

the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

PREMIER CERTIFIED LENDERS PROGRAM IMPROVEMENT ACT OF 2003

Mr. MANZULLO. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 923) to amend the Small Business Investment Act of 1958 to allow certain premier certified lenders to elect to maintain an alternative loss reserve, as amended.

The Clerk read as follows:

H.R. 923

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

SECTION 1. SHORT TITLE.

This Act may be cited as the "Premier Certified Lenders Program Improvement Act of 2003".

SEC. 2. LOSS RESERVES OF PREMIER CERTIFIED LENDERS TEMPORARILY DETERMINED ON THE BASIS OF OUTSTANDING BALANCE OF DEBENTURES.

Paragraph (6) of section 508(c) of the Small Business Investment Act of 1958 (15 U.S.C. 697e(c)) is amended—

(1) by striking "The Administration" and inserting the following:

"(A) IN GENERAL.—The Administration"; and

(2) by adding at the end the following new subparagraph:

"(B) TEMPORARY REDUCTION BASED ON OUTSTANDING BALANCE.—Notwithstanding subparagraph (A), during the 2-year period beginning on the date that is 90 days after the date of the enactment of this subparagraph, the Administration shall allow the certified development company to withdraw from the loss reserve such amounts as are in excess of 1 percent of the aggregate outstanding balances of debentures to which such loss reserve relates. The preceding sentence shall not apply with respect to any debenture before 100 percent of the contribution described in paragraph (4) with respect to such debenture has been made."

SEC. 3. ALTERNATIVE LOSS RESERVE PILOT PROGRAM FOR CERTAIN PREMIER CERTIFIED LENDERS.

(a) IN GENERAL.—Subsection (c) of section 508 of the Small Business Investment Act of 1958 (15 U.S.C. 697e) is amended by adding at the end the following new paragraphs:

"(7) ALTERNATIVE LOSS RESERVE.—

"(A) ELECTION.—With respect to any eligible calendar quarter, any qualified high loss reserve PCL may elect to have the requirements of this paragraph apply in lieu of the requirements of paragraphs (2) and (4) for such quarter.

"(B) CONTRIBUTIONS.—

"(i) ORDINARY RULES INAPPLICABLE.—Except as provided under clause (ii) and paragraph (5), a qualified high loss reserve PCL that makes the election described in subparagraph (A) with respect to a calendar quarter shall not be required to make contributions to its loss reserve during such quarter.

"(ii) BASED ON LOSS.—A qualified high loss reserve PCL that makes the election described in subparagraph (A) with respect to any calendar quarter shall, before the last day of such quarter, make such contributions to its loss reserve as are necessary to ensure that the amount of the loss reserve of the PCL is—

"(I) not less than \$100,000; and

"(II) sufficient, as determined by a qualified independent auditor, for the PCL to meet its obligations to protect the Federal Government from risk of loss.

"(iii) CERTIFICATION.—Before the end of any calendar quarter for which an election is in effect under subparagraph (A), the head of the PCL shall submit to the Administrator a certification that the loss reserve of the PCL is sufficient to meet such PCL's obligation to protect the Federal Government from risk of loss. Such certification shall be in such form and submitted in such manner as the Administrator may require and shall be signed by the head of such PCL and the auditor making the determination under clause (ii)(I).

"(C) DISBURSEMENTS.—

"(i) ORDINARY RULE INAPPLICABLE.—Paragraph (6) shall not apply with respect to any qualified high loss reserve PCL for any calendar quarter for which an election is in effect under subparagraph (A).

"(ii) EXCESS FUNDS.—At the end of each calendar quarter for which an election is in effect under subparagraph (A), the Administration shall allow the qualified high loss reserve PCL to withdraw from its loss reserve the excess of—

"(I) the amount of the loss reserve, over

"(II) the greater of \$100,000 or the amount which is determined under subparagraph (B)(ii) to be sufficient to meet the PCL's obligation to protect the Federal Government from risk of loss.

"(D) RECONTRIBUTION.—If the requirements of this paragraph apply to a qualified high loss reserve PCL for any calendar quarter and cease to apply to such PCL for any subsequent calendar quarter, such PCL shall make a contribution to its loss reserve in such amount as the Administrator may determine provided that such amount does not exceed the amount which would result in the total amount in the loss reserve being equal to the amount which would have been in such loss reserve had this paragraph never applied to such PCL. The Administrator may require that such payment be made as a single payment or as a series of payments.

"(E) RISK MANAGEMENT.—If a qualified high loss reserve PCL fails to meet the requirement of subparagraph (F)(ii) during any period for which an election is in effect under subparagraph (A) and such failure continues for 180 days, the requirements of paragraphs (2), (4), and (6) shall apply to such PCL as of the end of such 180-day period and such PCL shall make the contribution to its loss reserve described in subparagraph (D). The Administrator may waive the requirements of this subparagraph.

"(F) QUALIFIED HIGH LOSS RESERVE PCL.—The term 'qualified high loss reserve PCL' means, with respect to any calendar year, any premier certified lender designated by the Administrator as a qualified high loss reserve PCL for such year. The Administrator shall not designate a company under the preceding sentence unless the Administrator determines that—

"(i) the amount of the loss reserve of the company is not less than \$100,000;

"(ii) the company has established and is utilizing an appropriate and effective process for analyzing the risk of loss associated with its portfolio of PCLP loans and for grading each PCLP loan made by the company on the basis of the risk of loss associated with such loan; and

"(iii) the company meets or exceeds 4 or more of the specified risk management benchmarks as of the most recent assessment by the Administration or the Administration has issued a waiver with respect to the requirement of this clause.

"(G) SPECIFIED RISK MANAGEMENT BENCHMARKS.—For purposes of this paragraph, the term 'specified risk management benchmarks' means the following rates, as determined by the Administrator:

"(i) Currency rate.

"(ii) Delinquency rate.

"(iii) Default rate.

"(iv) Liquidation rate.

"(v) Loss rate.

"(H) QUALIFIED INDEPENDENT AUDITOR.—For purpose of this paragraph, the term 'qualified independent auditor' means any auditor who—

"(i) is compensated by the qualified high loss reserve PCL;

"(ii) is independent of such PCL; and

"(iii) has been approved by the Administrator during the preceding year.

"(I) PCLP LOAN.—For purposes of this paragraph, the term 'PCLP loan' means any loan guaranteed under this section.

"(J) ELIGIBLE CALENDAR QUARTER.—For purposes of this paragraph, the term 'eligible calendar quarter' means—

"(i) the first calendar quarter that begins after the end of the 90-day period beginning with the date of the enactment of this paragraph; and

"(ii) the 7 succeeding calendar quarters.

"(K) CALENDAR QUARTER.—For purposes of this paragraph, the term 'calendar quarter' means—

"(i) the period which begins on January 1 and ends on March 31 of each year;

"(ii) the period which begins on April 1 and ends on June 30 of each year;

"(iii) the period which begins on July 1 and ends on September 30 of each year; and

"(iv) the period which begins on October 1 and ends on December 31 of each year.

"(L) REGULATIONS.—Not later than 45 days after the date of the enactment of this paragraph, the Administrator shall publish in the Federal Register and transmit to the Congress regulations to carry out this paragraph. Such regulations shall include provisions relating to—

"(i) the approval of auditors under subparagraph (H); and

"(ii) the designation of qualified high loss reserve PCLs under subparagraph (F), including the determination of whether a process for analyzing risk of loss is appropriate and effective for purposes of subparagraph (F)(ii).

"(8) BUREAU OF PCLP OVERSIGHT.—

"(A) ESTABLISHMENT.—There is hereby established in the Small Business Administration a bureau to be known as the Bureau of PCLP Oversight.

"(B) PURPOSE.—The Bureau of PCLP Oversight shall carry out such functions of the Administration under this subsection as the Administrator may designate.

"(C) DEADLINE.—Not later than 90 days after the date of the enactment of this Act—

"(i) the Administrator shall ensure that the Bureau of PCLP Oversight is prepared to carry out any functions designated under subparagraph (B), and

"(ii) the Office of the Inspector General of the Administration shall report to the Congress on the preparedness of the Bureau of PCLP Oversight to carry out such functions."

(b) INCREASED REIMBURSEMENT FOR LOSSES RELATED TO DEBENTURES ISSUED DURING ELECTION PERIOD.—Subparagraph (C) of section 508(b)(2) of the Small Business Investment Act of 1958 (15 U.S.C. 697e(b)(2)) is amended by inserting "(15 percent in the case of any such loss attributable to a debenture issued by the company during any period for which an election is in effect under subsection (c)(7) for such company)" before "; and".

(c) CONFORMING AMENDMENTS.—

(1) Subparagraph (D) of section 508(b)(2) of the Small Business Investment Act of 1958 (15 U.S.C. 697e(b)(2)) is amended by striking "subsection (c)(2)" and inserting "subsection (c)".

(2) Paragraph (5) of section 508(c) of the Small Business Investment Act of 1958 (15 U.S.C. 697e(c)) is amended by striking "10 percent".

(d) STUDY AND REPORT.—

(1) IN GENERAL.—The Administrator shall enter into a contract with a Federal agency experienced in community development lending and financial regulation or with a member of the Federal Financial Institutions Examinations Council to study and prepare a report regarding—

(A) the extent to which statutory requirements have caused overcapitalization in the loss reserves maintained by certified development companies participating in the Premier Certified

Lenders Program established under section 508 of the Small Business Investment Act of 1958 (15 U.S.C. 697e); and

(B) alternatives for establishing and maintaining loss reserves that are sufficient to protect the Federal Government from the risk of loss associated with loans guaranteed under such Program.

(2) TRANSMISSION OF REPORT.—The report described in paragraph (1) shall be transmitted to the Committee on Small Business of the House of Representatives and the Committee on Small Business and Entrepreneurship of the Senate not later than 90 days after the date of the enactment of this Act.

(3) LIMITATION.—The amount of the contract described in paragraph (1) shall not exceed \$75,000.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Illinois (Mr. MANZULLO) and the gentlewoman from the Virgin Islands (Mrs. CHRISTENSEN) each will control 20 minutes.

The Chair recognizes the gentleman from Illinois (Mr. MANZULLO).

GENERAL LEAVE

Mr. MANZULLO. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on this legislation.

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

There was no objection.

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

The SBA's 504 Certified Development Company program provides small businesses with long-term, fixed-rate financing for the purchase of fixed assets such as land, buildings and equipment for business expansion purposes. The loans are made by CDCs, usually non-profit corporations organized to contribute to the economic development of a particular community or region. The entire 504 program runs totally on user fees charged to small business borrowers. It does not receive an annual appropriation.

SBA has a Premier Certified Lender program that gives discretion to certain qualified CDCs to approve 504 loans subject to the borrower being eligible and the available loan authority. In return for this lower regulatory oversight, these premier CDCs must set aside more money in order to cover potentially bad loans than regular CDCs. Some premier CDCs believe that this amount of reserve is well beyond what is prudently required.

My good friend and colleague, the gentleman from California (Mr. DOOLITTLE), introduced H.R. 923 for the purpose of allowing premier CDCs to take a cue from the private sector by using a risk-based management approach to calculate the loan loss reserve requirements. I agree with this approach subject to certain conditions to protect the taxpayer and to ensure that no unintended consequences result from this change in policy such as higher loan fees. Our staffs have met to develop an acceptable compromise which unanimously passed the com-

mittee last month. I am pleased to present it to my colleagues before the full House today.

This bipartisan compromise creates a 2-year pilot program that permits qualified premier CDCs to use a risk-based approach to calculate their loan loss reserve requirements. In order to ensure that premier CDCs' loan loss reserves are sufficient to protect the taxpayer, the compromise establishes a Bureau of PCLP oversight within the Office of Lender Oversight at SBA. For those premier CDCs not in the new pilot program, they can withdraw from their loss such amounts that are in excess of 1 percent of their total outstanding loan balances. Finally, this compromise provides for a study to evaluate alternative loan loss reserve approaches.

H.R. 923 is about providing more liquidity and capital into the hands of small businesses without any additional cost to the taxpayer. I urge my colleagues to support H.R. 923.

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

Mrs. CHRISTENSEN. Mr. Speaker, I yield myself such time as I might consume.

Mr. Speaker, today I rise in strong support of H.R. 923. This legislation is among the first steps that Congress will take this year to ensure that the Small Business Administration continues to serve the needs of our country's small businesses. I would like to thank the gentleman from California (Mr. DOOLITTLE) for bringing this important bill to the Committee on Small Business's attention.

This legislation will allow certified development companies to make more loans to small businesses while safeguarding the interests of our taxpayers. This is good for the government and good for small business, the driver of this Nation's economy.

Even though access to capital is access to opportunity for small businesses, many find it difficult to get funding, especially given the current lending environment. The SBA's lending program addresses this by providing a vital stream of funding to small businesses. Last year, these programs supplied \$21 billion in capital, accounting for 40 percent of all long-term small business lending to this country's entrepreneurs.

Among SBA's loan programs, the 504 program provides the best value to taxpayers because it is completely self-funded. While the 504 program requires no funding, it contributes substantially to the economic growth of our communities. Given the weak state of our economy, the 504 program is especially important now because it promotes investment where we need it most, in the small business sector.

Yet capital remained elusive to many small businesses because the SBA, in many cases, took too long to make these loans and the process was too complicated. Since the SBA processing time for 504 applications can frequently

approach 30 days, borrowers and lenders were deterred from participating.

In response to this, Congress created the Premier Certified Lender program. Through this public-private partnership, certified development companies are permitted to process their 504 loans without SBA approval. In exchange for this autonomy, SBA requires the certified development companies to assume responsibility for some of the losses associated with the loans they make.

While the Premier Certified Lender program addresses one problem, it created another by requiring the certified development companies to hold loan loss reserves in excess of amounts necessary to protect the government. These excess funds could serve a much better purpose, like being used to make loans for small business, the number one job creator in the United States, instead of sitting in a ledger helping no one at all.

To address these issues, today we are creating a pilot program that will permit the certified development companies to maintain loan loss reserves sufficient to protect the government and to draw out those amounts that are held in excess of such purposes. In order to oversee this new program, we are creating a new bureau within SBA.

By creating a system that frees up these funds, certified development companies will then be able to make more loans to small businesses, which is exactly what this Nation needs in a time of such economic uncertainty. Economic recovery is only within reach if small businesses are able to start up and grow, and this is impossible without capital.

H.R. 923 takes the important first steps to modernize the 504 program and, in doing so, increases small businesses' ability to secure much-needed capital.

Mr. Speaker, I urge the adoption of this legislation.

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

Mr. MANZULLO. Mr. Speaker, I yield 5 minutes to the gentleman from California (Mr. DOOLITTLE), my good friend and colleague, the author of the bill.

Mr. DOOLITTLE. Mr. Speaker, I thank the gentleman from Illinois (Mr. MANZULLO) and the gentlewoman from the Virgin Islands (Mrs. CHRISTENSEN) for their remarks. I very much appreciate the support that they have given me on this bill and the cooperation that we have had from their staffs. I would like to acknowledge the gentlewoman from New York (Ms. VELÁZQUEZ), the ranking member, as well.

Indeed, the explanation for what this bill does has been clearly articulated by both our previous speakers and so I will choose not to repeat that, Mr. Speaker; but I have a statement which I will submit for the RECORD.

□ 1045

I feel that this bill, as was explained by our previous speakers, will actually

do something to help stimulate the economy. The Premier Certified Lenders Program is an excellent program. It has been unnecessarily tied down by the problem with the requirements about the loan loss reserves. This bill, as was explained, creates a risk-based approach to loan loss reserves with sufficient safeguards and monitoring to make sure that everything is going along as we would wish it to.

In the process, however, a tremendous amount of funds will be freed up that will be used to make loans to small businesses, and as we know, as this process unfolds, that will result in the employment of more people and the generation of more capital and will trigger, indeed, the very process that we need to have happen in order to make this a more vibrant and stronger economy.

Mr. Speaker, I rise today in support of H.R. 923, the Premier Certified Lenders Program Improvement Act, legislation I introduced in February.

Over the past few years, I have had an opportunity to learn of the outstanding work that certified development companies are doing across the county and in my district, in particular. CDCs participating in the Premier Certified Lenders Program are providing thousands of loans to small businesses and helping these businesses to create jobs and wealth.

As my colleagues know, small businesses are the economic backbone of our Nation. Nearly one in four American households are either starting a business, presently owning a business, or investing in someone else's business. Our economy depends on entrepreneurs whose spirit result in the creation of both new businesses and new jobs.

I think the best policy our government can pursue to help small businesses in this country is to get out of their way. Unshackle the American spirit from high taxes and burdensome regulations, Mr. Speaker, and we shall witness tremendous job creation and economic growth. If the government seeks to help small businesses, it should remove regulatory hurdles and provide incentives for entrepreneurs.

One successful example of government encouragement of small business expansion is the Premier Certified Lenders Program PCLP. This program was established in 1997 and allows a participating Certified Development Company, CDC, the expanded authority to review and approve SBA 504 Loan requests and to foreclose, litigate, and liquidate SBA 504 Loans made under the Program. By taking on this authority, the private sector is able to stretch limited Federal resources in order to help more small businesses.

Unfortunately, current law requires premier certified lenders to deposit and maintain 1 percent of each debenture issued in a loan loss reserve fund, from which they are to reimburse the Small Business Administration, SBA, for 10 percent of any loss. Premier certified lenders must maintain that deposit throughout the life of the loan, even as the loan matures, the debenture is paid down, and the risk is reduced.

This requirement has resulted in the accumulation of unnecessarily high loan loss reserve funds for some premier lenders. In addition,

it has deterred additional premier certified lenders from participating in the program at all.

Mr. Speaker, my bill simply allows these premier lenders the option of creating risk-based loan loss reserves. It includes several safeguards to ensure that these companies do not make bad loans and put Federal taxpayers at risk. Specifically, premier certified lenders must maintain no less than \$100,000 in their loan loss reserve funds; they must employ 3rd-party auditors to review their reserve funds on a quarterly basis; their auditors must be approved by the SBA; and the PCL must meet SBA performance benchmarks to retain their eligibility to hold risk-based loan loss reserve funds.

Mr. Speaker, I want to sincerely thank Mr. MANZULLO, my friend and the Chairman of the Small Business Committee, for working with me to get the bill to this point. I also want to thank the Ranking Member, Ms. VELÁZQUEZ for her valuable input, and Mrs. CHRISTENSEN for representing Ms. VELÁZQUEZ on the floor today. Finally, I want to express my gratitude to the Chairman's and Ranking Member's staff, as well as my staff, for putting in so much time and energy into this effort.

I encourage my colleagues to support our Nation's small businesses by supporting this important legislation.

Mr. Speaker, I very much appreciate the bipartisan cooperation we have had on this, and I urge the passage of the bill.

Mrs. CHRISTENSEN. Mr. Speaker, I yield such time as he may consume to the gentleman from Illinois (Mr. DAVIS).

Mr. DAVIS of Illinois. Mr. Speaker, let me first of all thank the gentleman from the Virgin Islands for yielding me this time. I also want to commend the chairman, the gentleman from Illinois (Mr. MANZULLO), and the ranking member, the gentleman from New York (Ms. VELÁZQUEZ), for bringing this legislation to the floor and getting us to this point.

When we talk about small businesses and we talk about the development of small business, one of the primary problems that people face is finding enough money to actually get a business off the ground, keep it going, keep it moving, have enough capital to actually carry the business on until they reach the point where they have the kind of cash flow and they have the kind of returns that they know they need in order to be stable and keep being successful. This PCLP Improvement Act helps to do all of that. It helps to make capital available and it gives people assistance to acquire what they actually need.

While it is true, Mr. Speaker, that some of the best things in life are free, I remember the song that says "But you can give it to the birds and bees, what I need is money." And what small businesses need is capital to help them grow, develop and flourish. This legislation helps to do that.

Again I commend Chairman MANZULLO, my colleague from Illinois, and the ranking member for bringing this to the floor.

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

Mrs. CHRISTENSEN. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, small businesses today face many barriers to achieving their success. Today's legislation helps address one of the most significant barriers faced by small businesses: Access to capital. The bill before us today will make more capital available to small businesses, spurring economic development in our Nation's communities.

While today's legislation fixes a problem with the 504 program, it is only a stopgap measure. Even after we pass this legislation, small businesses will still have to endure SBA's inconsistent and bureaucratic 504 loan processing procedures. As such, today's legislation is the first of several near-term steps to centralize, streamline, and modernize the 504 program so that it is better able to meet the needs of our small businesses. First among these steps is this year's SBA reauthorization, in which we will address many of these deficiencies in order to help our country's small businesses access capital more readily.

Mr. Speaker, I would like to take this moment to thank Adam Minehardt, a Democratic staff member of the Committee on Small Business, and Greg Orlando, a staff member for the gentleman from California (Mr. DOOLITTLE), for their work on this important legislation. I also wish to thank the gentleman from California (Mr. DOOLITTLE) once again for bringing it to the committee, and our chairman and ranking member for their leadership on this bill and all the others we have worked on this year. This bill is truly a bipartisan product and the work reflects that spirit.

Mr. Speaker, I again urge the adoption of this legislation.

Ms. MILLENDER-MCDONALD. Mr. Speaker, I rise today to offer my support for H.R. 923, the Premier Certified Lenders Program Act of 2003.

Mr. Speaker, small business owners all over this nation have long been faced with a number of hurdles that limit their ability to be successful. Health care costs have risen at an astronomical rate, Federal regulations are being issued that establish competitive advantages for large firms, and, perhaps most importantly, access to capital is extremely limited.

In an attempt to address concerns about small business financing issues, 3 years ago Congress established the Premier Certified Lenders Program (PCLP) as a permanent Small Business Administration program.

The PCLP delegates substantial authority and autonomy to selected Certified Development Companies (CDCs) participating in the Small Business Administration's 504 Loan Program to offer long-term, fixed-rate financing for major fixed assets such as land and buildings.

My district is home to a CDC, the Long Beach Area Certified Development Corporation, and it serves the Cities of Long Beach, Signal Hill and Southern Los Angeles County. Ms. Regina Grant Peterson does an excellent job in reaching out to my constituents, doing all she can to promote economic development in the community.

Currently, because of antiquated laws, CDCs participating in the PCLP must keep financial reserves in excess of what is actually necessary to safeguard against potential losses, and are not allowed to withdraw from these reserves until loans are paid in full.

This severely limits the lending potential of these entities, costing small businesses nationwide millions of dollars in unused capital.

H.R. 923 addresses this issue by allowing participating lenders to withdraw from their loan loss reserves attributable to the payment of principal on outstanding loans.

In addition, the legislation would also create a Bureau of Lender Oversight within SBA that will oversee the calculation of loan loss reserves, thereby insuring that government monies are used appropriately.

Mr. Speaker, as a Ranking Member of the Small Business Committee, I enthusiastically support this measure, and I support its swift passage.

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

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

The SPEAKER pro tempore (Mr. PETRI). The question is on the motion offered by the gentleman from Illinois (Mr. MANZULLO) that the House suspend the rules and pass the bill, H.R. 923, as amended.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds of those present have voted in the affirmative.

Mr. MANZULLO. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this motion will be postponed.

HOMELAND SECURITY TECHNICAL CORRECTIONS ACT OF 2003

Mr. COX. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1416) to make technical corrections to the Homeland Security Act of 2002, as amended.

The Clerk read as follows:

H.R. 1416

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

SECTION 1. SHORT TITLE.

This Act may be cited as the "Homeland Security Technical Corrections Act of 2003".

SEC. 2. TECHNICAL CORRECTIONS RELATING TO CRITICAL INFRASTRUCTURE INFORMATION.

Section 212(3) of the Homeland Security Act of 2002 (Public Law 107-296; 6 U.S.C. 131(3)) is amended by striking "systems—" and inserting "systems insofar as such information pertains to—".

SEC. 3. VISA ISSUANCE.

Section 428(a) of the Homeland Security Act of 2002 (Public Law 107-296; 6 U.S.C. 236(a)) is amended—

(1) by striking "subsection," and inserting "section,"; and

(2) by striking "office" and inserting "officer".

SEC. 4. RESPONSIBILITIES OF UNDER SECRETARY FOR EMERGENCY PREPAREDNESS AND RESPONSE.

Section 502 of the Homeland Security Act of 2002 (Public Law 107-296; 6 U.S.C. 312) is

amended by striking "shall include—" and inserting "shall be responsible for—".

SEC. 5. MILITARY ACTIVITIES OF THE COAST GUARD.

Section 876 of the Homeland Security Act of 2002 (Public Law 107-296; 6 U.S.C. 456) is amended to read as follows:

"SEC. 876. MILITARY ACTIVITIES.

"Nothing in this Act confers on the Secretary any authority over warfighting, the military defense of the United States, or other military activities that are authorized to be directed by the Secretary of Defense. This Act shall not be construed to limit the existing authority of the Secretary of Defense over warfighting, the military defense of the United States, or other military activities, including such activities of the Coast Guard when it is operating as a service in the Navy under section 3 of title 14, United States Code."

SEC. 6. ANNUAL INDEPENDENT EVALUATION OF INFORMATION SECURITY PROGRAM AND PRACTICES OF AGENCIES.

Section 3535(b)(1) of title 44, United States Code, is amended by inserting "or any other law" after "the Inspector General Act of 1978".

SEC. 7. IMMIGRATION-RELATED POWERS AND DUTIES OF THE SECRETARY AND THE ATTORNEY GENERAL.

(a) IN GENERAL.—Section 1102 of the Homeland Security Act of 2002 (Public Law 107-296; 116 Stat. 2273) is amended—

(1) in the matter preceding paragraph (1), by striking "as amended by this Act, is further amended by—" and inserting "is amended—";

(2) by amending paragraph (1) to read as follows:

"(1) by amending the section heading to read as follows:

"POWERS AND DUTIES OF THE SECRETARY OF HOMELAND SECURITY AND THE ATTORNEY GENERAL";

(3) by amending paragraph (2)(D) to read as follows:

"(D) by redesignating the paragraph (8) added by section 372(3) of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, and the paragraph (9) added by section 373 of such Act, as paragraphs (10) and (11), respectively; and";

(4) in the matter added by paragraph (3)—

(A) by striking "the Immigration Reform, Accountability and Security Enhancement Act of 2002." and inserting "the Homeland Security Act of 2002."; and

(B) by striking "this section" and inserting "this subsection".

(b) CONFORMING AMENDMENTS TO IMMIGRATION AND NATIONALITY ACT.—

(1) SECTION 103.—Section 103 of the Immigration and Nationality Act (8 U.S.C. 1103) is amended—

(A) in subsection (a)—

(i) in paragraph (2)—

(I) by striking "He" and inserting "The Secretary of Homeland Security"; and

(II) by striking "of the Service." and inserting "of the Department of Homeland Security relating to the powers, functions, and duties conferred upon the Secretary by this Act and all other laws relating to the immigration and naturalization of aliens.";

(ii) in paragraph (3)—

(I) by striking "He" and inserting "The Secretary of Homeland Security";

(II) by striking "he deems" and inserting "the Secretary deems"; and

(III) by striking "his authority" and inserting "the Secretary's authority";

(iii) in paragraph (4)—

(I) by striking "He" and inserting "Except as otherwise provided by law, the Secretary of Homeland Security";

(II) by striking "the Service or the Department of Justice" and inserting "the Department of Homeland Security"; and

(III) by striking "employee of the Service." and inserting "employee of the Department.";

(iv) in paragraph (5)—

(I) by striking "He" and inserting "Except as otherwise provided by law, the Secretary of Homeland Security";

(II) by striking "in his discretion," and inserting "in the Secretary's discretion."; and

(III) by striking "such number of employees of the Service as to him shall appear necessary and proper." and inserting "such number of employees of the Department of Homeland Security as shall appear necessary and proper to the Secretary.";

(v) in paragraph (6)—

(I) by striking "He" and inserting "The Secretary of Homeland Security"; and

(II) by striking "of the Service." and inserting "of the Department of Homeland Security.";

(vi) in paragraph (7)—

(I) by striking "He" and inserting "The Secretary of Homeland Security";

(II) by striking "of the Service" each place such term appears and inserting "of the Department of Homeland Security";

(III) by striking "he may," and inserting "the Secretary of Homeland Security may,"; and

(IV) by striking "in his judgment" and inserting "in the Secretary's judgment";

(vii) in paragraph (8), by striking "Attorney General" and inserting "Secretary of Homeland Security";

(viii) in paragraph (10) (as redesignated by section 1102 of the Homeland Security Act of 2002)—

(I) by striking "Attorney General" each place such term appears and inserting "Secretary of Homeland Security"; and

(II) by striking "of the Service." and inserting "of the Department."; and

(ix) in paragraph (11) (as so redesignated)—

(I) by striking "Attorney General" and inserting "Secretary of Homeland Security"; and

(II) by striking "by the Service" each place such term appears and inserting "by the Department";

(B) in subsection (b), by striking "Attorney General" each place such term appears and inserting "Secretary of Homeland Security";

(C) by amending subsection (c) to read as follows:

"(c) The Secretary of Homeland Security may enter into cooperative agreements with State and local law enforcement agencies for the purpose of assisting in the enforcement of the immigration laws.";

(D) in subsection (d), by striking "The Commissioner," and inserting "The Secretary of Homeland Security";

(E) in subsection (e)—

(i) by striking "The Commissioner" and inserting "The Secretary of Homeland Security"; and

(ii) by striking "district office of the Service" and inserting "field office of the Department of Homeland Security"; and

(F) in subsection (f)—

(i) by striking "Attorney General" and inserting "Secretary of Homeland Security";

(ii) by striking "of the Immigration and Naturalization Service" and inserting "of the Directorate of Border and Transportation Security of the Department of Homeland Security"; and

(iii) by striking "the functions of the Service," and inserting "the functions of the Directorate.";

(2) SECTION 287(g).—Section 287(g) of the Immigration and Nationality Act (8 U.S.C. 1357(g)) is amended by striking "Attorney