(C) by adding at the end the following:

"(ii) TECHNICAL ASSISTANCE.—An intermediary may expend not more than 25 percent of the funds received under para-

graph (1)(B)(ii) to enter into third party contracts for the provision of technical assistance."; and

(2) in paragraph (5)(A)—

(A) by striking "in each of the 5 years of the demonstration program established under this subsection,"; and

(B) by striking "for terms of up to 5 years" and inserting "annually".

SEC. 202. WELFARE-TO-WORK MICROLOAN INITIATIVE.

(a) INITIATIVE.—Section 7(m) of the Small Business Act (15 U.S.C. 636(m)) is amended—

(1) in paragraph (1)(A)—

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

(B) in clause (iii), by striking the period at the end and inserting "; and"; and

(C) by adding at the end the following:

"(iv) to establish a welfare-to-work microloan initiative, which shall be administered by the Administration, in order to test the feasibility of supplementing the technical assistance grants provided under clauses (ii) and (iii) of subparagraph (B) to individuals who are receiving assistance under the State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), or under any comparable State funded means tested program of assistance for low-income individuals, in order to adequately assist those individuals in—

"(I) establishing small businesses; and

"(II) eliminating their dependence on that assistance.";

(2) in paragraph (4), by adding at the end the following:

"(F) SUPPLEMENTAL GRANT.—

"(i) IN GENERAL.—The Administration may accept any funds transferred to the Administration from other departments or agencies of the Federal Government to make grants in accordance with this subparagraph and section 202(b) of the Small Business Reauthorization Act of 1997 to participating intermediaries and technical assistance providers under paragraph (5), for use in accordance with clause (iii) to provide additional technical assistance and related services to recipients of assistance under a State program described in paragraph (1)(A)(iv) at the time they initially apply for assistance under this subparagraph.

"(ii) ELIGIBLE RECIPIENTS; GRANT AMOUNTS.—In making grants under this subparagraph, the Administration may select, from among participating intermediaries and technical assistance providers described in clause (i), not more than 20 grantees in fiscal year 1998, not more than 25 grantees in fiscal year 1999, and not more than 30 grantees in fiscal year 2000, each of whom may receive a grant under this subparagraph in an amount not to exceed \$200,000 per year.

"(iii) USE OF GRANT AMOUNTS.—Grants under this subparagraph—

"(I) are in addition to other grants provided under this subsection and shall not require the contribution of matching amounts as a condition of eligibility; and

"(II) may be used by a grantee—

"(aa) to pay or reimburse a portion of child care and transportation costs of recipients of assistance described in clause (i), to the extent such costs are not otherwise paid by State block grants under the Child Care Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.) or under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.); and

"(bb) for marketing, management, and technical assistance to recipients of assistance described in clause (i).

"(iv) MEMORANDUM OF UNDERSTANDING.—Prior to accepting any transfer of funds under clause (i) from a department or agency

of the Federal Government, the Administration shall enter into a Memorandum of Understanding with the department or agency, which shall—

“(I) specify the terms and conditions of the grants under this subparagraph; and

“(II) provide for appropriate monitoring of expenditures by each grantee under this subparagraph and each recipient of assistance described in clause (i) who receives assistance from a grantee under this subparagraph, in order to ensure compliance with this subparagraph by those grantees and recipients of assistance.”;

(3) in paragraph (6), by adding at the end the following:

“(E) ESTABLISHMENT OF CHILD CARE OR TRANSPORTATION BUSINESSES.—In addition to other eligible small businesses concerns, borrowers under any program under this subsection may include individuals who will use the loan proceeds to establish for-profit or nonprofit child care establishments or businesses providing for-profit transportation services.”;

(4) in paragraph (9)—

(A) by striking the paragraph designation and paragraph heading and inserting the following:

“(9) GRANTS FOR MANAGEMENT, MARKETING, TECHNICAL ASSISTANCE, AND RELATED SERVICES.—”; and

(B) by adding at the end the following:

“(C) WELFARE-TO-WORK MICROLOAN INITIATIVE.—Of amounts made available to carry out the welfare-to-work microloan initiative under paragraph (1)(A)(iv) in any fiscal year, the Administration may use not more than 5 percent to provide technical assistance, either directly or through contractors, to welfare-to-work microloan initiative grantees, to ensure that, as grantees, they have the knowledge, skills, and understanding of microlending and welfare-to-work transition, and other related issues, to operate a successful welfare-to-work microloan initiative.”; and

(5) by adding at the end the following:

“(13) EVALUATION OF WELFARE-TO-WORK MICROLOAN INITIATIVE.—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 paragraph (4)(F).”.

(b) TRANSFER OF FUNDS.—

(1) IN GENERAL.—No funds are authorized to be appropriated or otherwise provided to carry out the grant program under section 7(m)(4)(F) of the Small Business Act (15 U.S.C. 636(m)(4)(F)) (as added by this section), except by transfer from another department or agency of the Federal Government to the Administration in accordance with this subsection.

(2) LIMITATION ON AMOUNTS.—The total amount transferred to the Administration from other departments and agencies of the Federal Government to carry out the grant program under section 7(m)(4)(F) of the Small Business Act (15 U.S.C. 636(m)(4)(F)) (as added by this section) shall not exceed—

(A) \$3,000,000 for fiscal year 1998;

(B) \$4,000,000 for fiscal year 1999; and

(C) \$5,000,000 for fiscal year 2000.

Subtitle B—Small Business Investment Company Program

SEC. 211. 5-YEAR COMMITMENTS FOR SBICs AT OPTION OF ADMINISTRATOR.

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 1 or more of the 4 subsequent fiscal years”.

SEC. 212. UNDERSERVED AREAS.

Section 301(c)(4)(B) of the Small Business Investment Act of 1958 (15 U.S.C. 681(c)(4)(B)) is amended to read as follows:

“(B) LEVERAGE.—An applicant licensed pursuant to the exception provided in this paragraph shall not be eligible to receive leverage as a licensee until the applicant satisfies the requirements of section 302(a), unless the applicant—

“(i) files an application for a license not later than 180 days after the date of enactment of the Small Business Reauthorization Act of 1997;

“(ii) is located in a State that is not served by a licensee; and

“(iii) agrees to be limited to 1 tier of leverage available under section 302(b), until the applicant meets the requirements of section 302(a).”.

SEC. 213. PRIVATE CAPITAL.

Section 103(9)(B)(iii) of the Small Business Investment Act of 1958 (15 U.S.C. 662(9)(B)(iii)) is amended—

(1) by redesignating subclauses (I) and (II) as subclauses (II) and (III), respectively; and

(2) by inserting before subclause (II) (as redesignated) the following:

“(I) funds obtained from the business revenues (excluding any governmental appropriation) of any federally chartered or government-sponsored corporation established prior to October 1, 1987;”.

SEC. 214. FEES.

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

“(e) 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.—Fees collected under this subsection—

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

“(B) are authorized to be appropriated solely to cover the costs of licensing examinations.”.

SEC. 215. SMALL BUSINESS INVESTMENT COMPANY PROGRAM REFORM.

(a) BANK INVESTMENTS.—Section 302(b) of the Small Business Investment Act of 1958 (15 U.S.C. 682(b)) is amended by striking “1956,” and all that follows before the period and inserting the following: “1956, any national bank, or any member bank of the Federal Reserve System or nonmember insured bank to the extent permitted under applicable State law, may invest in any 1 or more small business investment companies, or in any entity established to invest solely in small business investment companies, except that in no event shall the total amount of such investments of any such bank exceed 5 percent of the capital and surplus of the bank”.

(b) 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.”.

(c) TAX DISTRIBUTIONS.—Section 303(g)(8) of the Small Business Investment Act of 1958 (15 U.S.C. 683(g)(8)) is amended by adding at the end the following: “A company may also elect to make a distribution under this paragraph at the end of any calendar quarter based on a quarterly estimate of the maximum tax liability. If a company makes 1 or more quarterly distributions for a calendar year, and the aggregate amount of those distributions exceeds the maximum amount that the company could have distributed based on a single annual computation, any subsequent distribution by the company under this paragraph shall be reduced by an amount equal to the excess amount distributed.”.

(d) 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 if no commitment has been entered into by the Administration) on the date on which the leverage is drawn by the licensee”.

(e) 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”.

SEC. 216. 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 C—Certified Development Company Program

SEC. 221. LOANS FOR PLANT ACQUISITION, CONSTRUCTION, CONVERSION, AND EXPANSION.

Section 502 of the Small Business Investment Act of 1958 (15 U.S.C. 696) is amended—

(1) by striking paragraph (1) and inserting the following:

“(1) USE OF PROCEEDS.—The proceeds of any such loan shall be used solely by the borrower to assist 1 or more identifiable small business concerns and for a sound business purpose approved by the Administration.”;

(2) in paragraph (3), by adding at the end the following:

“(D) SELLER FINANCING.—Seller-provided financing may be used to meet the requirements of subparagraph (B), if the seller subordinates the interest of the seller in the property to the debenture guaranteed by the Administration.

“(E) COLLATERALIZATION.—The collateral provided by the small business concern shall generally include a subordinate lien position on the property being financed under this title, and is only 1 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.”;

and

(3) by adding at the end the following:

“(5) LIMITATION ON LEASING.—In addition to any portion of the project permitted to be leased under paragraph (4), not to exceed 20 percent of the project may be leased by the assisted small business to 1 or more other tenants, if the assisted small business occupies permanently and uses not less than a total of 60 percent of the space in the project after the execution of any leases authorized under this section.”.

SEC. 222. DEVELOPMENT COMPANY DEBENTURES.

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

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

“(A) assesses and collects a fee, which shall be payable by the borrower, in an amount established annually by the Administration, which amount shall not exceed the lesser of—

“(i) 0.9375 percent per year of the outstanding balance of the loan; and

“(ii) the minimum amount necessary to reduce the cost (as 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”;

(2) in subsection (f), by striking “1997” and inserting “2000”.

SEC. 223. PREMIER CERTIFIED LENDERS PROGRAM.

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

(1) in subsection (a), by striking “not more than 15”;

(2) in subsection (b)—

(A) in paragraph (2)—

(i) in the matter preceding subparagraph (A), by striking “if such company”;

(ii) by striking subparagraphs (A) and (B) and inserting the following:

“(A) if the company 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) if the company has a history of—

“(i) submitting to the Administration adequately analyzed debenture guarantee application packages; and

“(ii) of properly closing section 504 loans and servicing its loan portfolio;”;

(iii) in subparagraph (C)—

(I) by inserting “if the company” after “(C)”;

(II) by striking the period at the end and inserting “; and”;

(iv) by adding at the end the following:

“(D) the Administrator determines, with respect to the company, that the loss reserve established in accordance with subsection (c)(2) is sufficient for the company to meet its obligations to protect the Federal Government from risk of loss.”; and

(B) by adding at the end the following:

“(3) APPLICABILITY OF CRITERIA AFTER DESIGNATION.—The Administrator may revoke the designation of a certified development company as a premier certified lender under this section at any time, if the Administrator determines that the certified development company does not meet any requirement described in subparagraphs (A) through (D) of paragraph (2).”;

(3) by striking subsection (c) and inserting the following:

“(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 each loss reserve established under paragraph (1) shall be 10 percent of the amount of the company's exposure, as determined under subsection (b)(2)(C).

“(3) ASSETS.—Each loss reserve established under paragraph (1) shall be comprised of—

“(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;

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

“(C) any combination of the assets described in subparagraphs (A) and (B).

“(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.

“(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 premier 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 that has been repaid.”;

(4) in subsection (d)(1), by striking “to approve loans” and inserting “to approve, authorize, close, service, foreclose, litigate (except that the Administration may monitor

the conduct of any such litigation to which a premier certified lender is a party), and liquidate loans”;

(5) in subsection (f), by striking “State or local” and inserting “certified”;

(6) in subsection (g), by striking the subsection heading and inserting the following:

“(g) EFFECT OF SUSPENSION OR REVOCATION.—”;

(7) by striking subsection (h) and inserting the following:

“(h) PROGRAM GOALS.—Each certified development company participating in the program under this section shall establish a goal of processing a minimum of not less than 50 percent of the loan applications for assistance under section 504 pursuant to the program authorized under this section.”; and

(8) in subsection (i), by striking “other lenders” and inserting “other lenders, specifically comparing default rates and recovery rates on liquidations”.

(b) REGULATIONS.—The Administrator shall—

(1) not later than 150 days after the date of enactment of this Act, promulgate regulations to carry out the amendments made by subsection (a); and

(2) not later than 180 days after the date of enactment of this Act, issue program guidelines and fully implement the amendments made by subsection (a).

(c) PROGRAM EXTENSION.—Section 217(b) of the Small Business Reauthorization and Amendments Act of 1994 (15 U.S.C. 697e note) is amended by striking “October 1, 1997” and inserting “October 1, 2000”.

Subtitle D—Miscellaneous Provisions

SEC. 231. BACKGROUND CHECK OF LOAN APPLICANTS.

Section 7(a) of the Small Business Act (15 U.S.C. 636(a)) is amended—

(1) by striking “(a) The Administration” and inserting the following:

“(a) LOANS TO SMALL BUSINESS CONCERNS; ALLOWABLE PURPOSES; QUALIFIED BUSINESS; RESTRICTIONS AND LIMITATIONS.—The Administration”; and

(2) in paragraph (1)—

(A) by striking “(1) No financial” and inserting the following:

“(1) IN GENERAL.—

“(A) CREDIT ELSEWHERE.—No financial”; and

(B) by adding at the end the following:

“(B) BACKGROUND CHECKS.—Prior to the approval of any loan made pursuant to this subsection, or section 503 of the Small Business Investment Act of 1958, the Administrator may 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. 232. REPORT ON INCREASED LENDER APPROVAL, SERVICING, FORECLOSURE, LIQUIDATION, AND LITIGATION OF SECTION 7(a) LOANS.

(a) IN GENERAL.—

(1) SUBMISSION.—Not later than 6 months after the date of enactment of this Act, the Administrator shall submit to the Committees a 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.

(2) CONTENTS.—The report under this subsection shall address administrative and other steps necessary to achieve the results described in paragraph (1), including—

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

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

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

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

(E) promulgating new regulations or amending existing ones;

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

(G) implementing organizational changes at SBA; and

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

(b) CONSULTATION.—In preparing the report under subsection (a), the Administrator shall consult with, among others—

(1) borrowers and lenders under section 7(a) of the Small Business Act;

(2) small businesses that are potential program participants under section 7(a) of the Small Business Act;

(3) financial institutions that are potential program lenders under section 7(a) of the Small Business Act; and

(4) representative industry associations.

SEC. 233. COMPLETION OF PLANNING FOR LOAN MONITORING SYSTEM.

(a) IN GENERAL.—The Administrator shall perform and complete the planning needed to serve as the basis for funding the development and implementation of the 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) REPORT.—

(1) IN GENERAL.—On the date that is 6 months after the date of enactment of this Act, the Administrator shall submit a report on the progress of the Administrator in carrying out subsection (a) to—

(A) the Committees; and

(B) the Comptroller General of the United States.

(2) EVALUATION.—Not later than 28 days after receipt of the report under paragraph (1)(B), the Comptroller General of the United States shall—

(A) prepare a written evaluation of the report for compliance with subsection (a); and

(B) submit the evaluation to the Committees.

(3) LIMITATION.—None of the funds provided for the purchase of the loan monitoring system may be obligated or expended until 45 days after the date on which the Committees and the Comptroller General of the United States receive the report under paragraph (1).

TITLE III—WOMEN'S BUSINESS ENTERPRISES

SEC. 301. INTERAGENCY COMMITTEE PARTICIPATION.

Section 403 of the Women's Business Ownership Act of 1988 (15 U.S.C. 631 note) is amended—

(1) in subsection (a)(2)(A)—

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

(B) by inserting before the final period "and who shall report directly to the head of the agency on the status of the activities of the Interagency Committee";

(2) in subsection (a)(2)(B), by inserting before the final period the following: "and shall report directly to the Administrator on the status of the activities on the Interagency Committee and shall serve as the Interagency Committee Liaison to the National Women's Business Council established under section 405"; and

(3) in subsection (b), by striking "and Amendments Act of 1994" and inserting "Act of 1997".

SEC. 302. 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 verbatim report on the status of progress of the Interagency Committee in meeting its responsibilities and duties under section 402(a)".

SEC. 303. 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 of 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 a semicolon; and

(C) by adding at the end the following:

"(6) not later than 90 days after the last day of each fiscal year, 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, a 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) FORM OF TRANSMITTAL.—The information included in each report under subsection (d) that is described in subparagraphs (A) through (C) of subsection (d)(6), shall be reported verbatim, together with any separate additional, concurring, or dissenting views of the Administrator."

SEC. 304. 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 Chairman and the Ranking Member 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), by striking "2" and inserting "4"; and

(F) in paragraph (3)—

(i) by striking "5" and inserting "6";

(ii) by striking "national"; and

(iii) by inserting "including representatives of women's business center sites" before the period at the end;

(3) in subsection (c), by inserting "(including both urban and rural areas)" after "geographic";

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

"(d) TERMS.—Each member of the Council shall be appointed for a term of 3 years, except that, of the initial members appointed to the Council—

"(1) 2 members appointed under subsection (b)(1) shall be appointed for a term of 1 year;

"(2) 2 members appointed under subsection (b)(2) shall be appointed for a term of 1 year; and

"(3) each member appointed under subsection (b)(3) shall be appointed for a term of 2 years.";

(5) by striking subsection (f) and inserting the following:

"(f) VACANCIES.—

"(1) IN GENERAL.—A vacancy on the Council shall be filled not later than 30 days after the date on which the vacancy occurs, in the manner in which the original appointment was made, and shall be subject to any conditions that applied to the original appointment.

"(2) UNEXPIRED TERM.—An individual chosen to fill a vacancy shall be appointed for the unexpired term of the member replaced."

SEC. 305. AUTHORIZATION OF APPROPRIATIONS.

Section 409 of the Women's Business Ownership Act of 1988 (15 U.S.C. 631 note) is amended to read as follows:

"SEC. 411. AUTHORIZATION OF APPROPRIATIONS.

"(a) IN GENERAL.—There is authorized to be appropriated to carry out this title \$600,000, for each of fiscal years 1998 through 2000, of which \$200,000 shall be available in each fiscal year to carry out sections 409 and 410.

"(b) BUDGET REVIEW.—No amount made available under this section for any fiscal year may be obligated or expended by the Council before the date on which the Council reviews and approves the operating budget of the Council to carry out the responsibilities of the Council for that fiscal year."

SEC. 306. NATIONAL WOMEN'S BUSINESS COUNCIL PROCUREMENT PROJECT.

The Women's Business Ownership Act of 1988 (15 U.S.C. 631 note) is amended by inserting after section 408 the following:

"SEC. 409. NATIONAL WOMEN'S BUSINESS COUNCIL PROCUREMENT PROJECT.

"(a) FEDERAL PROCUREMENT STUDY.—

"(1) IN GENERAL.—During the first fiscal year for which amounts are made available to carry out this section, the Council shall conduct a study on the award of Federal prime contracts and subcontracts to women-owned businesses, which study shall include—

"(A) an analysis of data collected by Federal agencies on contract awards to women-owned businesses;

"(B) a determination of the degree to which individual Federal agencies are in compliance with the 5 percent women-owned business procurement goal established by section 15(g)(1) of the Small Business Act (15 U.S.C. 644(g)(1));

"(C) a determination of the types and amounts of Federal contracts characteristically awarded to women-owned businesses; and

"(D) other relevant information relating to participation of women-owned businesses in Federal procurement.

"(2) **SUBMISSION OF RESULTS.**—Not later than 12 months after initiating the study under paragraph (1), the Council shall submit to the Committees on Small Business of the House of Representatives and the Senate, and to the President, the results of the study conducted under paragraph (1).

"(b) **BEST PRACTICES REPORT.**—Not later than 18 months after initiating the study under subsection (a)(1), the Council shall submit to the Committees on Small Business of the House of Representatives and the Senate, and to the President, a report, which shall include—

"(1) an analysis of the most successful practices in attracting women-owned businesses as prime contractors and subcontractors by—

"(A) Federal agencies (as supported by findings from the study required under subsection (a)(1)) in Federal procurement awards; and

"(B) the private sector; and

"(2) recommendations for policy changes in Federal procurement practices, including an increase in the Federal procurement goal for women-owned businesses, in order to maximize the number of women-owned businesses performing Federal contracts.

"(c) **CONTRACT AUTHORITY.**—In conducting any study or other research under this section, the Council may contract with 1 or more public or private entities."

SEC. 307. STUDIES AND OTHER RESEARCH.

The Women's Business Ownership Act of 1988 (15 U.S.C. 631 note) is amended by inserting after section 409 (as added by section 306 of this title) the following:

"SEC. 410. STUDIES AND OTHER RESEARCH.

"(a) **IN GENERAL.**—To the extent that it does not delay submission of the report under section 409(b), the Council may also conduct such studies and other research relating to the award of Federal prime contracts and subcontracts to women-owned businesses, or to issues relating to access to credit and investment capital by women entrepreneurs, as the Council determines to be appropriate.

"(b) **CONTRACT AUTHORITY.**—In conducting any study or other research under this section, the Council may contract with 1 or more public or private entities."

SEC. 308. 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 CENTER PROGRAM.

"(a) **DEFINITIONS.**—In this section—

"(1) the term 'Assistant Administrator' means the Assistant Administrator of the Office of Women's Business Ownership established under subsection (g);

"(2) the term 'small business concern owned and controlled by women', either startup or existing, includes any small business concern—

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

"(B) the management and daily business operations of which are controlled by 1 or more women; and

"(3) the term 'women's business center site' means the location of—

"(A) a women's business center; or

"(B) 1 or more women's business centers, established in conjunction with another women's business center in another location within a State or region—

"(i) that reach a distinct population that would otherwise not be served;

"(ii) whose services are targeted to women; and

"(iii) whose scope, function, and activities are similar to those of the primary women's

business center or centers in conjunction with which it was established.

"(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 and fourth years, 1 non-Federal dollar for each Federal dollar; and

"(C) in the fifth year, 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 that are budget line items only, including 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 NON-FEDERAL 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 site.

"(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.**—

"(1) **ESTABLISHMENT.**—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 defined in section 408 of the Women's Business Ownership Act of 1988 (15 U.S.C. 631 note)). The Office of Women's Business Ownership shall be administered by an Assistant Administrator, who shall be appointed by the Administrator.

"(2) **ASSISTANT ADMINISTRATOR OF THE OFFICE OF WOMEN'S BUSINESS OWNERSHIP.**—

"(A) **QUALIFICATION.**—The position of Assistant Administrator shall be a Senior Executive Service position under section 3132(a)(2) of title 5, United States Code. The Assistant Administrator shall serve as a noncareer appointee (as defined in section 3132(a)(7) of that title).

"(B) **RESPONSIBILITIES AND DUTIES.**—

"(i) **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.

"(ii) **DUTIES.**—The Assistant Administrator shall—

"(I) administer and manage the Women's Business Center program;

"(II) recommend the annual administrative and program budgets for the Office of Women's Business Ownership (including the budget for the Women's Business Center program);

"(III) establish appropriate funding levels therefore;

"(IV) review the annual budgets submitted by each applicant for the Women's Business Center program;

"(V) select applicants to participate in the program under this section;

"(VI) implement this section;

"(VII) maintain a clearinghouse to provide for the dissemination and exchange of information between women's business centers;

“(VIII) serve as the vice chairperson of the Interagency Committee on Women’s Business Enterprise;

“(IX) serve as liaison for the National Women’s Business Council; and

“(X) advise the Administrator on appointments to the Women’s Business Council.

“(C) CONSULTATION REQUIREMENTS.—In carrying out the responsibilities and duties described in this paragraph, the Assistant Administrator shall confer with and seek the advice of each women’s business center in areas served by the women’s business centers.

“(h) PROGRAM EXAMINATION.—

“(1) IN GENERAL.—Not later than 180 days after the date of enactment of the Small Business Reauthorization Act of 1997, the Administrator 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 Administrator shall consider the results of the examination conducted under paragraph (1).

“(i) CONTRACT AUTHORITY.—The authority of the Administrator 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 Administrator has entered into 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 Administrator provides the applicant with written notification setting forth the reasons therefore and affords the applicant an opportunity for a hearing, appeal, or other administrative proceeding under chapter 5 of title 5, United States Code.

“(j) 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.

“(k) AUTHORIZATION OF APPROPRIATIONS.—

“(1) IN GENERAL.—There is authorized to be appropriated \$8,000,000 for each fiscal year to carry out the projects authorized under this section, of which, for fiscal year 1998, not more than 5 percent may be used for administrative expenses related to the program under this section.

“(2) USE OF AMOUNTS.—Amounts made available under this subsection for fiscal year 1999, and each fiscal year thereafter, may only be used for grant awards and may not be used for costs incurred by the Administration in connection with the management and administration of the program under this section.

“(3) EXPEDITED ACQUISITION.—Notwithstanding any other provision of law, the Administrator, acting through the Assistant Administrator, may use such expedited acquisition methods as the Administrator determines to be appropriate to carry out this section, except that the Administrator shall ensure that all small business sources are provided a reasonable opportunity to submit proposals.”.

(b) APPLICABILITY.—

(1) IN GENERAL.—Subject to paragraph (2), any organization conducting a 3-year project

under section 29 of the Small Business Act (15 U.S.C. 656) (as in effect on the day before the effective date of this Act) on September 30, 1997, may request an extension of the term of that project to a total term of 5 years. If such an extension is made, the organization shall receive financial assistance in accordance with section 29(c) of the Small Business Act (as amended by this section) subject to procedures established by the Administrator, in coordination with the Assistant Administrator of 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 section).

(2) TERMS OF ASSISTANCE FOR CERTAIN ORGANIZATIONS.—Any organization operating in the third year of a 3-year project under section 29 of the Small Business Act (15 U.S.C. 656) (as in effect on the day before the effective date of this Act) on September 30, 1997, may request an extension of the term of that project to a total term of 5 years. If such an extension is made, during the fourth and fifth years of the project, the organization shall receive financial assistance in accordance with section 29(c)(1)(C) of the Small Business Act (as amended by this section) subject to procedures established by the Administrator, in coordination with the Assistant Administrator of 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 section).

TITLE IV—COMPETITIVENESS PROGRAM AND PROCUREMENT OPPORTUNITIES

Subtitle A—Small Business 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. REPORTS TO CONGRESS.

Section 716(a) of the Small Business Competitiveness Demonstration Program Act of 1988 (15 U.S.C. 644 note) is amended—

(1) by striking “1996” and inserting “2000”;

(2) by striking “for Federal Procurement Policy” and inserting “of the Small Business Administration”; and

(3) by striking “Government Operations” and inserting “Government Reform and Oversight”.

SEC. 404. 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. 405. TECHNICAL AMENDMENTS.

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

(1) by inserting “or North American Industrial Classification Code” after “standard industrial classification code” each place it appears; and

(2) by inserting “or North American Industrial Classification Codes” after “standard industrial classification codes” each place it appears.

Subtitle B—Small Business Procurement Opportunities Program

SEC. 411. CONTRACT BUNDLING.

Section 2 of the Small Business Act (15 U.S.C. 631) is amended by adding at the end the following:

“(j) CONTRACT BUNDLING.—In complying with the statement of congressional policy expressed in subsection (a), relating to fostering the participation of small business concerns in the contracting opportunities of the Government, each Federal agency, to the maximum extent practicable, shall—

“(1) comply with congressional intent to foster the participation of small business concerns as prime contractors, subcontractors, and suppliers;

“(2) structure its contracting requirements to facilitate competition by and among small business concerns, taking all reasonable steps to eliminate obstacles to their participation; and

“(3) avoid unnecessary and unjustified bundling of contract requirements that precludes small business participation in procurements as prime contractors.”.

SEC. 412. DEFINITION OF CONTRACT BUNDLING.

Section 3 of the Small Business Act (15 U.S.C. 632) is amended by adding at the end the following:

“(o) DEFINITIONS OF BUNDLING OF CONTRACT REQUIREMENTS AND RELATED TERMS.—In this Act:

“(1) BUNDLED CONTRACT.—The term ‘bundled contract’ means a contract that is entered into to meet requirements that are consolidated in a bundling of contract requirements.

“(2) BUNDLING OF CONTRACT REQUIREMENTS.—The term ‘bundling of contract requirements’ means consolidating 2 or more procurement requirements for goods or services previously provided or performed under separate smaller contracts into a solicitation of offers for a single contract that is likely to be unsuitable for award to a small-business concern due to—

“(A) the diversity, size, or specialized nature of the elements of the performance specified;

“(B) the aggregate dollar value of the anticipated award;

“(C) the geographical dispersion of the contract performance sites; or

“(D) any combination of the factors described in subparagraphs (A), (B), and (C).

“(3) SEPARATE SMALLER CONTRACT.—The term ‘separate smaller contract’, with respect to a bundling of contract requirements, means a contract that has been performed by 1 or more small business concerns or was suitable for award to 1 or more small business concerns.”.

SEC. 413. ASSESSING PROPOSED CONTRACT BUNDLING.

(a) IN GENERAL.—Section 15 of the Small Business Act (15 U.S.C. 644) is amended by inserting after subsection (d) the following:

“(e) PROCUREMENT STRATEGIES; CONTRACT BUNDLING.—

“(1) IN GENERAL.—To the maximum extent practicable, procurement strategies used by the various agencies having contracting authority shall facilitate the maximum participation of small business concerns as prime contractors, subcontractors, and suppliers.

“(2) MARKET RESEARCH.—

“(A) IN GENERAL.—Before proceeding with an acquisition strategy that could lead to a contract containing consolidated procurement requirements, the head of an agency shall conduct market research to determine whether consolidation of the requirements is necessary and justified.

“(B) FACTORS.—For purposes of subparagraph (A), consolidation of the requirements

may be determined as being necessary and justified if, as compared to the benefits that would be derived from contracting to meet those requirements if not consolidated, the Federal Government would derive from the consolidation measurably substantial benefits, including any combination of benefits that, in combination, are measurably substantial. Benefits described in the preceding sentence may include the following:

- “(i) Cost savings.
- “(ii) Quality improvements.
- “(iii) Reduction in acquisition cycle times.
- “(iv) Better terms and conditions.
- “(v) Any other benefits.

“(C) REDUCTION OF COSTS NOT DETERMINATIVE.—The reduction of administrative or personnel costs alone shall not be a justification for bundling of contract requirements unless the cost savings are expected to be substantial in relation to the dollar value of the procurement requirements to be consolidated.

“(3) STRATEGY SPECIFICATIONS.—If the head of a contracting agency determines that a proposed procurement strategy for a procurement involves a substantial bundling of contract requirements, the proposed procurement strategy shall—

“(A) identify specifically the benefits anticipated to be derived from the bundling of contract requirements;

“(B) set forth an assessment of the specific impediments to participation by small business concerns as prime contractors that result from the bundling of contract requirements and specify actions designed to maximize small business participation as subcontractors (including suppliers) at various tiers under the contract or contracts that are awarded to meet the requirements; and

“(C) include a specific determination that the anticipated benefits of the proposed bundled contract justify its use.

“(4) CONTRACT TEAMING.—In the case of a solicitation of offers for a bundled contract that is issued by the head of an agency, a small-business concern may submit an offer that provides for use of a particular team of subcontractors for the performance of the contract. The head of the agency shall evaluate the offer in the same manner as other offers, with due consideration to the capabilities of all of the proposed subcontractors. If a small business concern teams under this paragraph, it shall not affect its status as a small business concern for any other purpose.”

(b) ADMINISTRATION REVIEW.—Section 15(a) of the Small Business Act (15 U.S.C. 644(a)) is amended in the third sentence—

(1) by inserting “or the solicitation involves an unnecessary or unjustified bundling of contract requirements, as determined by the Administration,” after “discrete construction projects,”;

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

(3) by inserting before the period at the end of the sentence the following: “, or (5) why the agency has determined that the bundled contract (as defined in section 3(o)) is necessary and justified”.

(c) RESPONSIBILITIES OF AGENCY SMALL BUSINESS ADVOCATES.—Section 15(k) of the Small Business Act (15 U.S.C. 644(k)) is amended—

(1) by redesignating paragraphs (5) through (9) as paragraphs (6) through (10), respectively; and

(2) by inserting after paragraph (4) the following:

“(5) identify proposed solicitations that involve significant bundling of contract requirements, and work with the agency acquisition officials and the Administration to revise the procurement strategies for such proposed solicitations where appropriate to in-

crease the probability of participation by small businesses as prime contractors, or to facilitate small business participation as subcontractors and suppliers, if a solicitation for a bundled contract is to be issued.”.

SEC. 414. REPORTING OF BUNDLED CONTRACT OPPORTUNITIES.

(a) DATA COLLECTION REQUIRED.—The Federal Procurement Data System described in section 6(d)(4)(A) of the Office of Federal Procurement Policy Act (41 U.S.C. 405(d)(4)(A)) shall be modified to collect data regarding bundling of contract requirements when the contracting officer anticipates that the resulting contract price, including all options, is expected to exceed \$5,000,000. The data shall reflect a determination made by the contracting officer regarding whether a particular solicitation constitutes a contract bundling.

(b) DEFINITIONS.—In this section, the term “bundling of contract requirements” has the meaning given that term in section 3(o) of the Small Business Act (15 U.S.C. 632(o)) (as added by section 412 of this subtitle).

SEC. 415. EVALUATING SUBCONTRACT PARTICIPATION IN AWARDED CONTRACTS.

Section 8(d)(4) of the Small Business Act (15 U.S.C. 637(d)(4)) is amended by adding at the end the following:

“(G) The following factors shall be designated by the Federal agency as significant factors for purposes of evaluating offers for a bundled contract where the head of the agency determines that the contract offers a significant opportunity for subcontracting:

“(i) A factor that is based on the rate provided under the subcontracting plan for small business participation in the performance of the contract.

“(ii) For the evaluation of past performance of an offeror, a factor that is based on the extent to which the offeror attained applicable goals for small business participation in the performance of contracts.”.

SEC. 416. IMPROVED NOTICE OF SUBCONTRACTING OPPORTUNITIES.

(a) USE OF THE COMMERCE BUSINESS DAILY AUTHORIZED.—Section 8 of the Small Business Act (15 U.S.C. 637) is amended by adding at the end the following:

“(k) NOTICES OF SUBCONTRACTING OPPORTUNITIES.—

“(1) IN GENERAL.—Notices of subcontracting opportunities may be submitted for publication in the Commerce Business Daily by—

“(A) a business concern awarded a contract by an executive agency subject to subsection (e)(1)(C); and

“(B) a business concern that is a subcontractor or supplier (at any tier) to such contractor having a subcontracting opportunity in excess of \$10,000.

“(2) CONTENT OF NOTICE.—The notice of a subcontracting opportunity shall include—

“(A) a description of the business opportunity that is comparable to the description specified in paragraphs (1), (2), (3), and (4) of subsection (f); and

“(B) the due date for receipt of offers.”.

(b) REGULATIONS REQUIRED.—The Federal Acquisition Regulation shall be amended to provide uniform implementation of the amendments made by this section.

(c) CONFORMING AMENDMENT.—Section 8(e)(1)(C) of the Small Business Act (15 U.S.C. 637(e)(1)(C)) is amended by striking “\$25,000” each place that term appears and inserting “\$100,000”.

SEC. 417. DEADLINES FOR ISSUANCE OF REGULATIONS.

(a) PROPOSED REGULATIONS.—Proposed amendments to the Federal Acquisition Regulation or proposed Small Business Administration regulations under this subtitle and the amendments made by this subtitle shall

be published not later than 120 days after the date of enactment of this Act for the purpose of obtaining public comment pursuant to section 22 of the Office of Federal Procurement Policy Act (41 U.S.C. 418b), or chapter 5 of title 5, United States Code, as appropriate. The public shall be afforded not less than 60 days to submit comments.

(b) FINAL REGULATIONS.—Final regulations shall be published not later than 270 days after the date of enactment of this Act. The effective date for such final regulations shall be not less than 30 days after the date of publication.

TITLE V—MISCELLANEOUS PROVISIONS

SEC. 501. SMALL BUSINESS TECHNOLOGY TRANSFER PROGRAM.

(a) REQUIRED EXPENDITURES.—Section 9(n) of the Small Business Act (15 U.S.C. 638(n)) is amended by striking paragraph (1) and inserting the following:

“(1) REQUIRED EXPENDITURE AMOUNTS.—With respect to fiscal years 1998, 1999, 2000, and 2001, each Federal agency that has an extramural budget for research, or research and development, in excess of \$1,000,000,000 for that fiscal year, is authorized to expend with small business concerns not less than 0.15 percent of that extramural budget specifically in connection with STTR programs that meet the requirements of this section and any policy directives and regulations issued under this section.”.

(b) REPORTS AND OUTREACH.—

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

(A) in subsection (o)—

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

(ii) by inserting after paragraph (7) the following:

“(8) include, as part of its annual performance plan as required by subsections (a) and (b) of section 1115 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;”;

(B) in subsection (e)(4)(A), by striking “(ii)”;

and

(C) by adding at the end the following:

“(s) OUTREACH.—

“(1) DEFINITION OF ELIGIBLE STATE.—In this subsection, the term ‘eligible State’ means a State—

“(A) if the total value of contracts awarded to the State during fiscal year 1995 under this section was less than \$5,000,000; and

“(B) that certifies to the Administration described in paragraph (2) that the State will, upon receipt of assistance under this subsection, provide matching funds from non-Federal sources in an amount that is not less than 50 percent of the amount provided under this subsection.

“(2) PROGRAM AUTHORITY.—Of amounts made available to carry out this section for fiscal year 1998, 1999, 2000, or 2001 the Administrator may expend with eligible States not more than \$2,000,000 in each such fiscal year in order to increase the participation of small business concerns located in those States in the programs under this section.

“(3) AMOUNT OF ASSISTANCE.—The amount of assistance provided to an eligible State under this subsection in any fiscal year—

“(A) shall be equal to twice the total amount of matching funds from non-Federal sources provided by the State; and

“(B) shall not exceed \$100,000.

“(4) USE OF ASSISTANCE.—Assistance provided to an eligible State under this subsection shall be used by the State, in consultation with State and local departments and agencies, for programs and activities to increase the participation of small business concerns located in the State in the programs under this section, including—

“(A) the establishment of quantifiable performance goals, including goals relating to—

“(i) the number of program awards under this section made to small business concerns in the State; and

“(ii) the total amount of Federal research and development contracts awarded to small business concerns in the State;

“(B) the provision of competition outreach support to small business concerns in the State that are involved in research and development; and

“(C) the development and dissemination of educational and promotional information relating to the programs under this section to small business concerns in the State.

“(t) INCLUSION IN STRATEGIC PLANS.—Program information relating to the SBIR and STTR programs shall be included by each Federal agency in any update or revision required of the Federal agency under section 306(b) of title 5, United States Code.”

(2) REPEAL.—Effective October 1, 2001, section 9(s) of the Small Business Act (as added by paragraph (1) of this subsection) is repealed.

SEC. 502. 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)—

(A) by inserting “any women’s business center operating pursuant to section 29,” after “credit or finance corporation,”;

(B) by inserting “or a women’s business center operating pursuant to section 29” after “other than an institution of higher education”; and

(C) by inserting “and women’s business centers operating pursuant to section 29” after “utilize institutions of higher education”;

(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) GRANT AMOUNT.—Subject to subclauses (II) and (III), the amount of a grant received by a State under this section shall be equal to the greater of \$500,000, or the sum of—

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

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

“(II) PRO RATA REDUCTIONS.—If the amount made available to carry out this section for any fiscal year is insufficient to carry out subclause (I)(bb), the Administration shall

make pro rata reductions in the amounts otherwise payable to States under subclause (I)(bb).

“(III) MATCHING REQUIREMENT.—The amount of a grant received by a State under this section shall not exceed the amount of matching funds from sources other than the Federal Government provided by the State under subparagraph (A).”; and

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

“(iii) NATIONAL PROGRAM.—There are authorized to be appropriated to carry out the national program under this section—

“(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, HUBZone small business concerns, 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 individuals to develop business plans, financial packages, credit applications, and contract proposals;

“(iii) working with the Administration to develop and provide informational tools for use in working with individuals on pre-business startup planning, existing business expansion, and export planning; and

“(iv) 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 2 ems to the left; and

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

(2) in paragraph (5)—

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

(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 (R), 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 or cooperative agreement under this section with an entity that is covered by this section is not renewed or extended, any award of a successor contract or cooperative agreement under this section to another entity 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. 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. 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. 505. ASSET SALES.

In connection with the Administration’s implementation of a program to sell to the private sector loans and other assets held by the Administration, the Administration shall provide to the Committees a copy of the draft and final plans describing the sale and the anticipated benefits resulting from such sale.

SEC. 506. 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—

(1) in subparagraph (Q), by striking “and” at the end;

(2) in subparagraph (R), by striking the period at the end and inserting “; and”; and

(3) 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 is 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 fiscal years 1998 and 1999.

SEC. 507. DEFENSE LOAN AND TECHNICAL ASSISTANCE PROGRAM.

(a) DELTA PROGRAM AUTHORIZED.—

(1) IN GENERAL.—The Administrator may administer the Defense Loan and Technical Assistance program in accordance with the authority and requirements of this section.

(2) EXPIRATION OF AUTHORITY.—The authority of the Administrator to carry out the DELTA program under paragraph (1) shall terminate when the funds referred to in subsection (g)(1) have been expended.

(3) DELTA PROGRAM DEFINED.—In this section, the terms “Defense Loan and Technical Assistance program” and “DELTA program” mean the Defense Loan and Technical Assistance program that has been established by a memorandum of understanding entered into by the Administrator and the Secretary of Defense on June 26, 1995.

(b) ASSISTANCE.—

(1) AUTHORITY.—Under the DELTA program, the Administrator may assist small business concerns that are economically dependent on defense expenditures to acquire dual-use capabilities.

(2) FORMS OF ASSISTANCE.—Forms of assistance authorized under paragraph (1) are as follows:

(A) LOAN GUARANTEES.—Loan guarantees under the terms and conditions specified under this section and other applicable law.

(B) NONFINANCIAL ASSISTANCE.—Other forms of assistance that are not financial.

(c) ADMINISTRATION OF PROGRAM.—In the administration of the DELTA program under this section, the Administrator shall—

(1) process applications for DELTA program loan guarantees;

(2) guarantee repayment of the resulting loans in accordance with this section; and

(3) take such other actions as are necessary to administer the program.

(d) SELECTION AND ELIGIBILITY REQUIREMENTS FOR DELTA LOAN GUARANTEES.—

(1) IN GENERAL.—The selection criteria and eligibility requirements set forth in this subsection shall be applied in the selection of small business concerns to receive loan guarantees under the DELTA program.

(2) SELECTION CRITERIA.—The criteria used for the selection of a small business concern to receive a loan guarantee under this section are as follows:

(A) The selection criteria established under the memorandum of understanding referred to in subsection (a)(3).

(B) The extent to which the loans to be guaranteed would support the retention of defense workers whose employment would otherwise be permanently or temporarily terminated as a result of reductions in expenditures by the United States for defense, the termination or cancellation of a defense contract, the failure to proceed with an approved major weapon system, the merger or consolidation of the operations of a defense contractor, or the closure or realignment of a military installation.

(C) The extent to which the loans to be guaranteed would stimulate job creation and new economic activities in communities most adversely affected by reductions in expenditures by the United States for defense, the termination or cancellation of a defense contract, the failure to proceed with an approved major weapon system, the merger or consolidation of the operations of a defense contractor, or the closure or realignment of a military installation.

(D) The extent to which the loans to be guaranteed would be used to acquire (or permit the use of other funds to acquire) capital equipment to modernize or expand the facilities of the borrower to enable the borrower to remain in the national technology and industrial base available to the Department of Defense.

(3) ELIGIBILITY REQUIREMENTS.—To be eligible for a loan guarantee under the DELTA program, a borrower must demonstrate to the satisfaction of the Administrator that, during any 1 of the 5 preceding operating years of the borrower, not less than 25 percent of the value of the borrower's sales were derived from—

(A) contracts with the Department of Defense or the defense-related activities of the Department of Energy; or

(B) subcontracts in support of defense-related prime contracts.

(e) MAXIMUM AMOUNT OF LOAN PRINCIPAL.—With respect to each borrower, the maximum amount of loan principal for which the Administrator may provide a guarantee under this section during a fiscal year may not exceed \$1,250,000.

(f) LOAN GUARANTY RATE.—The maximum allowable guarantee percentage for loans guaranteed under this section may not exceed 80 percent.

(g) FUNDING.—

(1) IN GENERAL.—The funds that have been made available for loan guarantees under the DELTA program and have been transferred from the Department of Defense to the Small Business Administration before the date of the enactment of this Act shall be used for carrying out the DELTA program under this section.

(2) CONTINUED AVAILABILITY OF EXISTING FUNDS.—The funds made available under the second proviso under the heading "RESEARCH, DEVELOPMENT, TEST AND EVALUATION, DEFENSE-WIDE" in Public Law 103-335 (108 Stat. 2613) shall be available until expended—

(A) to cover the costs (as defined in section 502(5) of the Federal Credit Reform Act of 1990 (2 U.S.C. 661a(5))) of loan guarantees issued under this section; and

(B) to cover the reasonable costs of the administration of the loan guarantees.

SEC. 508. VERY SMALL BUSINESS CONCERNS.

Section 304(i) of the Small Business Administration Reauthorization and Amendments Act of 1994 (15 U.S.C. 644 note) is amended by striking "September 30, 1998" and inserting "September 30, 2000".

SEC. 509. TRADE ASSISTANCE PROGRAM FOR SMALL BUSINESS CONCERNS ADVERSELY AFFECTED BY NAFTA.

The Administrator shall coordinate Federal assistance in order to provide counseling to small business concerns adversely affected by the North American Free Trade Agreement.

TITLE VI—HUBZONE PROGRAM

SEC. 601. SHORT TITLE.

This title may be cited as the "HUBZone Act of 1997".

SEC. 602. HISTORICALLY UNDERUTILIZED BUSINESS ZONES.

(a) DEFINITIONS.—Section 3 of the Small Business Act (15 U.S.C. 632) (as amended by section 412 of this Act) is amended by adding at the end the following:

"(p) DEFINITIONS RELATING TO HUBZONES.—In this Act:

"(1) HISTORICALLY UNDERUTILIZED BUSINESS ZONE.—The term 'historically underutilized business zone' means any area located within 1 or more—

"(A) qualified census tracts;

"(B) qualified nonmetropolitan counties; or

"(C) lands within the external boundaries of an Indian reservation.

"(2) HUBZONE.—The term 'HUBZone' means a historically underutilized business zone.

"(3) HUBZONE SMALL BUSINESS CONCERN.—The term 'HUBZone small business concern' means a small business concern—

"(A) that is owned and controlled by 1 or more persons, each of whom is a United States citizen; and

"(B) the principal office of which is located in a HUBZone; or

"(4) QUALIFIED AREAS.—

"(A) QUALIFIED CENSUS TRACT.—The term 'qualified census tract' has the meaning given that term in section 42(d)(5)(C)(ii)(I) of the Internal Revenue Code of 1986.

"(B) QUALIFIED NONMETROPOLITAN COUNTY.—The term 'qualified nonmetropolitan county' means any county—

"(i) that, based on the most recent data available from the Bureau of the Census of the Department of Commerce—

"(I) is not located in a metropolitan statistical area (as defined in section 143(k)(2)(B) of the Internal Revenue Code of 1986); and

"(II) in which the median household income is less than 80 percent of the nonmetropolitan State median household income; or

"(ii) that, based on the most recent data available from the Secretary of Labor, has an unemployment rate that is not less than 140 percent of the statewide average unemployment rate for the State in which the county is located.

"(5) QUALIFIED HUBZONE SMALL BUSINESS CONCERN.—

"(A) IN GENERAL.—A HUBZone small business concern is 'qualified', if—

"(i) the small business concern has certified in writing to the Administrator (or the

Administrator otherwise determines, based on information submitted to the Administrator by the small business concern, or based on certification procedures, which shall be established by the Administration by regulation) that—

"(I) it is a HUBZone small business concern;

"(II) not less than 35 percent of the employees of the small business concern reside in a HUBZone, and the small business concern will attempt to maintain this employment percentage during the performance of any contract awarded to the small business concern on the basis of a preference provided under section 31(b); and

"(III) with respect to any subcontract entered into by the small business concern pursuant to a contract awarded to the small business concern under section 31, the small business concern will ensure that—

"(aa) in the case of a contract for services (except construction), not less than 50 percent of the cost of contract performance incurred for personnel will be expended for its employees or for employees of other HUBZone small business concerns; and

"(bb) in the case of a contract for procurement of supplies (other than procurement from a regular dealer in such supplies), not less than 50 percent of the cost of manufacturing the supplies (not including the cost of materials) will be incurred in connection with the performance of the contract in a HUBZone by 1 or more HUBZone small business concerns; and

"(ii) no certification made or information provided by the small business concern under clause (i) has been, in accordance with the procedures established under section 31(c)(1)—

"(I) successfully challenged by an interested party; or

"(II) otherwise determined by the Administrator to be materially false.

"(B) CHANGE IN PERCENTAGES.—The Administrator may utilize a percentage other than the percentage specified in under item (aa) or (bb) of subparagraph (A)(i)(III), if the Administrator determines that such action is necessary to reflect conventional industry practices among small business concerns that are below the numerical size standard for businesses in that industry category.

"(C) CONSTRUCTION AND OTHER CONTRACTS.—The Administrator shall promulgate final regulations imposing requirements that are similar to those specified in subclauses (IV) and (V) of subparagraph (A)(i) on contracts for general and specialty construction, and on contracts for any other industry category that would not otherwise be subject to those requirements. The percentage applicable to any such requirement shall be determined in accordance with subparagraph (B).

"(D) LIST OF QUALIFIED SMALL BUSINESS CONCERNS.—The Administrator shall establish and maintain a list of qualified HUBZone small business concerns, which list shall, to the extent practicable—

"(i) include the name, address, and type of business with respect to each such small business concern;

"(ii) be updated by the Administrator not less than annually; and

"(iii) be provided upon request to any Federal agency or other entity."

(b) FEDERAL CONTRACTING.—

(1) IN GENERAL.—The Small Business Act (15 U.S.C. 631 et seq.) is amended—

(A) by redesignating section 31 as section 32; and

(B) by inserting after section 30 the following:

"SEC. 31. HUBZONE PROGRAM.

"(a) IN GENERAL.—There is established within the Administration a program to be

carried out by the Administrator to provide for Federal contracting assistance to qualified HUBZone small business concerns in accordance with this section.

"(b) ELIGIBLE CONTRACTS.—

"(1) DEFINITIONS.—In this subsection—

"(A) the term 'contracting officer' has the meaning given that term in section 27(f)(5) of the Office of Federal Procurement Policy Act (41 U.S.C. 423(f)(5)); and

"(B) the term 'full and open competition' has the meaning given that term in section 4 of the Office of Federal Procurement Policy Act (41 U.S.C. 403).

"(2) AUTHORITY OF CONTRACTING OFFICER.—Notwithstanding any other provision of law—

"(A) a contracting officer may award sole source contracts under this section to any qualified HUBZone small business concern, if—

"(i) the qualified HUBZone small business concern is determined to be a responsible contractor with respect to performance of such contract opportunity, and the contracting officer does not have a reasonable expectation that 2 or more qualified HUBZone small business concerns will submit offers for the contracting opportunity;

"(ii) the anticipated award price of the contract (including options) will not exceed—

"(I) \$5,000,000, in the case of a contract opportunity assigned a standard industrial classification code for manufacturing; or

"(II) \$3,000,000, in the case of all other contract opportunities; and

"(iii) in the estimation of the contracting officer, the contract award can be made at a fair and reasonable price;

"(B) a contract opportunity shall be awarded pursuant to this section on the basis of competition restricted to qualified HUBZone small business concerns if the contracting officer has a reasonable expectation that not less than 2 qualified HUBZone small business concerns will submit offers and that the award can be made at a fair market price; and

"(C) not later than 5 days from the date the Administration is notified of a procurement officer's decision not to award a contract opportunity under this section to a qualified HUBZone small business concern, the Administrator may notify the contracting officer of the intent to appeal the contracting officer's decision, and within 15 days of such date the Administrator may file a written request for reconsideration of the contracting officer's decision with the Secretary of the department or agency head.

"(3) PRICE EVALUATION PREFERENCE IN FULL AND OPEN COMPETITIONS.—In any case in which a contract is to be awarded on the basis of full and open competition, the price offered by a qualified HUBZone small business concern shall be deemed as being lower than the price offered by another offeror (other than another small business concern), if the price offered by the qualified HUBZone small business concern is not more than 10 percent higher than the price offered by the otherwise lowest, responsive, and responsible offeror.

"(4) RELATIONSHIP TO OTHER CONTRACTING PREFERENCES.—A procurement may not be made from a source on the basis of a preference provided in paragraph (2) or (3), if the procurement would otherwise be made from a different source under section 4124 or 4125 of title 18, United States Code, or the Javits-Wagner-O'Day Act (41 U.S.C. 46 et seq.).

"(c) ENFORCEMENT; PENALTIES.—

"(1) VERIFICATION OF ELIGIBILITY.—In carrying out this section, the Administrator shall establish procedures relating to—

"(A) the filing, investigation, and disposition by the Administration of any challenge

to the eligibility of a small business concern to receive assistance under this section (including a challenge, filed by an interested party, relating to the veracity of a certification made or information provided to the Administration by a small business concern under section 3(p)(5)); and

"(B) verification by the Administrator of the accuracy of any certification made or information provided to the Administration by a small business concern under section 3(p)(5).

"(2) EXAMINATIONS.—The procedures established under paragraph (1) may provide for program examinations (including random program examinations) by the Administrator of any small business concern making a certification or providing information to the Administrator under section 3(p)(5).

"(3) PROVISION OF DATA.—Upon the request of the Administrator, the Secretary of Labor, the Secretary of Housing and Urban Development, and the Secretary of the Interior (or the Assistant Secretary for Indian Affairs), shall promptly provide to the Administrator such information as the Administrator determines to be necessary to carry out this subsection.

"(4) PENALTIES.—In addition to the penalties described in section 16(d), any small business concern that is determined by the Administrator to have misrepresented the status of that concern as a 'HUBZone small business concern' for purposes of this section, shall be subject to—

"(A) section 1001 of title 18, United States Code; and

"(B) sections 3729 through 3733 of title 31, United States Code."

(2) INITIAL LIMITED APPLICABILITY.—During the period beginning on the date of enactment of this Act and ending on September 30, 2000, section 31 of the Small Business Act (as added by paragraph (1) of this subsection) shall apply only to procurements by—

(A) the Department of Defense;

(B) the Department of Agriculture;

(C) the Department of Health and Human Services;

(D) the Department of Transportation;

(E) the Department of Energy;

(F) the Department of Housing and Urban Development;

(G) the Environmental Protection Agency;

(H) the National Aeronautics and Space Administration;

(I) the General Services Administration; and

(J) the Department of Veterans Affairs.

SEC. 603. TECHNICAL AND CONFORMING AMENDMENTS TO THE SMALL BUSINESS ACT.

(a) PERFORMANCE OF CONTRACTS.—Section 8(d) of the Small Business Act (15 U.S.C. 637(d)) is amended—

(1) in paragraph (1)—

"(A) in the first sentence, by striking "small business concerns owned and controlled by socially and economically disadvantaged individuals" and inserting "qualified HUBZone small business concerns, small business concerns owned and controlled by socially and economically disadvantaged individuals"; and

"(B) in the second sentence, by inserting "qualified HUBZone small business concerns," after "small business concerns,";

(2) in paragraph (3)—

"(A) by inserting "qualified HUBZone small business concerns," after "small business concerns," each place that term appears; and

"(B) by adding at the end the following:

"(F) In this contract, the term 'qualified HUBZone small business concern' has the meaning given that term in section 3(p) of the Small Business Act.";

(3) in paragraph (4)(E), by striking "small business concerns and" and inserting "small

business concerns, qualified HUBZone small business concerns, and";

(4) in paragraph (6), by inserting "qualified HUBZone small business concerns," after "small business concerns," each place that term appears; and

(5) in paragraph (10), by inserting "qualified HUBZone small business concerns," after "small business concerns,".

(b) AWARDS OF CONTRACTS.—Section 15 of the Small Business Act (15 U.S.C. 644) is amended—

(1) in subsection (g)(1)—

"(A) by inserting "qualified HUBZone small business concerns," after "small business concerns," each place that term appears;

"(B) in the second sentence, by striking "20 percent" and inserting "23 percent"; and

"(C) by inserting after the second sentence the following: "The Governmentwide goal for participation by qualified HUBZone small business concerns shall be established at not less than 1 percent of the total value of all prime contract awards for fiscal year 1999, not less than 1.5 percent of the total value of all prime contract awards for fiscal year 2000, not less than 2 percent of the total value of all prime contract awards for fiscal year 2001, not less than 2.5 percent of the total value of all prime contract awards for fiscal year 2002, and not less than 3 percent of the total value of all prime contract awards for fiscal year 2003 and each fiscal year thereafter.";

(2) in subsection (g)(2)—

"(A) in the first sentence, by striking "small business concerns owned and controlled by socially and economically disadvantaged individuals" and inserting "qualified HUBZone small business concerns, by small business concerns owned and controlled by socially and economically disadvantaged individuals";

"(B) in the second sentence, by inserting "qualified HUBZone small business concerns," after "small business concerns,";

"(C) in the fourth sentence, by striking "by small business concerns owned and controlled by socially and economically disadvantaged individuals and participation by small business concerns owned and controlled by women" and inserting "by qualified HUBZone small business concerns, by small business concerns owned and controlled by socially and economically disadvantaged individuals, and by small business concerns owned and controlled by women"; and

"(3) in subsection (h), by inserting "qualified HUBZone small business concerns," after "small business concerns," each place that term appears.

(c) OFFENSES AND PENALTIES.—Section 16 of the Small Business Act (15 U.S.C. 645) is amended—

(1) in subsection (d)(1)—

"(A) by inserting "a 'qualified HUBZone small business concern'," after "'small business concern'"; and

"(B) in subparagraph (A), by striking "section 9 or 15" and inserting "section 9, 15, or 31"; and

"(2) in subsection (e), by inserting "a 'HUBZone small business concern'," after "'small business concern'";.

SEC. 604. OTHER TECHNICAL AND CONFORMING AMENDMENTS.

(a) TITLE 10, UNITED STATES CODE.—Section 2323 of title 10, United States Code, is amended—

"(1) in subsection (a)(1)(A), by inserting before the semicolon the following: "and qualified HUBZone small business concerns (as defined in section 3(p) of the Small Business Act)"; and

"(2) in subsection (f)(1), by inserting "or as a qualified HUBZone small business concern

(as defined in section 3(p) of the Small Business Act)" after "(as described in subsection (a))".

(b) FEDERAL HOME LOAN BANK ACT.—Section 21A(b)(13) of the Federal Home Loan Bank Act (12 U.S.C. 1441a(b)(13)) is amended—

(1) by striking "concerns and small" and inserting "concerns, small"; and

(2) by inserting ", and qualified HUBZone small business concerns (as defined in section 3(p) of the Small Business Act)" after "disadvantaged individuals".

(c) SMALL BUSINESS ECONOMIC POLICY ACT OF 1980.—Section 303(e) of the Small Business Economic Policy Act of 1980 (15 U.S.C. 631b(e)) is amended—

(1) in paragraph (1), by striking "and" at the end;

(2) in paragraph (2), by striking the period at the end and inserting "; and"; and

(3) by adding at the end the following:

"(3) qualified HUBZone small business concern (as defined in section 3(p) of the Small Business Act)."

(d) SMALL BUSINESS INVESTMENT ACT OF 1958.—Section 411(c)(3)(B) of the Small Business Investment Act of 1958 (15 U.S.C. 694b(c)(3)(B)) is amended by inserting before the semicolon the following: ", or to a qualified HUBZone small business concern (as defined in section 3(p) of the Small Business Act)".

(e) TITLE 31, UNITED STATES CODE.—

(1) CONTRACTS FOR COLLECTION SERVICES.—Section 3718(b) of title 31, United States Code, is amended—

(A) in paragraph (1)(B), by inserting "and law firms that are qualified HUBZone small business concerns (as defined in section 3(p) of the Small Business Act)" after "disadvantaged individuals"; and

(B) in paragraph (3)—

(i) in the first sentence, by inserting before the period "and law firms that are qualified HUBZone small business concerns";

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

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

(iv) by adding at the end the following:

"(C) the term 'qualified HUBZone small business concern' has the meaning given that term in section 3(p) of the Small Business Act."

(2) PAYMENTS TO LOCAL GOVERNMENTS.—Section 6701(f) of title 31, United States Code, is amended—

(A) in paragraph (1)—

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

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

(iii) by adding at the end the following:

"(C) qualified HUBZone small business concerns."; and

(B) in paragraph (3)—

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

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

(iii) by adding at the end the following:

"(C) the term 'qualified HUBZone small business concern' has the meaning given that term in section 3(p) of the Small Business Act (15 U.S.C. 632(o))."

(3) REGULATIONS.—Section 7505(c) of title 31, United States Code, is amended by striking "small business concerns and" and inserting "small business concerns, qualified HUBZone small business concerns, and".

(f) OFFICE OF FEDERAL PROCUREMENT POLICY ACT.—

(1) ENUMERATION OF INCLUDED FUNCTIONS.—Section 6(d) of the Office of Federal Procurement Policy Act (41 U.S.C. 405(d)) is amended—

(A) in paragraph (11), by inserting "qualified HUBZone small business concerns (as defined in section 3(p) of the Small Business Act)," after "small businesses,"; and

(B) in paragraph (12), by inserting "qualified HUBZone small business concerns (as defined in section 3(p) of the Small Business Act (15 U.S.C. 632(o))." after "small businesses,".

(2) PROCUREMENT DATA.—Section 502 of the Women's Business Ownership Act of 1988 (41 U.S.C. 417a) is amended—

(A) in subsection (a)—

(i) in the first sentence, by inserting "the number of qualified HUBZone small business concerns," after "Procurement Policy"; and

(ii) by inserting a comma after "women"; and

(B) in subsection (b), by inserting after "section 204 of this Act" the following: ", and the term 'qualified HUBZone small business concern' has the meaning given that term in section 3(p) of the Small Business Act (15 U.S.C. 632(o))."

(g) ENERGY POLICY ACT OF 1992.—Section 3021 of the Energy Policy Act of 1992 (42 U.S.C. 13556) is amended—

(1) in subsection (a)—

(A) in paragraph (2), by striking "or";

(B) in paragraph (3), by striking the period and inserting "; or"; and

(C) by adding at the end the following:

"(4) qualified HUBZone small business concerns."; and

(2) in subsection (b), by adding at the end the following:

"(3) The term 'qualified HUBZone small business concern' has the meaning given that term in section 3(p) of the Small Business Act (15 U.S.C. 632(o))."

(h) TITLE 49, UNITED STATES CODE.—

(1) PROJECT GRANT APPLICATION APPROVAL CONDITIONED ON ASSURANCES ABOUT AIRPORT OPERATION.—Section 47107(e) of title 49, United States Code, is amended—

(A) in paragraph (1), by inserting before the period "or qualified HUBZone small business concerns (as defined in section 3(p) of the Small Business Act)";

(B) in paragraph (4)(B), by inserting before the period "or as a qualified HUBZone small business concern (as defined in section 3(p) of the Small Business Act)"; and

(C) in paragraph (6), by inserting "or a qualified HUBZone small business concern (as defined in section 3(p) of the Small Business Act)" after "disadvantaged individual".

(2) MINORITY AND DISADVANTAGED BUSINESS PARTICIPATION.—Section 47113 of title 49, United States Code, is amended—

(A) in subsection (a)—

(i) in paragraph (1), by striking the period at the end and inserting a semicolon;

(ii) in paragraph (2), by striking the period at the end and inserting "; and"; and

(iii) by adding at the end the following:

"(3) the term 'qualified HUBZone small business concern' has the meaning given that term in section 3(p) of the Small Business Act (15 U.S.C. 632(o))."; and

(B) in subsection (b), by inserting before the period "or qualified HUBZone small business concerns".

SEC. 605. REGULATIONS.

(a) IN GENERAL.—Not later than 180 days after the date of enactment of this Act, the Administrator shall publish in the Federal Register such final regulations as may be necessary to carry out this title and the amendments made by this title.

(b) FEDERAL ACQUISITION REGULATION.—Not later than 180 days after the date on which final regulations are published under subsection (a), the Federal Acquisition Regulatory Council shall amend the Federal Acquisition Regulation in order to ensure consistency between the Federal Acquisition

Regulation, this title and the amendments made by this title, and the final regulations published under subsection (a).

SEC. 606. REPORT.

Not later than March 1, 2002, the Administrator shall submit to the Committees a report on the implementation of the HUBZone program established under section 31 of the Small Business Act (as added by section 602(b) of this title) and the degree to which the HUBZone program has resulted in increased employment opportunities and an increased level of investment in HUBZones (as defined in section 3(p) of the Small Business Act (15 U.S.C. 632(p))), as added by section 602(a) of this title).

SEC. 607. AUTHORIZATION OF APPROPRIATIONS.

Section 20 of the Small Business Act (15 U.S.C. 631 note) (as amended by section 101 of this Act) is amended—

(1) in subsection (c), by adding at the end the following:

"(3) HUBZONE PROGRAM.—There are authorized to be appropriated to the Administration to carry out the program under section 31, \$5,000,000 for fiscal year 1998.";

(2) in subsection (d), by adding at the end the following:

"(3) HUBZONE PROGRAM.—There are authorized to be appropriated to the Administration to carry out the program under section 31, \$5,000,000 for fiscal year 1999.";

(3) in subsection (e), by adding at the end the following:

"(3) HUBZONE PROGRAM.—There are authorized to be appropriated to the Administration to carry out the program under section 31, \$5,000,000 for fiscal year 2000."

TITLE VII—SERVICE DISABLED VETERANS

SEC. 701. 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. 702. DEFINITIONS.

In this title:

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

(2) 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) that is at least 51 percent owned by 1 or more eligible veterans, 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 veterans; and

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

SEC. 703. REPORT BY SMALL BUSINESS ADMINISTRATION.

(a) STUDY AND REPORT.—

(1) IN GENERAL.—Not later than 9 months after the date of enactment of this Act, the Administrator shall conduct a comprehensive study and submit to the Committees a final report containing findings and recommendations of the Administrator on—

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

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

(C) 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

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

(2) **CONTENTS.**—The report under paragraph (1) 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 nonprofit sector, and Federal or State government agencies; and

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

SEC. 704. INFORMATION COLLECTION.

After the date of issuance of the report required by section 703(a), 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. 705. 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. 706. 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 may make loans under this subsection to small business concerns owned and controlled by disabled veterans (as defined in section 4211(3) of title 38, United States Code)."

SEC. 707. 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 that provide entrepreneurial training, business development assistance, counseling, and management assistance to small business concerns, including, among others, the Small Business Development Center program and the Service Corps of Retired Executives (SCORE) program.

SEC. 708. GRANTS FOR ELIGIBLE VETERANS' OUTREACH PROGRAMS.

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

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

(2) in the first paragraph designated as paragraph (16), by striking the period at the end and inserting "; and"; and

(3) by striking the second paragraph designated as paragraph (16) and inserting the following:

"(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. 709. 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, which program shall include business training and management assistance, employment and relocation counseling, and dissemination of information on veterans' benefits and veterans' entitlements.

THE FAA RESEARCH, ENGINEERING, AND DEVELOPMENT AUTHORIZATION ACT OF 1997

GORTON (AND OTHERS) AMENDMENT NO. 1544

(Ordered to lie on the table.)

Mr. GORTON (for himself, Mr. MCCAIN, Mr. HOLLINGS, and Mr. FORD) submitted an amendment intended to be proposed by them to the bill (H.R. 1271) to authorize the Federal Aviation Administration's research, engineering, and development programs for fiscal years 1998 through 2000, and for other purposes; as follows:

Strike out all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "FAA Research, Engineering, and Development Authorization Act of 1997".

SEC. 2. AUTHORIZATION OF APPROPRIATIONS.

Section 48102(a) of title 49, United States Code, is amended—

(1) by striking "and" at the end of paragraph (2)(J);

(2) by striking the period at the end of paragraph (3)(J) and inserting in lieu thereof a semicolon; and

(3) by adding at the end the following:

"(4) for fiscal year 1998, \$229,673,000, including—

"(A) \$16,379,000 for system development and infrastructure projects and activities;

"(B) \$27,089,000 for capacity and air traffic management technology projects and activities;

"(C) \$23,362,000 for communications, navigation, and surveillance projects and activities;

"(D) \$16,600,000 for weather projects and activities;

"(E) \$7,854,000 for airport technology projects and activities;

"(F) \$49,202,000 for aircraft safety technology projects and activities;

"(G) \$56,045,000 for system security technology projects and activities;

"(H) \$27,137,000 for human factors and aviation medicine projects and activities;

"(I) \$2,891,000 for environment and energy projects and activities; and

"(J) \$3,114,000 for innovative/cooperative research projects and activities."

SEC. 3. RESEARCH GRANTS PROGRAM INVOLVING UNDERGRADUATE STUDENTS.

(a) **PROGRAM.**—Section 48102 of title 49, United States Code, is amended by adding at the end the following new subsection:

"(h) **RESEARCH GRANTS PROGRAM INVOLVING UNDERGRADUATE STUDENTS.**—

"(1) **ESTABLISHMENT.**—The Administrator of the Federal Aviation Administration shall establish a program to utilize undergraduate and technical colleges in research on subjects of relevance to the Federal Aviation Administration. Grants may be awarded under this subsection for—

"(A) research projects to be carried out at primarily undergraduate institutions and technical colleges;

"(B) research projects that combine research at primarily undergraduate institutions and technical colleges with other research supported by the Federal Aviation Administration; or

"(C) research on future training requirements on projected changes in regulatory requirements for aircraft maintenance and power plant licensees.

"(2) **NOTICE OF CRITERIA.**—Within 6 months after the date of the enactment of the FAA Research, Engineering, and Development Authorization Act of 1997, the Administrator of the Federal Aviation Administration shall establish and publish in the Federal Register criteria for the submittal of proposals for a grant under this subsection, and for the awarding of such grants.

"(3) **PRINCIPAL CRITERIA.**—The principal criteria for the awarding of grants under this subsection shall be—

"(A) the relevance of the proposed research to technical research needs identified by the Federal Aviation Administration;

"(B) the scientific and technical merit of the proposed research; and

"(C) the potential for participation by undergraduate students in the proposed research.

"(4) **COMPETITIVE, MERIT-BASED EVALUATION.**—Grants shall be awarded under this subsection on the basis of evaluation of proposals through a competitive, merit-based process."

(b) **AUTHORIZATION OF APPROPRIATIONS.**—Section 48102(a) of title 49, United States Code, as amended by this Act, is further amended by inserting ", of which \$750,000 shall be for carrying out the grant program established under subsection (h)" after "projects and activities" in paragraph (4)(J).

SEC. 4. LIMITATION ON APPROPRIATIONS.

No sums are authorized to be appropriated to the Administrator of the Federal Aviation Administration for fiscal year 1998 for the Federal Aviation Administration Research, Engineering, and Development account, unless such sums are specifically authorized to be appropriated by the amendments made by this Act.

SEC. 5. NOTICE OF REPROGRAMMING.

If any funds authorized by the amendments made by this Act are subject to a reprogramming action that requires notice to be provided to the Appropriations Committees of the House of Representatives and the Senate, notice of such action shall concurrently be provided to the Committees on Science and Transportation and Infrastructure of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate.

SEC. 6. SENSE OF CONGRESS ON THE YEAR 2000 PROBLEM.

With the year 2000 fast approaching, it is the sense of Congress that the Federal Aviation Administration should—

(1) give high priority to correcting all 2-digit date-related problems in its computer systems to ensure that those systems continue to operate effectively in the year 2000 and beyond;

(2) assess immediately the extent of the risk to the operations of the Federal Aviation Administration posed by the problems referred to in paragraph (1), and plan and budget for achieving Year 2000 compliance for all of its mission-critical systems; and