

(1) **ENTITY CONTROLLED BY A FOREIGN GOVERNMENT.**—The term “entity controlled by a foreign government” has the meaning given that term in section 2536(c)(1) of title 10, United States Code.

(2) **VETERANS MEMORIAL OBJECT.**—The term “veterans memorial object” means any object, including a physical structure or portion thereof, that—

(A) is located in a cemetery of the National Cemetery System, war memorial, or military installation in the United States;

(B) is dedicated to, or otherwise memorializes, the death in combat or combat-related duties of members of the United States Armed Forces; and

(C) was brought to the United States from abroad as a memorial of combat abroad.

**SEC. 8175.** Of the total amount appropriated by title IV under the heading “RESEARCH, DEVELOPMENT, TEST AND EVALUATION, NAVY” for the Navy technical information presentation system, \$5,200,000 may be available for the digitization of FA-18 aircraft technical manuals.

**SEC. 8176.** Of the amount appropriated under title II under the heading “OPERATION AND MAINTENANCE, ARMY” for Industrial Mobilization Capacity, \$56,500,000 plus in addition \$11,500,000 may be made available to address unutilized plant capacity in order to offset the effects of low utilization of plant capacity on overhead charges at the Arsenals.

**SEC. 8177.** Of the amount appropriated by title II under the heading “OPERATION AND MAINTENANCE, ARMY”, up to \$3,800,000 may be available for defraying the costs of maintaining the industrial mobilization capacity at the McAlester Army Ammunition Activity, Oklahoma.

**SEC. 8178.** Section 8093 of the Department of Defense Appropriations Act, 2000 (Public Law 106-79; 113 Stat. 1253) is amended by striking subsection (d), relating to a prohibition on the use of Department of Defense funds to procure a nuclear-capable shipyard crane from a foreign source.

**SEC. 8179.** Of the funds appropriated in title III under the heading “PROCUREMENT, DEFENSE-WIDE”, up to \$18,900,000 may be made available for MH-60 aircraft for the United States Special Operations Command as follows: up to \$12,900,000 for the procurement of probes for aerial refueling of 22 MH-60L aircraft, and up to \$6,000,000 for the procurement and integration of internal auxiliary fuel tanks for 50 MH-60 aircraft.

**SEC. 8180.** Of the amount appropriated under title IV under the heading “RESEARCH, DEVELOPMENT, TEST AND EVALUATION, DEFENSE-WIDE”, up to \$50,000,000 may be made available for High Energy Laser research, development, test and evaluation (PE 0602605F, PE 0603605F, PE 0601108D, PE 0602890D, and PE 0603921D). Release of funds is contingent on site selection for the Joint Technology Office referenced in the Defense Department’s High Energy Laser Master Plan.

**SEC. 8181.** Of the funds available in title II under the heading “RESEARCH, DEVELOPMENT, TEST AND EVALUATION, DEFENSE-WIDE”, up to \$2,000,000 may be made available to the Special Reconnaissance Capabilities (SRC) Program for the Virtual Worlds Initiative in PE 0304210BB.

**SEC. 8182.** Of the funds available in title III under the heading “PROCUREMENT OF AMMUNITION, NAVY AND MARINE CORPS”, up to \$5,000,000 may be made available for ROCKETS, ALL TYPE, 83mm HEDP.

**SEC. 8183.** Of the amounts appropriated in title IV under the heading “RESEARCH, DEVELOPMENT, TEST AND EVALUATION, DEFENSE-WIDE”, up to \$6,000,000 may be made available for the initial production of units of the ALGL/STRIKER to facilitate early fielding of the ALGL/STRIKER to special operations forces.

## TITLE IX

## DEPARTMENT OF THE TREASURY

## BUREAU OF THE PUBLIC DEBT

## GIFTS TO THE UNITED STATES FOR REDUCTION OF THE PUBLIC DEBT

For deposit of an additional amount into the account established under section 3113(d) of title 31, United States Code, to reduce the public debt, \$12,200,000,000.

This Act may be cited as the “Department of Defense Appropriations Act, 2001”.

## UNANIMOUS-CONSENT AGREEMENT—H.R. 4475

Mr. ALLARD. Mr. President, I ask unanimous consent that all first-degree amendments contained on the list submitted earlier must be filed at the desk by 11:30 a.m. on Thursday.

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

## MEASURE INDEFINITELY POSTPONED—S. 2593

Mr. ALLARD. Mr. President, I ask unanimous consent that Calendar No. 563, S. 2593, be indefinitely postponed.

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

## CERTIFIED DEVELOPMENT COMPANY PROGRAM IMPROVEMENTS ACT OF 1999

Mr. ALLARD. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of Calendar No. 531, H.R. 2614.

The PRESIDING OFFICER. The clerk will report the bill by title.

The legislative clerk read as follows:

A bill (H.R. 2614) to amend the small business investment act to make improvements to the Certified Development Company Program, and for other purposes.

There being no objection, the Senate proceeded to consider the bill which had been considered from the Committee on Small Business, with an amendment to strike all after the enacting clause and insert in lieu thereof the following:

**SECTION 1. SHORT TITLE.**

This Act may be cited as the “Certified Development Company Program Improvements Act of 2000”.

**SEC. 2. WOMEN-OWNED BUSINESSES.**

Section 501(d)(3)(C) of the Small Business Investment Act of 1958 (15 U.S.C. 695(d)(3)(C)) is amended by inserting before the comma “or women-owned business development”.

**SEC. 3. MAXIMUM DEBENTURE SIZE.**

Section 502(2) of the Small Business Investment Act of 1958 (15 U.S.C. 696(2)) is amended to read as follows:

“(2) **LOAN LIMITS.**—Loans made by the Administration under this section shall be limited to \$1,000,000 for each such identifiable small business concern, other than loans meeting the criteria specified in section 501(d)(3), which shall be limited to \$1,300,000 for each such identifiable small business concern.”.

**SEC. 4. FEES.**

Section 503(f) of the Small Business Investment Act of 1958 (15 U.S.C. 697(f)) is amended to read as follows:

“(f) **EFFECTIVE DATE.**—The fees authorized by subsections (b) and (d) shall apply to any fi-

nancing approved by the Administration during the period beginning on October 1, 1996 and ending on September 30, 2003.”.

**SEC. 5. PREMIER CERTIFIED LENDERS PROGRAM.**

Section 217(b) of the Small Business Administration Reauthorization and Amendments Act of 1994 (15 U.S.C. 697e note) is repealed.

**SEC. 6. SALE OF CERTAIN DEFAULTED LOANS.**

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

(1) in subsection (a), by striking “On a pilot program basis, the” and inserting “The”;

(2) by redesignating subsections (d) through (i) as subsections (e) through (j), respectively;

(3) in subsection (f) (as redesignated by paragraph (2)), by striking “subsection (f)” and inserting “subsection (g)”;

(4) in subsection (h) (as redesignated by paragraph (2)), by striking “subsection (f)” and inserting “subsection (g)”;

(5) by inserting after subsection (c) the following:

“(d) **SALE OF CERTAIN DEFAULTED LOANS.**—

“(1) **NOTICE.**—

“(A) **IN GENERAL.**—If, upon default in repayment, the Administration acquires a loan guaranteed under this section and identifies such loan for inclusion in a bulk asset sale of defaulted or repurchased loans or other financings, the Administration shall give prior notice thereof to any certified development company that has a contingent liability under this section.

“(B) **TIMING.**—The notice required by subparagraph (A) shall be given to the certified development company as soon as possible after the financing is identified, but not later than 90 days before the date on which the Administration first makes any record on such financing available for examination by prospective purchasers prior to its offering in a package of loans for bulk sale.

“(2) **LIMITATIONS.**—The Administration may not offer any loan described in paragraph (1)(A) as part of a bulk sale, unless the Administration—

“(A) provides prospective purchasers with the opportunity to examine the records of the Administration with respect to such loan; and

“(B) provides the notice required by paragraph (1).”.

**SEC. 7. LOAN LIQUIDATION.**

(a) **LIQUIDATION AND FORECLOSURE.**—Title V of the Small Business Investment Act of 1958 (15 U.S.C. 695 et seq.) is amended by adding at the end the following:

**“SEC. 510. FORECLOSURE AND LIQUIDATION OF LOANS.**

“(a) **DELEGATION OF AUTHORITY.**—In accordance with this section, the Administration shall delegate to any qualified State or local development company (as defined in section 503(e)) that meets the eligibility requirements of subsection (b)(1) of this section the authority to foreclose and liquidate, or to otherwise treat in accordance with this section, defaulted loans in its portfolio that are funded with the proceeds of debentures guaranteed by the Administration under section 503.

“(b) **ELIGIBILITY FOR DELEGATION.**—

“(1) **REQUIREMENTS.**—A qualified State or local development company shall be eligible for a delegation of authority under subsection (a) if—

“(A) the company—

“(i) has participated in the loan liquidation pilot program established by the Small Business Programs Improvement Act of 1996 (15 U.S.C. 695 note), as in effect on the day before the date of issuance of final regulations by the Administration implementing this section;

“(ii) is participating in the Premier Certified Lenders Program under section 508; or

“(iii) during the 3 fiscal years immediately prior to seeking such a delegation, has made an average of not fewer than 10 loans per year that are funded with the proceeds of debentures guaranteed under section 503; and

“(B) the company—

“(i) has 1 or more employees—

“(I) with not less than 2 years of substantive, decision-making experience in administering the liquidation and workout of problem loans secured in a manner substantially similar to loans funded with the proceeds of debentures guaranteed under section 503; and

“(II) who have completed a training program on loan liquidation developed by the Administration in conjunction with qualified State and local development companies that meet the requirements of this paragraph; or

“(ii) submits to the Administration documentation demonstrating that the company has contracted with a qualified third-party to perform any liquidation activities and secures the approval of the contract by the Administration with respect to the qualifications of the contractor and the terms and conditions of liquidation activities.

“(2) CONFIRMATION.—On request, the Administration shall examine the qualifications of any company described in subsection (a) to determine if such company is eligible for the delegation of authority under this section. If the Administration determines that a company is not eligible, the Administration shall provide the company with the reasons for such ineligibility.

“(c) SCOPE OF DELEGATED AUTHORITY.—

“(1) IN GENERAL.—Each qualified State or local development company to which the Administration delegates authority under subsection (a) may, with respect to any loan described in subsection (a)—

“(A) perform all liquidation and foreclosure functions, including the purchase in accordance with this subsection of any other indebtedness secured by the property securing the loan, in a reasonable and sound manner, according to commercially accepted practices, pursuant to a liquidation plan approved in advance by the Administration under paragraph (2)(A);

“(B) litigate any matter relating to the performance of the functions described in subparagraph (A), except that the Administration may—

“(i) defend or bring any claim if—

“(I) the outcome of the litigation may adversely affect management by the Administration of the loan program established under section 502; or

“(II) the Administration is entitled to legal remedies not available to a qualified State or local development company, and such remedies will benefit either the Administration or the qualified State or local development company; or

“(ii) oversee the conduct of any such litigation; and

“(C) take other appropriate actions to mitigate loan losses in lieu of total liquidation or foreclosure, including the restructuring of a loan in accordance with prudent loan servicing practices and pursuant to a workout plan approved in advance by the Administration under paragraph (2)(C).

“(2) ADMINISTRATION APPROVAL.—

“(A) LIQUIDATION PLAN.—

“(i) IN GENERAL.—Before carrying out functions described in paragraph (1)(A), a qualified State or local development company shall submit to the Administration a proposed liquidation plan.

“(ii) ADMINISTRATION ACTION ON PLAN.—

“(I) TIMING.—Not later than 15 business days after a liquidation plan is received by the Administration under clause (i), the Administration shall approve or reject the plan.

“(II) NOTICE OF NO DECISION.—With respect to any liquidation plan that cannot be approved or denied within the 15-day period required by subclause (I), the Administration shall, during such period, provide notice in accordance with subparagraph (E) to the company that submitted the plan.

“(iii) ROUTINE ACTIONS.—In carrying out functions described in paragraph (1)(A), a qualified State or local development company

may undertake any routine action not addressed in a liquidation plan without obtaining additional approval from the Administration.

“(B) PURCHASE OF INDEBTEDNESS.—

“(i) IN GENERAL.—In carrying out functions described in paragraph (1)(A), a qualified State or local development company shall submit to the Administration a request for written approval before committing the Administration to the purchase of any other indebtedness secured by the property securing a defaulted loan.

“(ii) ADMINISTRATION ACTION ON REQUEST.—

“(I) TIMING.—Not later than 15 business days after receiving a request under clause (i), the Administration shall approve or deny the request.

“(II) NOTICE OF NO DECISION.—With respect to any request that cannot be approved or denied within the 15-day period required by subclause (I), the Administration shall, during such period, provide notice in accordance with subparagraph (E) to the company that submitted the request.

“(C) WORKOUT PLAN.—

“(i) IN GENERAL.—In carrying out functions described in paragraph (1)(C), a qualified State or local development company shall submit to the Administration a proposed workout plan.

“(ii) ADMINISTRATION ACTION ON PLAN.—

“(I) TIMING.—Not later than 15 business days after a workout plan is received by the Administration under clause (i), the Administration shall approve or reject the plan.

“(II) NOTICE OF NO DECISION.—With respect to any workout plan that cannot be approved or denied within the 15-day period required by subclause (I), the Administration shall, during such period, provide notice in accordance with subparagraph (E) to the company that submitted the plan.

“(D) COMPROMISE OF INDEBTEDNESS.—In carrying out functions described in paragraph (1)(A), a qualified State or local development company may—

“(i) consider an offer made by an obligor to compromise the debt for less than the full amount owing; and

“(ii) pursuant to such an offer, release any obligor or other party contingently liable, if the company secures the written approval of the Administration.

“(E) CONTENTS OF NOTICE OF NO DECISION.—Any notice provided by the Administration under subparagraph (A)(ii)(II), (B)(ii)(II), or (C)(ii)(II)—

“(i) shall be in writing;

“(ii) shall state the specific reason for the inability of the Administration to act on the subject plan or request;

“(iii) shall include an estimate of the additional time required by the Administration to act on the plan or request; and

“(iv) if the Administration cannot act because insufficient information or documentation was provided by the company submitting the plan or request, shall specify the nature of such additional information or documentation.

“(3) CONFLICT OF INTEREST.—In carrying out functions described in paragraph (1), a qualified State or local development company shall take no action that would result in an actual or apparent conflict of interest between the company (or any employee of the company) and any third party lender (or any associate of a third party lender) or any other person participating in a liquidation, foreclosure, or loss mitigation action.

“(d) SUSPENSION OR REVOCATION OF AUTHORITY.—The Administration may revoke or suspend a delegation of authority under this section to any qualified State or local development company, if the Administration determines that the company—

“(1) does not meet the requirements of subsection (b)(1);

“(2) has violated any applicable rule or regulation of the Administration or any other applicable provision of law; or

“(3) has failed to comply with any reporting requirement that may be established by the Administration relating to carrying out functions described in subsection (c)(1).

“(e) REPORT.—

“(1) IN GENERAL.—Based on information provided by qualified State and local development companies and the Administration, the Administration shall annually submit to the Committees on Small Business of the House of Representatives and the Senate a report on the results of delegation of authority under this section.

“(2) CONTENTS.—Each report submitted under paragraph (1) shall include—

“(A) with respect to each loan foreclosed or liquidated by a qualified State or local development company under this section, or for which losses were otherwise mitigated by the company pursuant to a workout plan under this section—

“(i) the total cost of the project financed with the loan;

“(ii) the total original dollar amount guaranteed by the Administration;

“(iii) the total dollar amount of the loan at the time of liquidation, foreclosure, or mitigation of loss;

“(iv) the total dollar losses resulting from the liquidation, foreclosure, or mitigation of loss; and

“(v) the total recoveries resulting from the liquidation, foreclosure, or mitigation of loss, both as a percentage of the amount guaranteed and the total cost of the project financed;

“(B) with respect to each qualified State or local development company to which authority is delegated under this section, the totals of each of the amounts described in clauses (i) through (v) of subparagraph (A);

“(C) with respect to all loans subject to foreclosure, liquidation, or mitigation under this section, the totals of each of the amounts described in clauses (i) through (v) of subparagraph (A);

“(D) a comparison between—

“(i) the information provided under subparagraph (C) with respect to the 12-month period preceding the date on which the report is submitted; and

“(ii) the same information with respect to loans foreclosed and liquidated, or otherwise treated, by the Administration during the same period; and

“(E) the number of times that the Administration has failed to approve or reject a liquidation plan in accordance with subsection (c)(2)(A) or a workout plan in accordance with subsection (c)(2)(C), or to approve or deny a request for purchase of indebtedness under subsection (c)(2)(B), including specific information regarding the reasons for the failure of the Administration and any delay that resulted.”.

(b) REGULATIONS.—

(1) IN GENERAL.—Not later than 150 days after the date of enactment of this Act, the Administrator shall issue such regulations as may be necessary to carry out section 510 of the Small Business Investment Act of 1958, as added by subsection (a) of this section.

(2) TERMINATION OF PILOT PROGRAM.—Effective on the date on which final regulations are issued under paragraph (1), section 204 of the Small Business Programs Improvement Act of 1996 (15 U.S.C. 695 note) is repealed.

#### SEC. 8. FUNDING LEVELS FOR CERTAIN FINANCINGS UNDER THE SMALL BUSINESS INVESTMENT ACT OF 1958.

Section 20 of the Small Business Act (15 U.S.C. 631 note) is amended by adding at the end the following:

“(g) PROGRAM LEVELS FOR CERTAIN SMALL BUSINESS INVESTMENT ACT OF 1958 FINANCINGS.—The following program levels are authorized for financings under section 504 of the Small Business Investment Act of 1958:

“(1) \$4,000,000,000 for fiscal year 2001.

“(2) \$5,000,000,000 for fiscal year 2002.

“(3) \$6,000,000,000 for fiscal year 2003.”.

## AMENDMENT NO. 3431

(Purpose: To make an amendment with respect to timely Administration action on geographic expansion applications, use of unobligated funds, and the HUBZone program, and for other purposes)

Mr. ALLARD. Mr. President, Senator BOND has an amendment at the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Colorado [Mr. ALLARD] for Mr. BOND, proposes an amendment numbered 3431.

The amendment is as follows:

At the end of the bill, add the following:

**SEC. 9. TIMELY ACTION ON APPLICATIONS.**

(a) AUTOMATIC APPROVAL OF PENDING APPLICATIONS.—An application by a State or local development company to expand its operations under title V of the Small Business Investment Act of 1958 into another territory, county, or State that is pending on the date of enactment of this Act and that was submitted to the Administration 12 months or more before that date of enactment shall be deemed to be approved beginning 21 days after that date of enactment, unless the Administration has taken final action to approve or deny the application before the end of that 21-day period.

(b) DEFINITIONS.—In this section—

(1) the term “Administration” means the headquarters of the Small Business Administration; and

(2) the term “development company” has the same meaning as in section 103 of the Small Business Investment Act of 1958 (15 U.S.C. 662).

**SEC. 10. USE OF CERTAIN UNOBLIGATED AND UNEXPENDED FUNDS.**

(a) TRANSFER OF FUNDS.—Notwithstanding any other provision of law, unobligated and unexpended balances of the funds described in subsection (b) are transferred to and made available to the Small Business Administration to fund the costs of guaranteed loans under section 7(a) of the Small Business Act.

(b) SOURCES.—Funds described in this subsection are—

(1) funds transferred to the Business Loan Program Account of the Small Business Administration from the Department of Defense under the Department of Defense Appropriations Act, 1995 (Public Law 103-335) and section 507(g) of the Small Business Reauthorization Act of 1997 (15 U.S.C. 636 note) for the DELTA Program under that section 507; and

(2) funds previously made available under the Omnibus Consolidated Rescissions and Appropriations Act of 1996 (110 Stat. 1321 et seq.) and the Omnibus Consolidated Appropriations Act, 1997 (110 Stat. 3009 et seq.) for the microloan guarantee program under section 7(m) of the Small Business Act.

**SEC. 11. HUBZONE REDESIGNATED AREAS.**

Section 3(p) of the Small Business Act (15 U.S.C. 632(p)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (B), by striking “or” at the end;

(B) in subparagraph (C), by striking the period at the end and inserting “; or”; and

(C) by adding at the end the following:

“(D) redesignated areas.”; and

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

“(C) REDESIGNATED AREA.—The term ‘redesignated area’ means any census tract that ceases to be qualified under subparagraph (A) and any nonmetropolitan county that ceases to be qualified under subparagraph (B), except that a census tract or a nonmetropolitan county may be a ‘redesignated area’ only

for the 3-year period following the date on which the census tract or nonmetropolitan county ceased to be so qualified.”.

Mr. ALLARD. Mr. President, I ask unanimous consent the amendment be agreed to.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

The amendment (No. 3431) was agreed to.

Mr. BOND. Mr. President, I rise today to speak in support of H.R. 2614, the Certified Development Company Program Improvements Act of 2000. This important legislation was recently considered by the Committee on Small Business and approved by an 18-0 vote. I am also offering a “Managers’ Amendment,” which has been approved on both sides of the aisle.

The purpose of H.R. 2614 is to make the 504 Certified Development Company program a more effective and more efficient program. The 504 Program is a key credit program run by the Small Business Administration to provide access to capital to small business owners. It was enacted to leverage private sector resources to fund larger projects for small businesses to acquire, construct or expand their facilities. Specifically, it was designed to create job opportunities and improve the economic health of both rural and inner city communities.

Unlike most government-guaranteed loan programs, the 504 loan is subordinate to a loan made by a private lender. SBA guarantees 10- or 20-year debentures issued by Certified Development Companies (CDC), and the proceeds from the sales of these debentures to investors are used to fund the 504 loans. Usually, the conventional loan will finance 50 percent of the project’s cost, and the SBA-guaranteed 504 loan cannot exceed 40 percent of the project cost. In the event of a default of the 504 small business borrower, the bank’s loan is senior to the SBA-guaranteed 504 loan.

**504 LOAN DEFAULTS AND RECOVERIES**

Over the past 5 years, the Committee on Small Business has devoted considerable attention to the 504 program. The committee has been particularly concerned about reports and testimony from the SBA and the Office of Management and Budget (OMB) about loan recoveries following a default by a borrowers on a loan made under the program. Historically, in nearly all cases when a 504 program borrower defaults, it is the SBA, not the CDC, that take the required liquidation and foreclosure actions. The failure of the SBA to take aggressive actions to recover the value of collateral held following a default significantly increases the costs to borrowers to obtain a loan under the 504 program.

In response to the continuing problem of low recoveries under the 504 program, the committee, in 1996, approved legislation establishing a pilot program that allowed approximately 20 CDCs to liquidate loan that they originate. Results from the pilot have been

encouraging, and the committee concluded that it is in the best interest of the 504 program to allow additional CDC’s to conduct their own liquidation and foreclosure activities. Section 7 of H.R. 2614, as reported by the Committee on Small Business, makes the pilot liquidation program permanent and requires SBA to permit certain CDC’s to foreclose and liquidate defaulted loans that they have originated under the 504 loan program.

**PREMIER CERTIFIED LENDERS PROGRAM**

In October 1994, the Congress first enacted the Premier Certified Lenders Program (PCLP) on a pilot basis. The program was expanded by Congress in 1997, and the limitation on the number CDC’s that could participate in the program was removed. The Committee has noted the success of the PCLP and has agreed with the House of Representatives to make it a permanent part of the 504 program. In doing so, the committee expects the SBA to continue its efforts to work with the CDC’s to take advantage of the strengths of the most successful and well-run CDC’s.

**504 PROGRAM COSTS**

In 1995, the SBA and the National Association of Development Companies (NADCO) strongly urged the Congress to adopt legislation mandating that the 504 program be supported entirely by fees paid by the private sector. Since the new fees took effect at the beginning of 1996, the fees increased from 0.125 percent to 0.875 percent in FY 1997. The fees rise or fall based primarily on two key factors: the rate of defaults and the recovery rates. Since FY 1997, the committee is pleased to note that estimates for defaults and recoveries has improved dramatically, and the borrower fee for FY 2001 will be 0.472 percent, a significant drop in four years from its peak in FY 1997. H.R. 2614 authorizes SBA to collect these fees to offset the credit subsidy rate through FY 2003.

The bill adds 504 loans to women-owned small businesses to the current list of public policy goals specified under the Small Business Investment Act of 1958. Currently, loans for public policy goals can be guaranteed up to \$1,000,000. Other 504 loans can be guaranteed up to \$750,000. As approved by the committee, H.R. 2614 will increase the guarantee ceiling for regular 504 loans to \$1,000,000, and the ceiling for public policy loans will become \$1,300,000.

During the committee’s consideration of H.R. 2614, the committee members voted unanimously to establish the authorization levels for the 504 program. The levels approved are \$4 billion in FY 2001, \$5 billion in FY 2002, and \$6 billion in FY 2003. These are the same levels that the committee also approved in the Small Business Reauthorization Act of 2000.

**ASSET SALES**

During the past four years, the committee has urged SBA to undertake the

sale of assets held by the Agency; however, the committee does not believe this step forward should necessarily harm its lending partners, such as the CDC's. SBA has announced it will undertake two sales during calendar year 2000; consequently, the committee approved a provision that requires the SBA to notify CDC's prior to including a 504 loan in an asset sale. The committee adopted this section in order to insure there is an open dialogue and full cooperation between the SBA and the relevant CDCs.

#### AMENDMENTS

Mr. President, the Manager's Amendment includes three provisions. The first provision, which has the strong support of the majority leader, Senator LOTT, and Senator COCHRAN, is designed to expedite SBA consideration of several applications for multi-state operating authority for CDC's that have been pending at the 504 program office at the SBA headquarters for at least one year.

The second provision addresses the pending shortfall in the 7(a) guaranteed business loan program. SBA is now projecting that the 7(a) program will run out of money on or about September 1, 2000. In order to ensure that sufficient funds are available to fund this important small business credit program until September 30, 2000, when FY 2000 concludes, the Amendment authorizes SBA to reprogram funds appropriated but not spent in prior years for the DELTA loan program and the Microloan guarantee loan program. The total amount that SBA would need to reprogram would not exceed \$6.5 million.

The third provision addresses an unforeseen event under the HUBZone program, which was authorized by Congress in 1997. The HUBZone program provides a valuable Federal contracting incentive for small businesses that are located in economically distressed inner cities and poor rural counties and that employ residents from these distressed areas. It is my understanding that new unemployment data will be released soon by the Bureau of Labor Statistics, which could result in the sudden disqualification on many recently certified HUBZone small businesses. The amendment will ensure that HUBZone areas remain qualified for a fixed period of at least 3 years by giving them a 3-year period to wrap up their HUBZone activities once an area has ceased to qualify on the basis of income or unemployment data. This change in the law will counter an unintended consequence and bring some needed stability to program.

Mr. President, the Certified Development Company Program Improvements Act of 2000 is an important credit program providing small businesses with credit opportunities that would not otherwise be available. I urge my colleagues to support that bill and the manager's amendment.

Mr. LEVIN. Mr. President, I am pleased the Senate will shortly pass

H.R. 2614, the Certified Development Company Program Improvements Act of 1999. This bill was passed by the House on August 2, 1999.

The Small Business Administration's 504 loan program provides 20- and 10-year fixed-rate loans to small businesses through Certified Development Companies to be used for the acquisition or renovation of plant and equipment. SBA's 504 program loans are funded through the sale of pooled debentures on the bond market which gives small businesses access to interest rates that are close to those offered to large corporations.

SBA's 504 loan program is a net plus to our economy because it requires that small businesses receiving loans must create jobs or retain jobs that otherwise would be lost and/or meet certain national public policy goals. The 504 loan program's job creation track record has been excellent, with at least 3 jobs being created for every \$35,000 in 504 lending provided.

This legislation is most urgently needed because the 504 program needs to be reauthorized. Even though the program costs the Government nothing and no appropriations are made to fund it because the program pays for itself through fees collected from borrowers, it cannot continue to operate without an authorization. We cannot allow this to happen. The 504 loan program is too important to small businesses who wish to expand because it provides affordable financing for growth with low down payments which is often difficult or impossible for small businesses to obtain from traditional lenders.

This bill improves on the 504 loan program and increases the maximum amount of a regular SBA guaranteed debenture, long term bond, from \$750,000 to \$1 million. The maximum amount for loans with specific public policy purposes, low-income, rural and minority-owned businesses, is increased to \$1,300,000. There has not been an adjustment to the maximum loan level in 10 years and this change allows the program to keep up with inflation that has occurred over that time period. It also adds women-owned businesses to the category of public policy goals that the program aims to achieve, making women-owned businesses eligible for the higher levels of financing. This is an important addition due to the significant role women-owned businesses play in contributing to job growth in our economy. The bill also reauthorizes the program for 3 more years and makes two pilot programs permanent.

The State of Michigan has many active CDCs which keep in close touch with my office to report on their activities and the small businesses they have helped. On their behalf and on behalf of all the small businesses assisted by the 504 loan program and those that will be assisted in the future, I commend my colleagues for passing this legislation which improves on an already outstanding program.

Mr. KERRY. Mr. President, the availability of capital and credit still remains one of the most significant impediments to small business creation and growth, and it is the Small Business Administration (SBA) that continues to effectively serve as the principal "gap" lender to our nation's 24 million small businesses.

SBA's loan and investment programs are a bargain. For very little, taxpayers leverage their money to fuel the economy and help thousands of small businesses every year. In the 7(a) program, taxpayers spend \$1.24 for every \$100 loaned to small business owners. Well-known successes like Winnebago and Ben & Jerry's are examples of the program's effectiveness. In the 504 program, taxpayers don't spend a penny to lend or leverage investments because they are self-funded.

Today we will vote on H.R. 2614, the Certified Development Company Program Improvements Act of 2000. This bill makes changes to the 504 Certified Development Company (CDC or 504 program) loan program that will greatly increase the opportunity for small businesses to build a facility, buy more equipment, or acquire a new building. These loans create a ripple effect that enables small business owners to expand their companies, hire more workers and ultimately improve the local economy.

This bill also includes a manager's amendment with three provisions. One, it addresses prompt approval of applications from certified development companies (CDCs) to operate in multiple states. Two, it restores much of the shortfall in 7(a) funding for FY2000 by giving SBA the authority to reprogram unused funds. Three, it maintains continuity in the HUBZone program by grandfathering in existing HUBZone companies as zones are redefined when the Bureau of Labor Statistics releases its new data.

Before I get into the details of this bill, I would like to spend a minute describing the 504 Certified Development Company (CDC) loan program. This program is mission-driven, designed to provide capital to growing small businesses and create jobs. The professionals who work at CDCs do much more than make loans—they better communities. They usually have a mixture of expertise, part economic development specialist and part lender. They know their communities, and they know how to package loans and help prospective borrowers get financing. In fact, if you were to talk to them, you would learn that many are former lenders from commercial banks who wanted to get out from behind a desk and get involved in their communities. Instead of turning away meritorious projects because they didn't fit the profile of a traditional borrower, using the 504 program they could put together a loan that spreads the risk among commercial lenders, CDCs, the state or local governments, and the small business owners. These loans

jumpstart or complement the economic development in CDCs' communities.

Specifically, the 504 program provides businesses with long-term, fixed-rated financing for major fixed assets, such as buildings and equipment. CDCs work with the SBA and private-sector lenders to provide financing to small businesses and ultimately contribute to the economic development of their communities or the regions they serve. There are about 290 CDCs nationwide, and each CDC covers a specific area. Each CDC's portfolio must create or retain one job for every \$35,000 provided by the SBA.

As I mentioned earlier, but will expand on here, proceeds from 504 loans must be used for fixed-asset projects. Projects range from land purchases and improvements—including existing buildings, grading, street improvements, utilities, parking lots and landscaping—to the construction of new facilities, or modernization, renovation or conversion of existing facilities, to the purchase of long-term machinery and equipment. The 504 Program cannot be used for working capital or inventory, consolidating or repaying debt, or refinancing.

I strongly support SBA's 504 loan program. Since 1980, more than 25,000 businesses have received more than \$20 billion in fixed-asset financing through the 504 program. In Massachusetts, over the last decade, small businesses got \$318 million in 504 loans that created more than 10,000 jobs. The stories behind those numbers say a lot about how SBA's 504 loans help business owners and communities. In Fall River, owners Patricia Ladino and Russell Young developed a custom packing plant for scallops and shrimp that has grown from ten to 30 employees in just two short years and is in the process of another expansion that will add as many as 25 new jobs. In Danvers, there's the car dealership that used a 504 loan to grow a company over 15 years from 25 to 395 employees. In Berkshire County, the 504 program has helped support the growth of the plastics mold and tool industry. One good example of success in this area is the development of Starbase Technologies in Pittsfield which now employs 65 people.

H.R. 2614 would build on that success by implementing the following. First, it will increase the maximum debenture size for Section 504 loans from \$750,000 to \$1 million, and the size of debentures for loans that meet special public policy goals from \$1 million to \$1,300,000. It has been 10 years since the Committee acted to increase the maximum guarantee amount in the 504 program. To keep pace with inflation, the maximum guarantee amount should be increased to approximately \$1.25 million. However, consistent with my colleagues on the House Small Business Committee, I believe that a simple increase to \$1 million is probably sufficient.

H.R. 2614 also adds women-owned businesses to the current list of busi-

nesses eligible for the larger public policy loans with guarantees of up to \$1.3 million. Currently, the higher guaranty is available for business district revitalization; expansion of exports; expansion of minority business development; rural development; enhanced economic competition; and, added just last year, veteran-owned businesses, with an emphasis on service-disabled veterans.

This small legislative change was significant and long overdue. Throughout America's history, countless men and women have served our country and fought for its ideals as members of our armed services. However, when they return to civilian life, veterans have often encountered barriers to starting or expanding a business. Although there are a number of programs at the SBA to provide assistance, many of these are not specifically targeted at veterans. Making them eligible for the higher debenture should help to remedy some of the inequalities that our service men and women face upon their return to civilian life and provide greater opportunity for the 5.5 million businesses owned or operated by veterans. That change also should help the 104,000 service-disabled veterans within the business community.

I originally introduced the provision to add women-owned businesses to the list of public policy goals in the 105th Congress as part of S. 2448, the Small Business Loan Enhancement Act. Though it eventually was included in and passed by the Senate as part of H.R. 3412, a comprehensive small business bill, it was never enacted. Unfortunately, the House received the bill too late to act before the 105th Congress adjourned. I am very pleased that the Committee continues to recognize the important role women-owned businesses play in the economy and is making this change to facilitate the expansion of this sector of our economy.

Women-owned businesses are increasing in number, range, diversity and earning power. They constitute one-third of the 24 million small businesses in the United States, generate \$3.6 trillion annually in revenues to the economy and range in industry from advertising agencies to manufacturing. Addressing the special needs of women-owned businesses serves not only these entrepreneurs, but also the economic strength of this nation as a whole. Since 1992, SBA has managed to increase access to capital for women and has worked in earnest to move women entrepreneurs away from expensive credit card financing to more affordable loans for financing their business ventures. While the percentage of 504 loans to women-owned businesses has increased nationwide from 4.2 percent in 1987 to 13 percent in 1999, and I applaud that, we need to increase lending opportunities to better reflect that 38 percent of all businesses are owned by women.

By expanding the public policy goals of the 504 loan program to include

women-owned businesses, we are ensuring that loans to eligible women business owners aren't capped at \$1 million but are now available for as much as \$1.3 million. According to Certified Development Company professionals, loan underwriters are conservative when it comes to approving loans for more than \$750,000 and this directive would undoubtedly help eligible women business owners get the financing they need to expand their facilities and buy equipment as their businesses grow.

H.R. 2614 also reauthorizes the fees currently levied on the borrower, the Certified Development Company, and the participating bank. The fees in the 504 program cover all its costs, resulting in a program that operates at no cost to the taxpayer. Without this legislation, the fees sunset on October 1, 2000. H.R. 2614 will continue them through October 1, 2003.

Additionally, H.R. 2614 will grant permanent status to the Preferred Certified Lender Program before it sunsets at the end of fiscal year 2000. This program enables experienced CDCs to use streamlined procedures for loan making and liquidation, resulting in improved service to the small business borrower and reduced losses and liquidation costs.

H.R. 2614 also makes the Loan Liquidation Pilot Program a permanent program. This gives qualified and experienced CDCs the ability to handle the liquidation of loans with only minimal involvement of the SBA. It is the goal of this liquidation program to increase the recovery rates of the 504 loan program, and to bring about a corresponding reduction in the fees charged to the borrowers and the lenders.

Importantly, this bill includes Senator WELLSTONE's provision to authorize the program for three more years, making it a complete package. I believe it is better to act now on a bill that already has the House's blessing than to wait for the comprehensive reauthorization bill, H.R. 3843, to make its way to the President's desk. Taking this action now will enable the CDCs to plan for the year ahead, because they know that the program levels for fiscal years 2001 through 2003 are \$4 billion, \$5 billion and \$6 billion.

In addition to these changes, and as I mentioned earlier, this bill includes a manager's amendment. The first provision deals with long-pending applications from CDCs that are seeking to expand into multiple states. To address the problem, this provision establishes a one-time automatic approval of applications for multi-state operation that have been pending at SBA headquarters for 12 months or more. Unless SBA acts to approve or disapprove the applications, automatic approval would go into effect 21 days after the bill is signed by the President.

While I urge the SBA to process applications in a timely manner, and while I understand the frustration of the applicants who have been waiting,

I believe, in general, that it is in the best interest of the taxpayers for applicants and their proposals to be thoroughly screened, rather than blindly approved. This program, above all else, was designed to help small businesses, and I believe we should carefully review policy changes that are intended to expand a CDC's territory to make sure that the real goal—increasing access to the program for small businesses—is achieved.

The second provision gives the SBA the authority to reprogram unused funds to make up for the significant shortfall of appropriations for the 7(a) loan program. In its budget request for FY 2000, and again recently, the SBA estimated that the demand in this popular lending program would grow to a program level of \$10.5 billion. Unfortunately, it was only appropriated enough to support a level of close to \$9.8 billion. The Administration's estimate has proven to be more accurate than Congress anticipated, and the SBA needs additional funds to keep the program running throughout this fiscal year. This bill restores \$500 million of the \$700 million shortfall. I strongly support this provision and worked with Senator BOND to draft this legislation. I appreciate his cooperation and respectfully urge the appropriators in both the Senate and House to work with us.

Lastly, Mr. President, this bill also includes a technical change to the Historically Underutilized Business Zone small business contracting program (HUBZone program) administered by the SBA. The HUBZone program is designed to provide contracting opportunities in economically distressed areas of this country. One of the criteria for this program is that a small business must be located in a qualified census tract or nonmetropolitan county based on unemployment statistics from the Department of Labor and the Department of the Census.

As new data becomes available, there is a possibility that HUBZone firms would lose their eligibility, because the data could reflect that the census tract the firm is located in is technically no longer considered an economically depressed area. As ranking member of the Committee on Small Business and as a cosponsor of the original HUBZone law passed in 1997, I am concerned that when a particular area is no longer deemed HUBZone-eligible, small business owners in that area will lose the ability to bid on contracting opportunities under the program with little or no warning. This will be disruptive to the program and could discourage participation by qualified small businesses.

Because it is better policy to provide both small firms and the SBA with some sort of warning before a firm is deemed ineligible, this amendment is intended to allow a HUBZone firm located in an economically depressed area that has been redesignated by either Bureau of Labor Statistics (BLS)

or Census data, to remain eligible under the program for three additional years. Thus the firm is put on notice that contracting opportunities under the program may not be available in the future, and the business is given time to plan for this change.

While I understand only a handful of firms were affected by a change in designated areas when new BLS data was released last year, I support the chairman's effort to ensure that no firm is taken by surprise this year. I am pleased that Senator BYRD and his staff worked together with my staff to come up with appropriate language for this amendment.

In closing, I want to thank my colleagues for supporting this bill. If, as expected, it is enacted, they will have improved the business climate and taken a few more steps to ensure that small businesses have access to capital and expanded procurement opportunities.

Mr. ALLARD. I ask unanimous consent the committee amendment be agreed to, the bill be read a third time and passed, the motion to reconsider be laid upon the table, and any statement relating to the bill be printed in the RECORD.

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

The committee amendment, as amended, was agreed to.

The bill (H.R. 2614), as amended, was read the third time and passed.

#### SCHOOL GOVERNANCE CHARTER AMENDMENT ACT OF 2000

Mr. ALLARD. Mr. President I ask unanimous consent the Senate now proceed to the consideration of H.R. 4387, which is at the desk.

The PRESIDING OFFICER. The clerk will report the bill by title.

The legislative clerk read as follows:

A bill (H.R. 4387) to provide that the School Governance Charter Amendment Act of 2000 shall take effect upon the date such Act is ratified by the voters of the District of Columbia.

There being no objection, the Senate proceeded to consider the bill.

Mr. ALLARD. I ask unanimous consent the bill be read the third time and passed, the motion to reconsider be laid upon the table, and any statements relating to the bill be printed in the RECORD.

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

The bill (H.R. 4387) was read the third time and passed.

#### THE SMITHSONIAN ASTRO- PHYSICAL OBSERVATORY SUB- MILLIMETER ARRAY ON MAUNA KEA AT HILO, HAWAII

Mr. ALLARD. Mr. President, I ask unanimous consent that the Rules Committee be discharged from further consideration of S. 2498, and the Senate then proceed to its immediate consideration.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report the bill by title.

The legislative clerk read as follows:

A bill (S. 2498) to authorize the Smithsonian Institutions to plan, design, construct and equip laboratory, administrative, and support space to house base operations for the Smithsonian Astrophysical Observatory Submillimeter Array located on Mauna Kea at Hilo, Hawaii.

There being no objection, the Senate proceeded to consider the bill.

Mr. ALLARD. I ask unanimous consent the bill be read a third time and passed, the motion to reconsider be laid upon the table, and any statements relating to the bill be printed in the RECORD.

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

The bill (S. 2498) was read the third time and passed, as follows:

S. 2498

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

#### SECTION 1. FACILITY AUTHORIZED.

The Board of Regents of the Smithsonian Institution is authorized to plan, design, construct, and equip laboratory, administrative, and support space to house base operations for the Smithsonian Astrophysical Observatory Submillimeter Array located on Mauna Kea at Hilo, Hawaii.

#### SEC. 2. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to the Board of Regents of the Smithsonian Institution to carry out this Act, \$2,000,000 for fiscal year 2001, and \$2,500,000 for fiscal year 2002, which shall remain available until expended.

#### MAKING TECHNICAL CORRECTIONS TO THE STATUS OF CERTAIN LAND HELD IN TRUST FOR THE MISSISSIPPI BAND OF CHOCTAW INDIANS

Mr. ALLARD. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of Calendar No. 595, S. 1967.

The PRESIDING OFFICER. The clerk will report the bill by title.

The legislative clerk read as follows:

A bill (S. 1967) to make technical corrections to the status of certain land held in trust for the Mississippi Band of Choctaw Indians, to take certain land into trust for that Band, and for other purposes.

There being no objection, the Senate proceeded to consider the bill.

Mr. ALLARD. I ask unanimous consent the bill be read a third time and passed, the motion to reconsider be laid upon the table, and any statements relating to the bill be printed in the RECORD.

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

The bill (S. 1967) was read the third time and passed, as follows:

S. 1967

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