

Amendments Act of 2007—I would have voted “aye”; rollcall vote No. 1015, on motion to suspend the rules and pass—H.J. Res. 58, Country Music Month—I would have voted “aye.”

#### PERSONAL EXPLANATION

Mr. LAMPSON. Madam Speaker, on rollcall Nos. 1013, 1014, and 1015, had I been present, I would have voted “yea” on all.

#### PERSONAL EXPLANATION

Mr. COLE of Oklahoma. Madam Speaker, on Tuesday, October 30, 2007, I was unavoidably detained due to a prior obligation.

Had I been present and voting, I would have voted as follows: (1) Rollcall vote No. 1013: “nay” (Previous Question on the Rule providing for H.R. 3867); (2) rollcall vote No. 1014: “yea” (On agreeing to the Senate Amendment on H.R. 3678 under suspension of the rules, the Internet Tax Freedom Act); (3) rollcall vote No. 1015: “yea” (Passage of H.J. Res. 58 under suspension of the rules, Expressing support for designation of the month of October 2007 as “Country Music Month” and to honor country music for its long history of supporting America’s armed forces and its tremendous impact on national patriotism).

#### PERSONAL EXPLANATION

Mr. JOHNSON of Illinois. Madam Speaker, unfortunately today, October 30, 2007, I was unable to cast my votes on H. Res. 773, H.R. 3678, and H.J. Res. 58 and wish the record to reflect my intentions had I been able to vote.

Had I been present for rollcall No. 1013 on Ordering the Previous Question on H. Res. 773, Providing for consideration of the bill (H.R. 3867) to update and expand the procurement programs of the Small Business Administration, and for other purposes, I would have voted “nay.”

Had I been present for rollcall No. 1014 on suspending the rules and agreeing to the Senate Amendment to H.R. 3678, the Internet Tax Freedom Act Amendments Act of 2007, I would have voted “yea.”

Had I been present for rollcall No. 1015 on suspending the rules and passing H.J. Res. 58, Country Music Month, I would have voted “yea.”

#### GENERAL LEAVE

Ms. VELÁZQUEZ. Madam Speaker, I ask unanimous consent that all Members have 5 legislative days to revise and extend their remarks and enter into the RECORD any extraneous materials on the bill under consideration.

The SPEAKER pro tempore (Mrs. TAUSCHER). Is there objection to the request of the gentlewoman from New York?

There was no objection.

#### SMALL BUSINESS CONTRACTING PROGRAM IMPROVEMENTS ACT

The SPEAKER pro tempore. Pursuant to House Resolution 773 and rule XVIII, the Chair declares the House in

the Committee of the Whole House on the state of the Union for the consideration of the bill, H.R. 3867.

□ 1203

#### IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 3867) to update and expand the procurement of the Small Business Administration, and for other purposes, with Mr. HOLDEN in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the bill is considered read the first time.

The gentlewoman from New York (Ms. VELÁZQUEZ) and the gentleman from Ohio (Mr. CHABOT) each will control 30 minutes.

The Chair recognizes the gentlewoman from New York.

Ms. VELÁZQUEZ. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, in recent years, the Federal marketplace has seen phenomenal growth. However, while procurement opportunities are increasing, agencies are failing to meet their small business, women, service-disabled veterans, minority and low-income contracting goals. This has not only cost small businesses billions of dollars in lost opportunities but deprives the government of a valuable supplier.

Our Nation’s entrepreneurs play an important role in the procurement system, providing diversity, competition, and ensuring we get the best value for the taxpayers’ dollar. To help them get a start, there is an array of contributing programs offering technical assistance, purchasing flexibility and targeted benefits. Unfortunately, due to legislative neglect, under funding and mismanagement by several administrations, the programs have fallen far short of their full potential, leaving many small businesses outside of the Federal marketplace.

The Small Business Contracting Program Improvements Act, introduced by myself and Representative Mary Fallin, will change that by making important improvements to women, minority, HUBZone and service-disabled veteran contracting programs. H.R. 3867 will immediately implement the Women’s Procurement Program that has languished in the current administration’s endless delays. It also updates the economic criteria for the 8(a) program, reflecting current fiscal realities. The last time Congress addressed the 8(a) program was almost 20 years ago, when a gallon of gas was 90 cents and the average cost of a home was less than \$90,000. For too long we have forced minority businesses to operate under antiquated financial standards that in many cases were simply setting them up to fail.

Most importantly, this legislation will give our service-disabled veterans top priority when it comes to con-

tracting. For those men and women returning from Iraq and Afghanistan, many with life-altering injuries, this bill will provide the tools to start a new endeavor and begin a new life. These changes would go a long way to addressing many of the program’s shortcomings that have frustrated our Nation’s small business owners.

Mr. Chairman, H.R. 3867 also fights fraud in the Federal marketplace. Contracting opportunities are a privilege, not a right. The Small Business Contracting Improvement Act makes that clear. For the first time, we are imposing a business code of conduct on all participants, requiring the Federal Government to verify that individuals are who they claim and empowering small firms to police their own programs. This will restore integrity to these critical programs.

Through modernizing programs and increasing accountability, H.R. 3867 brings SBA’s contracting programs into the 21st century. It is for this reason that this legislation has attracted remarkably broad support, including the National Federation of Independent Business, the Associated General Contractors, the American Legion, Veterans of Foreign Wars, AMVETS, the U.S. Hispanic Chamber of Commerce, the National Black Chamber of Commerce, the U.S. Women’s Chamber of Commerce, the International Franchise Association, as well as the National Defense Industrial Association and the Aerospace Association.

This is a measured approach that balances the need to give program flexibility within the realities of current agency buying strategies. It is good for small business, good for the agency, and, most importantly, good for taxpayers.

I urge my colleagues to support this legislation.

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

Mr. CHABOT. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in opposition to H.R. 3867, the Small Business Contracting Program Improvements Act. I strongly support the provisions in the bill that help those Americans, veterans of our Armed Forces, who have provided the great sacrifices to defend our freedom and our way of life. However, there are other provisions that are sufficiently problematic that makes it impossible for me to support the overall bill.

In 1997, Congress established the Historically Underutilized Business Zone, or HUBZone program. The program is designed to assist areas of low income and high unemployment by providing incentives for government contractors to relocate in these areas and expand their operations. By making it easier for small businesses located in HUBZones to win Federal contracts, Congress expected more government contractors to relocate in these areas and provide an important component to their revitalization.

As anyone who has traveled through many urban and rural districts realizes, they have a large number of HUBZones. Unfortunately, H.R. 3867 could make it more difficult for HUBZone firms to win government contracts and thereby detract from the ability of this program to help revitalize urban and rural areas that need greater economic development.

Mr. Chairman, while I concur with the Chair of the committee that we need to ensure that only firms eligible for the HUBZone program participate, it is unnecessary to take punitive action against HUBZone firms as a result of a few bad actors. I am sure that if we scrutinize each of the procurement programs, we could find a few bad actors in each. That justifies taking appropriate legal action against the bad actors. It does not, in our view, necessitate punishing the firms that complied with the letter and spirit of the law.

It also is important to note that a number of the issues raised in this legislation are being addressed by the administrator of the SBA. I certainly understand the frustration that Members of Congress have when the executive branch does not implement legislation in a timely manner. Nevertheless, one aspect of this bill involves a program that has not been implemented for 7 years. While that normally would suggest further legislative action, the administrator, we believe, is doing everything possible at this point to issue rules, a process that can take time. In addition, the program is the subject of a lawsuit in which the plaintiffs have not sought any subsequent court action for nearly 2 years since the Federal Court ruled that the SBA violated the Administrative Procedure Act and failed to implement the program.

Mr. Chairman, I also would point out that the bill as reported out of committee, in our opinion, would only complicate the implementation of the procurement program. While I understand that the chairwoman will be offering an amendment to correct that problem, it does so by classifying 92 percent of the industries in the United States as historically underrepresented by women businesses and Federal procurement. While I concur that women are historically underrepresented in the Federal procurement arena, the amendment paints, we believe, with a broad, over-inclusive brush, and may include numerous industries in which businesses are not underrepresented by women entrepreneurs.

I also need to point out that the bill would classify individuals as economically disadvantaged if they have assets exclusive of their primary residence and their business up to \$550,000. So over a half million dollars. According to research by our staff, roughly half the Members of Congress, half the Members of this body would qualify as economically disadvantaged under that standard. I find it very difficult to believe that the average American would

consider a Member of Congress to be economically disadvantaged.

These are only some of our concerns about the bill that we have before us here today. While some of these concerns are technical in nature, my primary dispute with the bill is that it continues, unfortunately, to segment the small business government contracting arena. The result is that, in our opinion, rather than growing opportunities for all small businesses, it pits all of these deserving groups against one another. That, in our view, undermines their ability to speak as a united front in debates over Federal procurement policy that would promote all of their interests.

Despite my disagreement with the chairwoman, I do not doubt her sincere desire to improve the SBA contracting programs. The Chair and her staff, particularly Michael Day and Adam Minehardt, should be commended for their efforts in trying to find a solution that I, in good conscience, could have supported. However, the philosophical gap was simply too large to span. Therefore, I cannot support this legislation. I would urge my colleagues to vote "no."

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

Ms. VELÁZQUEZ. Mr. Chairman, I yield 2 minutes to a member of the Small Business Committee, the gentleman from Pennsylvania (Mr. SESTAK).

Mr. SESTAK. Mr. Chairman, I rise in support of this bill for two goods that are within it. The first has to do with our servicemembers, those that have become disabled because of their service. This bill, for the first time, gives priority, even if it's just one company that is veteran-owned and has the service-disabled owning that company, even if there are other competitors. I think this is extremely important, particularly in this time of war in Iraq and Afghanistan.

□ 1215

I say that because in World War II, on average, our soldiers had 182 days of combat. In between horrific battles of Guadalcanal, Iwo Jima or the Battle of the Bulge, there was dwell time in which our servicemembers had time to rest before the next onslaught.

In the war in Iraq, our servicemembers go outside the wire every day into combat for 15 months. We are seeing a higher rate of post-traumatic stress disorder coming back than we have seen in any war. Some say over 30 percent. That will feed into our society.

So that this bill addresses the fact that our society owes something to those who wear the cloth of this Nation, particularly in such a challenging war, I speak up in support of it.

The second is women business owners. The fact that the goal has been for years that 5 percent of all Federal contracts will go to women business owners, we have only met the goal of 3.4 percent. I believe this bill goes a large

step towards helping those, particularly the economically disenfranchised, to be able to have industries that are underrepresented, to now have the competition remain with women business owners. And if they are substantially underrepresented, it can then open up to those women business owners who are not economically disadvantaged. So I speak up in support of this bill both for veterans and for women.

Mr. CHABOT. Mr. Chairman, I reserve the balance of my time.

Ms. VELÁZQUEZ. Mr. Chairman, I yield to the gentlewoman from New York (Ms. CLARKE), a member of the committee and a cosponsor of the bill, for 2 minutes.

Ms. CLARKE. Mr. Chairman, first I would like to thank the gentlewoman from New York (Ms. VELÁZQUEZ) for her leadership in bringing this bill to the floor today and her steadfast commitment to the small businesses of our Nation.

I support the Small Business Contracting Program Improvements Act, which encourages participation by qualified small businesses and improves key sections of the Small Business Act to prevent fraud in the SBA's contracting programs.

H.R. 3867 requires the Small Business Administration to immediately implement the Women's Procurement Program after 7 years of no action by the administration to put the program in action.

It will allow agencies to limit competition for Federal contracts only to women business owners in industries that have been closed to them. This legislation now requires SBA to evaluate industries where women entrepreneurs are economically disadvantaged and gives the SBA authority to waive any restrictions where women-owned enterprises are substantially underrepresented.

I believe this bill will finally correct the imbalance in the number of women-owned businesses nationally when compared to their presence in the Federal marketplace.

H.R. 3867 also strengthens the HUBZone program by requiring construction contracts to be performed within a reasonable distance of the particular HUBZone the contractor is to benefit. It will limit construction contract awards being performed more than 150 miles from the primary office location of the HUBZone-approved company.

The Small Business Contracting Program Improvements Act modernizes the 8(a) program to update and revise qualification requirements and ensure that 8(a) contracts go to qualified companies.

This bill provides an opportunity for all qualified small businesses to have a fair opportunity in the Federal marketplace. I want to thank Chairwoman VELÁZQUEZ for her steadfast commitment to the women, minority-owned and disabled veterans and disadvantaged small businesses of America. I

strongly support this legislation, and I urge my colleagues to do likewise.

Mr. CHABOT. Mr. Chairman, we have no further speakers, and I continue to reserve the balance of my time.

Ms. VELÁZQUEZ. Mr. Chairman, I yield 2 minutes to the gentleman from Texas (Mr. REYES), an original cosponsor of the legislation and chairman of the Intelligence Committee.

Mr. REYES. Mr. Chairman, I thank the gentlewoman for yielding me this time.

I rise in support H.R. 3867, the Small Business Contracting Program Improvements Act of 2007. I would like to give special recognition to our distinguished chairman of the Small Business Committee, Chairwoman VELÁZQUEZ, for her tireless work over the years on behalf of America's small business owners, many of whom reside in my district of El Paso, Texas.

I would also like to commend Congressman BRUCE BRALEY who, in just his first year in Congress and as chairman of the Small Business Contracting Subcommittee, has proven to be an outstanding fighter for small businesses.

H.R. 3867 expands opportunities for small businesses owned by veterans. And veterans, and in particular disabled veterans who own businesses, are going to be watching very closely how Members vote on this bill here today. It also expands opportunities for women who will also look at how people support their efforts in the small business community. Minorities are watching very closely who votes for this legislation, and all others who constitute the most critical force for economic growth in our country.

While I support this bill as a whole, I today want to speak specifically about the provisions of this bill that modernize and update the 8(a) program at the Small Business Administration. In 1968, Congress established 8(a) to assist small businesses owned by citizens who are socially and economically disadvantaged. Over the years, the 8(a) program has helped ten of thousands of businesses grow and prosper by allowing entrepreneurs valuable access to Federal contracts.

A large part of the program's success is a provision that makes companies with 8(a) certification eligible for smaller government contracts on a sole-source basis. In 1968, those smaller contracts were defined as contracts not exceeding \$3 million in value for services or \$5 million in value for manufacturing. Unfortunately, in the nearly 40 years since, these limits have barely risen, leaving our small businesses an ever-shrinking slice of the Federal contracting pool.

Earlier this year I introduced H.R. 1611, the 8(a) Modernization Act, to turn the clock forward for the thousands of small businesses that we have unfortunately left behind. This bill does two things: one, it increases the allowable net worth for 8(a) participants; and, two, it increases the limit

on sole-source contracts for 8(a) companies.

H.R. 3867 includes both of these essential changes which are important not only to many small businesses in my district, but to countless American entrepreneurs around the country, including our veterans.

Mr. Chairman, this is a good bill. I am proud to be an original cosponsor of it, and I urge all of my colleagues to give it their full support. Again I thank Chairwoman VELÁZQUEZ for the time to speak here today and for her untiring leadership on behalf of small businesses.

Mr. CHABOT. Mr. Chairman, I reserve the balance of my time.

Ms. VELÁZQUEZ. Mr. Chairman, I yield 2 minutes to the gentleman from California (Mr. BACA), chairman of the Congressional Hispanic Caucus.

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

Mr. BACA. Mr. Chairman, I rise to support H.R. 3867, the Small Business Contracting Program Improvements Act. I want to thank my colleague, Chairperson VELÁZQUEZ, for her leadership.

Small business is the backbone of our economy. And I state, small business is the backbone of our economy. Over 4 million minority businesses represent almost 20 percent of all firms in this country. They generate nearly \$7 billion annual revenue and employ almost 5 million workers. And I state, 5 million workers.

Minorities make up 32 percent of the population of this country, but they only represent 18 percent of all small businesses. This bill will close the gap, and I state, will close the gap by improving the Small Business Administration's small and minority business procurement programs and will help disabled veterans, women, minority businesses, both Hispanic, black, Asians and others, and provides small business minority businesses the assistance they need to grow and prosper.

Like in the Inland Empire where the majority of businesses are small businesses and represent the largest growth and the engine that drives the economy in the State of California, SBA 8(a) programs, which open the doors to more than half of all Federal minority business contracts, have not been updated since 1988.

This bill revamps the program to improve 8(a) firms' ability to secure in the Federal sector. It is time to level the playing field so the small minority business firms have equal access to Federal contracts. Every dollar invested in the 8(a) program results in over \$4 million in contracts to minority entrepreneurs. This translates into more jobs across the Nation. I urge my colleagues to support this bill.

Mr. CHABOT. Mr. Chairman, I continue to reserve.

Ms. VELÁZQUEZ. Mr. Chairman, I yield to Mrs. TUBBS JONES from Ohio, the chairwoman of the Committee on

Standards of Official Conduct, 2 minutes.

Mrs. JONES of Ohio. Mr. Chairman, it gives me great pleasure to come to the floor in support of this great legislation. I want to say I am so proud of the Chair of the Small Business Committee. She was my first ranking member when I came to the Congress back in 1999, and I had the opportunity to serve on the Small Business Committee along with Financial Services.

We have all been talking about small businesses and how important it is, and it is all right to talk about it. But if you don't do anything about it, that presents a problem.

I think about the district that I represent, the greater Cleveland area, and the need we have to do economic development in the City of Cleveland. I am so glad this legislation focuses in on some of those areas. I represent a district that is 52 percent African American, and it is important that African American businesses in my congressional district have an opportunity to sit at the public too and receive some of those dollars in terms of developing their businesses.

One of the things that has happened over the years is being a minority business has gotten so good, there are people who perpetrate. That means they pretend they are a minority business. They will get a minority to stand in the front of their business, and the business is really a majority business. Or they will get a woman to stand in front, and it is really a majority business. And this legislation focuses in on the fraud.

I am so happy because there are so many businesses that deserve an opportunity to do business with the Federal Government. In addition, there are so many other areas of focus that this chairwoman has put a focus on around small business.

If we really believe that small business is the engine that pushes and grows America, let's give small businesses the train to push it. I thank her for her leadership. I thank her for an opportunity to speak this afternoon. I encourage all of my colleagues from the Democrats, as well as the Republican, who truly believe that small business needs a leg up to support this legislation.

Mr. CHABOT. Mr. Chairman, I continue to reserve.

Ms. VELÁZQUEZ. Mr. Chairman, I have no further speakers and I am prepared to close if the gentleman is prepared to close.

Mr. CHABOT. Mr. Chairman, we have already stated our concerns about the bill in particular, but I would again emphasize the fact that the chairwoman did reach out, and her staff did as well. But philosophically, this was a bridge too far. We want to thank them again for working in a cooperative manner. This is a committee that under the Chair's direction has worked very much with the minority, and we want to thank them and hope that we

can continue to work together on bills in the future.

Mr. Chairman, I yield back the balance of my time.

Ms. VELAZQUEZ. Mr. Chairman, the improvements made under H.R. 3867 are commonsense changes that would modernize and increase program accountability. Coupled with the sweeping reform the House passed earlier this year to our procurement system, this bill will have an immediate impact on every facet of the small business community, including women, minorities and service-disabled veterans.

It is for these reasons H.R. 3867 has some of the most diverse support of any bill coming out of the committee this year, ranging from small business trade groups including NFIB, the International Franchise Association and the Associated General Contractors to minority advocates such as the Black, Hispanic and Women's Chambers of Commerce. It also has the support of veterans groups, including the American Legion, VFW and AMVETS, as well as Aerospace Industries Association and the National Defense Industrial Association.

With the passage of H.R. 3867, we increase opportunities for entrepreneurs to become valuable suppliers to the Federal Government, recognizing their contribution to the economy.

I just would like to take a moment to thank the staff that worked on this legislation: from the Small Business Committee majority staff, Adam Minehardt, LeAnn Delaney and Michael Day; from the minority staff, Barry Pinclis and Kevin Fitzpatrick; and Nate Webb from Ms. FALLIN's staff.

I strongly urge my colleagues to vote for H.R. 3867, Small Business Contracting Program Improvements Act.

Mr. CONYERS. Mr. Chairman, two weeks ago, the House agreed nearly unanimously to pass H.R. 3678, the Internet Tax Freedom Act Amendments Act. Most significantly, that bill would extend the Internet tax moratorium and grandfather protections for 4 years, clarify the treatment of gross receipts taxes, and revise the definition of Internet access.

As my distinguished colleague from North Carolina, Congressman WATT, stated on the floor that day, the House bill was "an excellent example of what can occur when we work together—on both sides of the aisle—to deal with highly complex issues."

Our bipartisan legislation was supported by industry groups such as the Don't Tax Our Web Coalition, as well as by various government organizations like the National Governors Association, the Federation of Tax Administrators, the National Conference of Mayors, and the National Conference of State Legislatures. It was also supported by a wide range of labor and union groups. And with that broad support, the House passed H.R. 3678 by a vote of 405–2.

The Senate has returned the bill to us with some amendments, and so now we are considering it again. There are four changes:

First, the Senate version extends the moratorium on State and local taxes on Internet access, with the grandfather protections, for 7 years, until November 1, 2014, rather than the 4 years in the House bill.

Second, the Senate version gives 7 months for certain States to adjust to a phase-out of additional grandfather protection they have been claiming.

Third, the Senate version expands the definition of Internet access to prohibit taxation of certain services which are fee-based, not packaged with Internet access, and offered from sources other than providers of Internet access.

Fourth, the Senate version prohibits a State from reimposing Internet access taxes under a grandfather clause if the State had eliminated those taxes more than 2 years ago.

While these lengthier time periods, expanded definitions, and tighter restrictions on the States go beyond where the House drew the line, I believe the new line is within reasonable bounds, and responds to many of the same considerations that motivated the House in crafting the version passed 2 weeks ago.

Like the House bill, the Senate version is designed to allow businesses sufficient time to plan, ensure that consumers continue to benefit from tax-free access to the Internet during this period, while enabling Congress to revisit the moratorium in light of developments in the States or in technology—as Congress had done each time it has extended the original moratorium—in 2001, 2004 and in this bill.

The Senate version remains true to the essential goals of the House bill, including our refinements to the definition of Internet access and our decision to provide a temporary extension of the moratorium. Like the House bill, it is designed to minimize adverse effects on State and local government revenue, to treat businesses fairly, and to keep Internet access affordable to consumers.

Nonetheless, we must be mindful of the potential misinterpretation of the new definition of Internet access. Therefore, I state our intent in revising the definition. H.R. 3678:

Alters the current definition of "Internet access" by making it clear that the prohibition on State and local taxation extends to that portion of a service that connects a user to the Internet and enables a user to navigate the Internet for the purpose of gaining access to the content, information and services that are available over the Internet (section 1105(5)(A) of the Internet Tax Freedom Act as amended by this bill). This new definition eliminates existing language that could have been interpreted to allow an Internet service provider to bundle content, information, and services that might otherwise be taxable with Internet access and claim that the entire package is exempt.

Preserves in subparagraph B of the new definition of Internet access changes made to the definition in the Internet Tax Non-discrimination Act (P.L. 108–435) regarding the taxation of certain telecommunications. The language is modified in this bill only as to form to fit the new definition of Internet access as contained in this bill. The provision is intended to insure that all technologies used to access the Internet (e.g. cable, satellite, wireless, DSL, etc.) and the components used to provide the access are subject to the moratorium and protected from taxation by State and local governments. As noted in the Committee Report accompanying the bill that ultimately became Pub. L. No. 108–435 (Senate Report 108–155, 108th Congress, 1st Session, p. 4), the definition "is not meant to affect States and local taxation of traditional telecommuni-

cations services and other services that are not used to provide Internet access. For example, the moratorium does not allow an Internet access provider to claim or to seek immunity from State or local taxes for the provision of other services—such as cable television programming—that are separate from Internet access. Nor does the moratorium exempt telecommunications services provided over the same facilities that are not used to provide Internet access."

Clarifies in subparagraph C that services incidental to and provided with a connection to the Internet are not taxable. Such services are generally offered for free and provide the user with basic services to make the Internet functional for the user.

Addresses in subparagraph D concerns that the existing definition allows goods or services that are used or delivered over the Internet to become subject to the moratorium if they are offered as a package with Internet access. In 2004, concerns about the bundling provision led to a specific exception from the moratorium for voice-over-internet-protocol services. This section defines the VOIP exception of the current law as one of the services that is specifically excluded from Internet access and makes it clear that neither VOIP nor any other good or service that uses the Internet is subject to the moratorium. Since VOIP is specifically excluded from the definition of Internet access, the existing exception for VOIP was removed as redundant.

Includes in the new definition in subparagraph E certain services that would be subject to the moratorium under subparagraph C if offered with a service described in subparagraph A, are part of the moratorium even though they are fee-based and offered separately from a service described in subparagraph A. The list of services under this subparagraph is meant to be limited and exhaustive.

Mr. Chairman, H.R. 3678 as amended by the Senate remains a good, strong bill that provides much needed clarity to the communications and Internet industries, and strikes an appropriate balance in addressing the needs of States and local governments while helping keep Internet access affordable.

Mr. Chairman, I urge my colleagues on both sides of the aisle to join me in supporting this bill as the Senate has sent it back to us.

Mr. BRALEY of Iowa. Mr. Chairman, I would like to take a moment to thank Small Business Committee Chairwoman NYDIA VELÁZQUEZ and Ranking Member STEVE CHABOT for all the great work they have done in the Small Business Committee this year.

As Chairman of the Small Business Subcommittee on Contracting and Technology and a cosponsor of this legislation, I applaud their efforts on the Small Business Contracting Improvements Act of 2007. This act proposes important improvements to the Small Business Administration's small and minority business procurement programs.

Today I am proud to introduce an amendment with Congressman PETER WELCH on an issue that could have a potential impact in my district. This amendment requires the Small Business Administration to conduct a study on the effectiveness of the HUBZone program in reaching rural areas. Rural areas make up a big part of my District and I want to ensure that my constituents are not overlooked when it comes to federal contracting opportunities.

H.R. 3867 will help small businesses. In the Small Business Subcommittee on Contracting and Technology's first hearing, we heard witnesses representing women-owned businesses describe how the federal government was failing to keep its commitment to them. They talked not only about how the 5 percent goal for women-owned businesses was not being met, but also about how the Women's Procurement Program, which was enacted in 2000, has yet to be implemented by the SBA. This bill will ensure the Women's Procurement Act is finally implemented.

I am pleased this legislation also expands procurement opportunities for small businesses owned by service-disabled veterans. Additionally, it strengthens community development through changes to the HUBZone program and makes important updates to the 8(a) program, which is one of the most important vehicles for minority business participation in federal contracting.

The SBA Office of Advocacy has found that although minorities make up 32% of the population in this country, they constitute only 18% of businesses. It is clear we must provide additional opportunities to these small minority businesses to close this gap.

By law, federal organizations are required to support small businesses. However, over the past 5 years, total government contracting has increased by 60% while small business contracts have decreased by 55%. This suggests that the SBA's procurement initiatives are not bringing work from the large business share to the small business share, but rather are forcing small businesses to compete for an increasingly smaller piece of the pie.

It is essential that small businesses have access to the over \$400 billion per year federal marketplace. The Small Business Contracting Improvements Act nicely complements H.R. 1873, the Small Business Fairness in Contracting Act, a bill I introduced in April that later passed the House on May 10th by an overwhelming bipartisan vote of 409–13. My bill will give small businesses more opportunities to compete for federal contracts, raising the small business federal contracting goal from 23% to 30%. This means that all of the programs included in the Small Business Contracting Improvements Act will have greater opportunities to compete for federal contracts.

Thank you once again, Mr. Chairman, and thank you to all of my colleagues who join me today in standing up for the interests of small businesses.

Ms. CASTOR. Mr. Chairman, the Small Business Contracting Improvements Act and this rule will open up greater opportunities to small business owners across this Nation. Small businesses are the backbone of our local communities. In my hometown of Tampa, Florida, more of my neighbors and folks I represent work for small businesses than any other type of business—and we value what they do because it gives our community character and diversity.

I want to thank Congresswoman VELÁZQUEZ for bringing this legislation to the House floor today. In America, small businesses account for 50 percent of our gross domestic product. Last year, the federal government spent over \$400 billion on goods and services and only about 20 percent went to small businesses—approximately \$80 billion in contracts. Our actions today will assist these talented small businesses obtain a better, fair share of federal government contracts.

The Small Business Contracting Improvements Act also strengthens and modernizes contracts for small businesses and sets standards to protect the integrity and consistency. Despite a 50-year-old mandate, small businesses owned by disabled veterans, female entrepreneurs, and minorities have not received a fair share of federal contracts. Back home in Tampa, there are 47 disabled veteran businesses, 512 state-certified minority-owned businesses, and over 77,000 small businesses. I am proud that we will act to expand their opportunities, with others across the country so that they can thrive and flourish.

Although the Congress passed the Women's Procurement Program 7 years ago, the Bush Administration failed to follow through. According to Margot Dorfman, CEO of the U.S. Women's Chamber of Commerce, each year of delay in the implementation of the Women's Procurement Program, has cost women-owned businesses billions of dollars in contract award opportunities.

Businesses owned by disabled veterans currently receive only a small fraction of federal contracts as well. We can expect to see an immediate and substantial increase in opportunities for these business owners.

And for businesses that go into economically distressed neighborhoods like "HUBZones," this bill will ensure further community development through the strengthening of the HUBZone requirements. For example, Carl Calhoun, in South St. Petersburg explained to me that had it not been for the chance to compete for federal contracts that he would not have gotten the capital necessary to start his family-owned and -operated business that manufactures premium bedding (mattresses, box springs and foundations).

Mr. Chairman, this important small business bill and this rule will update and expand opportunities and encourage participation by qualified small businesses. We will remove barriers that prevent deserving businesses in my Tampa Bay district, and others across the country, from achieving the goal of full participation and a fair share of federal contracts.

Mr. THOMPSON of Mississippi. Mr. Chairman, I rise today in strong support of H.R. 3867, the Small Business Contracting Program Improvements Act.

I want to thank Chairwoman VELÁZQUEZ for introducing this important legislation, and for all of her hard work in getting it to the floor today.

This bill is important to all Americans, because small business keeps this country working.

The Federal Government has numerous programs to assist America's small businesses, but problems remain, and H.R. 3867 addresses several of them.

In particular, I support the bill's efforts to crack down on large firms that masquerade as small businesses.

In the aftermath of Hurricane Katrina, we learned about a particular multinational corporation that listed itself as a small business and gained disaster recovery contracts set aside for small businesses.

When we checked further, we found that this firm had 17 divisions and had generated \$4.5 billion in revenue in its North American operation alone.

That surely doesn't look like any small business I've ever seen.

Moreover, we learned that this was not the first time that this multinational company had

been awarded contracts that were set aside for small businesses.

In fact, another government agency had given them an award for outstanding "small business performance".

H.R. 3867 creates penalties for companies that misrepresent themselves as being owned by "a service-disabled veteran."

This is a good first step at cracking down on companies that misrepresent themselves to improperly gain government contracts.

At the same time, the Small Business Administration needs to step up and do more.

SBA must full its responsibility to enforce the laws and allow small businesses the opportunities that Congress has said they should have.

Until the laws we pass are truly enforced, small business will never be able to fulfill their economic promise.

I urge my colleagues to support it.

Mr. MANZULLO. Mr. Chairman, I rise in reluctant opposition to the Small Business Contracting Program Improvements Act (H.R. 3867). The aims of this legislation are noble. The purpose of this bill is to make a variety of changes—some long overdue—to several of the sub-small business federal contracting goals.

I commend the authors of H.R. 3867 for strengthening the procurement set-aside program for service-disabled veteran-owned small businesses in Title I. I also praise the effort to finally get the women's procurement program off the ground. During my tenure as chairman of the Small Business Committee, I was proud of my bipartisan work to pressure the SBA to implement this initiative. However, I remind my colleagues that under the new leadership of the administrator of the Small Business Administration, SBA, Steven Preston, more action has been taken in the past year to implement the women's procurement program than in the previous seven since the program was first created. The SBA is near completion of a final rule, which will pass constitutional muster, on the women's procurement program. Thus, I counsel continued patience and I hope that Title III in H.R. 3867 will not be needed.

However, I am disappointed that the increase in the size in contracts available to small manufacturers awarded without competition is not significantly increased. While Section 204 of H.R. 3867 provides a long-overdue inflationary increase to the contract limitation level for other small businesses, from \$3 million to \$5.1 million, the size for small manufacturers is increased by just \$500,000—from \$5 million to \$5.5 million. This small increase diminishes the value of this benefit to U.S. small manufacturers, particularly as compared to other small businesses. To keep up with inflation and provide an equivalent benefit, this contract limitation should be increased to \$8.5 million for small manufacturers.

This bill also unfortunately pits two sets of small businesses against each other—a minority small business development program 8(a) versus a procurement preference program that encourages small businesses to develop and hire local workers in economically-distressed areas of the country, otherwise known as Historically Underutilized Business, HUB, Zones. When I was chairman of the Small Business Committee, I never brought a bill to the House floor that helped one set of small businesses at the expense of another group of small businesses, particularly those

firms that are committed to redeveloping economically-distressed areas in both urban and rural America.

H.R. 3867 makes the 8(a) program more attractive while putting more hurdles in front of the HUBZone program. This is ironic because the Federal government has never met the 3 percent goal for HUBZones since its creation in 1996 but routinely meets and exceeds the 5 percent goal for minority or Small Disadvantaged Businesses, SDBs, of which 8(a) firms is a part.

A key blow to the HUBZone program is contained in Section 101(b) of H.R. 3867. This provision makes the HUBZone program discretionary or optional on the part of Federal contracting officers. This will only further discourage the use of HUBZone firms by the government to fulfill its procurement needs.

H.R. 3867 also requires an on-site inspection by SBA personnel of a small business to confirm HUBZone status prior to the award of their second program-related contract. Because of the limited resources at the SBA, this could delay the completion of contracts by weeks, if not months, while the HUBZone firm awaits this audit. Again, a Federal contracting official would be disinclined to use a HUBZone firm if it meant a longer time before a Federal agency would receive the good or service that was put out to bid. The non-partisan Congressional Budget Office, CBO, estimates that this provision alone would cost \$62 million over the next 5 years to complete 5,000 on-site visits that would be performed each year. There are other ways to accomplish the same goal of making sure that HUBZone firms are in compliance with all the requirements of the law, including a closer review by the SBA of HUBZone applications, an expedited protest process by other small businesses, and enhanced criminal and civil penalties for false or misleading statements.

Finally, H.R. 3867 prohibits HUBZone construction firms from participating in projects more than 150 miles from its headquarters location. This would put a severe competitive disadvantage to HUBZone firms located in rural areas from performing work on Federal Government construction contracts located far away.

In the northern Illinois congressional district I am proud to represent, two entire mostly rural counties—Carroll and Stephenson—are HUBZones. Also, HUBZones are located in certain urban parts of Winnebago County, mostly in the city center areas of Rockford along the Rock River that have suffered from the closure of numerous manufacturing facilities. This bill would put a further competitive disadvantage to any HUBZone firms located in the 16th District to compete for Federal business located even as close as the nearest major Federal procuring center in Illinois—Scott Air Force Base, which is about 300 miles away from Rockford and Freeport, Illinois.

While claiming to correct alleged abuses and fraud in the HUBZone program, H.R. 3867 opens up the 8(a) program to potential abuse by increasing the economic disadvantage threshold test above the average rate of inflation and applying this test only once upon entry into the program. The current economic disadvantage threshold level, which has not been changed since 1988, is \$250,000. I agree that this level needs to be increased to compensate for inflation. However, H.R. 3867

raises this level to \$550,000 even though the rate of inflation since 1988 would produce a result of \$440,000, according to the Bureau of Labor Statistics. Also, the SBA currently applies this wealth test annually to ensure that the 8(a) program truly serves economically disadvantaged small business owners. Eliminating this yearly test could potentially lead to fraud if a wealthy person seeking entry into the 8(a) program is creative in shifting around their assets. H.R. 3867 would also allow multi-millionaires to remain in the 8(a) program for 10 years once they pass the first economic disadvantage test.

Most critically, H.R. 3867 does not deal with the fundamental problem in the 8(a) program cited in numerous SBA Office of Inspector General reports that 50 percent of the dollars obligated against 8(a) contracts went to a mere 1.7 percent of the 8(a) firms and over 70 percent of the eligible firms received no 8(a) contract benefit at all. Finally, H.R. 3867 also does not deal with the problem of large Alaska Native Corporations, ANCs, being able to participate in the 8(a) program and receive sole-sourced multi-million dollar contracts.

Because of these and other problems, the Bush Administration has issued a statement strongly opposing H.R. 3867, which I include for the RECORD. Thus, I respectfully urge my colleagues to oppose this legislation in order for these problems to be fixed.

STATEMENT OF ADMINISTRATION POLICY—H.R. 3867—SMALL BUSINESS CONTRACTING PROGRAM IMPROVEMENTS ACT

The Administration strongly opposes H.R. 3867, which would modify the small business procurement programs of the Small Business Administration. The Administration appreciates the intent of H.R. 3867 to improve these programs and reduce the potential for fraud and abuse. However, the Administration believes that a number of the bill's elements would be burdensome or undesirable. In addition, some provisions of the bill raise significant constitutional concerns. The Administration looks forward to working with Congress to remedy the issues identified below.

The bill also eliminates the upper asset limit on economic disadvantage for continued participation in the program, essentially allowing an individual regardless of their wealth or income to continue participating in the program for a full 10 years. The bill would raise the asset-test bar for eligibility of individuals for the 8(a) program from \$250,000 to \$550,000, excluding equity in their home or their business. As the 8(a) program is designed to reach economically disadvantaged small business owners who have diminished credit opportunities, the Administration believes opening the program to small business owners with higher net worth will divert 8(a) contracting opportunities well beyond the original intent of the program.

H.R. 3867 would place a number of burdensome requirements on the HUB Zone contracting program. The bill would prohibit rural and Native American HUB Zone firms from obtaining construction contracts more than 150 miles from their HUB Zone principal office. The bill would also require on-site evaluation of all HUB Zone firms prior to the award of their second program-related contract. This provision would create a large burden on the Small Business Administration, as these firms are widely distributed and often located in rural areas. The firms are already required to certify their status prior to award of a contract, and false certification is a felony with significant penalties. Also, the Small Business Administra-

tion currently has a protest mechanism in place to ensure the eligibility of firms for HUB Zone contracts.

The Administration is supportive of sections of H.R. 3867 that punish false representation of a firm as being owned by service-disabled veterans and provisions that attempt to assist such firms in the Federal contracting process. However, the Administration is concerned about provisions that would require that certain small business preference programs take priority over other small business preference programs.

H.R. 3867 would also increase dollar thresholds for setting-aside non-competitive contracts in several of these programs. Competition is a proven way of obtaining the best performance and value for the government. Accordingly, any non-competitive thresholds increase should be based on the actual rate of inflation as reflected in regulatory changes instituted by the SBA.

While the Administration supports opportunities for women-owned small businesses (WOSBs) to compete for Federal contracts, it opposes the bill's constitutionally suspect creation of gender-based set-asides. In order to withstand applicable equal protection standards, determinations of under-representation that form the basis of set-asides must be carefully controlled to assure that the pool of WOSBs deemed available for the contracting opportunities in question is limited to businesses that are eligible to perform those contracts. The bill's provisions for the identification of industries in which WOSBs are underrepresented does not appear to satisfy that standard. Additionally, authorizing individual agencies to make determinations of under representation that will result in contract set-asides based on sex will exacerbate such constitutional concerns, since it is unlikely that such determinations will be based upon the kind of thorough statistical analysis required by the courts to justify such set-asides under applicable case law.

Additionally, the bill's apparent expansion of the business categories that will be eligible for race- or ethnicity-based preferences in Federal contracting programs is subject to strict scrutiny under governing equal protection standards. Unless these provisions are supported by a sufficiently current legislative record demonstrating that they are narrowly tailored to further a compelling government interest, such provisions may be vulnerable to constitutional challenge.

Ms. HIRONO. Mr. Chairman, I rise in support of H.R. 3867, the Small Business Contracting Program Improvements Act.

This bill expands procurement opportunities for small businesses owned by service-disabled veterans, women entrepreneurs, and socially disadvantaged business owners. These firms remain under-represented in the Federal contracting marketplace and have yet to receive their fair share of Federal Government contracts.

H.R. 3867 assists small businesses owned by service-disabled veterans by requiring agencies to award sole-source contracts to these firms if they are identified as being capable of performing the contracts. These businesses currently receive less than one percent of Federal Government contracting dollars. Authorizing agencies to enter into sole-source contracts with service-disabled veteran-owned firms will raise the likelihood of these firms obtaining Federal contracts. Moreover, H.R. 3867 provides an inflationary adjustment to the limitation on contracts by increasing the size of available contracts awarded without competition to \$5.1 million.

This bill directs the Small Business Administration, SBA, to comply with an Executive

Order requiring the SBA to provide service-disabled veteran-owned companies with information and assistance on Federal contracting as well as assist other agencies in their strategies to expand contracting opportunities for them.

Passage of this bill is also important for our women-owned businesses. In 2000, Congress enacted the Women's Procurement Program to expand opportunities for Federal contracts to women business owners within industries in which they have been significantly under-represented. On behalf of women-owned businesses, the U.S. Women's Chamber of Commerce sued the SBA over the delay in implementing the program and won their lawsuit in 2005. Seven years after the Women's Procurement Program was enacted into law, however, the SBA has yet to establish regulations that would implement this vital program. I share Chairwoman VELÁZQUEZ's frustration with this delay and her admonishment to the SBA to remedy the situation.

H.R. 3867 requires the SBA to implement the Women's Procurement Program immediately. The bill makes economically disadvantaged women entrepreneurs eligible for restricted competition contracts and gives the SBA the authority to waive this requirement in industries that are substantially under-represented by women-owned businesses. Today, women-owned small businesses capture only about 3 percent of Federal small-business contracting dollars. We need this legislation to encourage women entrepreneurs to participate in the Federal contract marketplace.

H.R. 3867 expands and modernizes the 8(a) Business Development Program, which has not been amended since 1988. The 8(a) program currently assists over 9,000 small businesses owned by socially and economically disadvantaged individuals, including about 200 firms in my State of Hawaii. H.R. 3867 makes two main improvements to this program: it provides for an inflationary increase in net worth limitations to a maximum of \$550,000 for program participants and extends the duration of program participation from 9 to 10 years. Increasing the net worth ceiling will bring stronger firms into the 8(a) program.

Finally, I support this bill because it addresses contracting problems and increases oversight over unqualified businesses by setting standards that protect the integrity and consistency in application of contract assistance programs. H.R. 3867 mandates government-wide goals for procurement contracts awarded to small businesses. In addition, it requires the SBA to perform the necessary checks on program applicants and participants to confirm their business integrity and qualifications. This is important given recent findings by the SBA Inspector General of fraud and abuse in the Historically Underutilized Business Zone (HUBZone) program.

Chairwoman VELÁZQUEZ has noted that the Federal Government failed to meet its small and minority business goals for a 6th year in a row, costing entrepreneurs \$4.5 billion in lost opportunities. H.R. 3867 is another step in the right direction to help our small businesses, and I thank Chairwoman VELÁZQUEZ for her commitment and strong leadership in sponsoring this important legislation.

I urge my colleagues to support this measure.

Ms. MOORE of Wisconsin. Mr. Chairman, I rise today in strong support of H.R. 3867, the

#### Small Business Contracting Program Improvements Act.

I would specifically like to focus on Title V of the bill which would make changes to the 8(a) program. The 8(a) program is the last remaining federal initiative focusing on the development of minority-owned businesses through the award of federal contracts. Despite the fact that minorities make up one-third of the U.S. population, minority-owned businesses account for only 18 percent of all U.S. companies. This bill provides a strong step forward in increasing minority entrepreneurship.

It is of great concern to me that 8(a) hasn't been updated since 1988, nearly 20 years ago. This bill would finally modernize the 8(a) program to reflect the changing economy. I am pleased at the similarities between the bill before us and legislation that I introduced this spring, H.R. 2532, the Minority Owned Venture Empowerment Act or MOVE Act. Like my legislation, businesses would have the opportunity to participate in the program for 10 years. This 1-year program extension would provide businesses more time to successfully grow and graduate out of the program. Additionally, similar to my proposal, this bill would raise the net worth restriction of the small business owner so that successful minority businesses are not shut out of the program prematurely.

We must make more of an effort to encourage minority, women and veteran entrepreneurship. This bill would ensure that these businesses can compete fairly in the federal marketplace, grow their enterprises and create new jobs. I urge all members to support the legislation before us.

Ms. BORDALLO. Mr. Chairman, I rise today in support of H.R. 3867, the Small Business Contracting Program Improvements Act. Enjoying broad based and bi-partisan support, this bill will help modernize the contacting programs run by the U.S. Small Business Administration, SBA, raise the profile of veteran, minority and women entrepreneurs, and help combat fraud, waste and abuse in government contracting.

Of particular note, Section 402 of H.R. 3867 strengthens the Historically Underutilized Business Zone, HUBZone, program and promotes community economic development. That is, HUBZone registered small businesses cannot obtain a construction contract by means of a HUBZone set-aside unless the construction project is located in or near the HUBZone in which the small business concern maintains its principal place of business.

Guam, my district, will be home to a significant amount of federally funded construction and other work associated with the planned increase in the presence of U.S. Armed Forces on our military bases. The provisions of H.R. 3867 will help ensure small businesses on Guam can successfully compete for the contracts associated with the military build-up. I support H.R. 3867.

□ 1230

Ms. VELÁZQUEZ. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. All time for general debate has expired.

Pursuant to the rule, the bill shall be considered read for amendment under the 5-minute rule.

The text of the bill is as follows:

H.R. 3867

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

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

(a) SHORT TITLE.—This Act may be cited as the "Small Business Contracting Program Improvements Act".

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

Sec. 1. Short title; table of contents.

#### TITLE I—ENSURING GOVERNMENT CONTRACT OPPORTUNITIES FOR SMALL BUSINESS CONCERN OWNED AND CONTROLLED BY SERVICE-DISABLED VETERANS

Sec. 101. Expanding procurement opportunities.

Sec. 102. Penalties for misrepresentation.

Sec. 103. Implementation of Executive Order 13360.

#### TITLE II—PROTECTING TAXPAYERS AND ENSURING PROGRAM CONSISTENCY

Sec. 201. Requiring business integrity of small business concerns.

Sec. 202. Establishment of goals.

Sec. 203. Small business concern subcontracting policy.

Sec. 204. Increased size of available contracts.

#### TITLE III—EXPANDING OPPORTUNITIES FOR WOMEN ENTREPRENEURS

Sec. 301. Implement the women's procurement program.

#### TITLE IV—STRENGTHENING COMMUNITY DEVELOPMENT

Sec. 401. On-site verification.

Sec. 402. Limitation on construction contracts.

Sec. 403. Allowing small business concerns that are not HUBZone program participants to protest HUBZone awards.

#### TITLE V—MODERNIZING THE 8(a) PROGRAM

Sec. 501. Modernizing the section 8(a) program net worth limitations.

Sec. 502. Extension of the section 8(a) program term.

Sec. 503. Report on implementation.

Sec. 504. Allowing small business concerns that are not section 8(a) program participants to protest section 8(a) awards.

#### TITLE VI—OTHER MATTERS

Sec. 601. Affiliation for certain franchises.

#### TITLE I—ENSURING GOVERNMENT CONTRACT OPPORTUNITIES FOR SMALL BUSINESS CONCERN OWNED AND CONTROLLED BY SERVICE-DISABLED VETERANS

##### SEC. 101. EXPANDING PROCUREMENT OPPORTUNITIES.

(a) SERVICE-DISABLED VETERANS.—Section 36(a) of the Small Business Act (15 U.S.C. 657f(a)) is amended—

(1) in the matter preceding paragraph (1), by striking "may" and inserting "shall"; and

(2) in paragraph (1), by striking "and the contracting officer" and all that follows through "contracting opportunity".

(b) HUBZONE.—Section 31(b)(2)(B) of such Act (15 U.S.C. 657a(b)(2)(B)) is amended by striking "shall" and inserting "may".

##### SEC. 102. PENALTIES FOR MISREPRESENTATION.

Section 16(d)(1) of the Small Business Act (15 U.S.C. 645(d)(1)) is amended by inserting "a 'small business concern owned and controlled by service-disabled veterans';" before "or a 'small business concern owned and controlled by women'".

##### SEC. 103. IMPLEMENTATION OF EXECUTIVE ORDER 13360.

Section 36 of the Small Business Act (15 U.S.C. 657f) is amended by adding at the end the following new subsection:

“(f) IMPLEMENTATION OF EXECUTIVE ORDER 13360.—The Administrator shall—

“(1) provide small business concerns owned and controlled by service-disabled veterans with information and assistance concerning participation in Federal contracting;

“(2) advise and assist other agencies in their strategies to expand procurement opportunities for such concerns; and

“(3) make training assistance on Federal contract law, procedures, and practices available to such concerns.”.

## TITLE II—PROTECTING TAXPAYERS AND ENSURING PROGRAM CONSISTENCY

### SEC. 201. REQUIRING BUSINESS INTEGRITY OF SMALL BUSINESS CONCERNs.

The Small Business Act (15 U.S.C. 631 et seq.) is amended by adding at the end the following new section:

#### “SEC. 38. REQUIRING BUSINESS INTEGRITY OF SMALL BUSINESS CONCERNs.

“(a) SECTION 8(a) PROGRAM BACKGROUND CHECK.—No applicant may be approved for participation in the section 8(a) program unless the Administrator first performs a background check on the applicant and determines that the applicant does not lack business integrity.

“(b) HUBZONE PROGRAM BACKGROUND CHECK.—No award of a second contract under the authority of section 31(b)(2)(A) or 31(b)(2)(B) may be made unless the Administrator first performs a background check on the applicant and determines that the applicant does not lack business integrity.

“(c) RANDOM BACKGROUND CHECK.—The Administrator shall have random background checks performed on owners and officers of small business concerns that have been awarded a contract under section 8(m), 36(a), or 36(b) to determine whether such owners and officers lacks business integrity.”.

### SEC. 202. ESTABLISHMENT OF GOALS.

(a) ESTABLISHMENT OF GOVERNMENT-WIDE GOALS.—Section 15(g)(1) of the Small Business Act (15 U.S.C. 644(g)(1)) is amended by striking the first sentence and inserting “The President shall annually establish Government-wide goals for procurement contracts awarded to small business concerns, small business concerns owned and controlled by service-disabled veterans, qualified HUBZone small business concerns, small business concerns owned and controlled by socially and economically disadvantaged individuals, small business concerns participating in the program established by section 8(a), and small business concerns owned and controlled by women.”.

(b) TECHNICAL CORRECTIONS.—Section 15 of the Small Business Act (15 U.S.C. 644) is amended—

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

“(3) Each agency shall, in consultation with the Administrator, establish goals for the usage, as prime contractors, of small business concerns that participate in the program under section 8(a).”; and

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

“(4) Each prime contractor shall, in consultation with the Administrator, establish goals for the usage, as subcontractors, of small business concerns that participate in the program under section 8(a).”.

### SEC. 203. SMALL BUSINESS CONCERN SUBCONTRACTING POLICY.

Section 8(d)(1) of the Small Business Act (15 U.S.C. 637(d)(1)) is amended by striking the first sentence and inserting “It is the policy of the United States that small business concerns, small business concerns owned and controlled by veterans, small business concerns owned and controlled by service-disabled veterans, qualifying HUBZone small business concerns, small

business concerns owned and controlled by socially and economically disadvantaged individuals, small business concerns participating in the program established by section 8(a), and small business concerns owned and controlled by women, shall have the maximum practicable opportunity to participate in the performance contracts let by any Federal agency, including contracts and subcontracts for subsystems, assemblies, components, and related services for major systems.”.

### SEC. 204. INCREASED SIZE OF AVAILABLE CONTRACTS.

(a) SECTION 8(a) PROGRAM.—Section 8(a)(1)(D)(i)(II) of the Small Business Act (15 U.S.C. 637(a)(1)(D)(i)(II)) is amended—

(1) by striking “\$5,000,000” and inserting “\$5,500,000”; and

(2) by striking “\$3,000,000” and inserting “\$5,100,000”.

(b) HUBZONE PROGRAM.—Section 31(b)(2)(A)(ii) of such Act (15 U.S.C. 657a(b)(2)(A)(ii)) is amended—

(1) by striking “\$5,000,000” and inserting “\$5,500,000”; and

(2) by striking “\$3,000,000” and inserting “\$5,100,000”.

(c) SERVICE-DISABLED VETERAN PROGRAM.—Section 36(a)(2) of such Act (15 U.S.C. 657f(a)(2)) is amended—

(1) by striking “\$5,000,000” and inserting “\$5,500,000”; and

(2) by striking “\$3,000,000” and inserting “\$5,100,000”.

## TITLE III—EXPANDING OPPORTUNITIES FOR WOMEN ENTREPRENEURS

### SEC. 301. IMPLEMENT THE WOMEN'S PROCUREMENT PROGRAM.

Subsection (m) of section 8 of the Small Business Act (15 U.S.C. 637(m)) is amended—

(1) by striking paragraphs (1) through (4) and inserting the following:

“(1) DEFINITION.—In this subsection, the term ‘small business concern owned and controlled by women’ has the meaning given such term in section 3(n), except that ownership shall be determined without regard to any community property law.

“(2) AUTHORITY TO RESTRICT COMPETITION.—

“(A) IN GENERAL.—In accordance with this subsection, a contracting officer may restrict competition for any contract for the procurement of goods or services by the Federal Government to small business concerns owned and controlled by women, if—

“(i) each of the concerns is not less than 51 percent owned by 1 or more women who are economically disadvantaged (and such ownership is determined without regard to any community property law);

“(ii) the contracting officer has a reasonable expectation that 2 or more small business concerns owned and controlled by women will submit offers for the contract;

“(iii) the contract is for the procurement of goods or services with respect to an industry identified pursuant to paragraph (4);

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

“(v) each concern is certified in a manner described in subparagraph (B).

“(B) ACCEPTANCE OF CERTIFICATION.—For purposes of subparagraph (A)(v), a contracting officer is required to accept a small business concern’s certification as a small business concern owned and controlled by women when such certification is made by—

“(i) a Federal agency or a State or local government;

“(ii) a national certifying entity approved by the Administrator; or

“(iii) the small business concern, when such concern certifies to the contracting officer that it is a small business concern owned and controlled by women and provides

adequate documentation in accordance with standards established by the Administrator to support such certification.

“(3) WAIVER.—With respect to a small business concern owned and controlled by women, the Administrator may waive paragraph (2)(A)(i) if—

“(A) such concern is in an industry identified pursuant to paragraph (4); and

“(B) the Administrator determines that such concern is in an industry in which small business concerns owned and controlled by women are substantially underrepresented in Federal contracting.

“(4) IDENTIFICATION OF INDUSTRIES.—

“(A) IN GENERAL.—Not less often than every five years, the Administrator shall conduct a study to identify, for purposes of paragraphs (2)(A)(iii) and (3)(A), industries in which small business concerns owned and controlled by women are under-represented in Federal contracting. The parameters for the study shall be as follows:

“(i) For purposes of this paragraph, the Administrator shall identify an industry if, and only if, the share of Federal contracts awarded to small business concerns owned and controlled by women in such industry is small relative to the prevalence of business concerns owned and controlled by women in the pool of business concerns in such industry that have at least one employee.

“(ii) The study shall measure utilization and availability by—

“(I) using the two best available data sources;

“(II) including only business concerns that have at least one employee; and

“(III) measuring only Federal contracts awarded for amounts over \$25,000.

“(iii) The study shall include four sets of disparity measurement tables to compute disparity ratios. The four sets are—

“(I) all business concerns in the United States relative to the number of Federal contracts awarded to small business concerns owned and controlled by women;

“(II) small business concerns owned and controlled by women that have demonstrated an interest in or that have secured Federal contracts relative to the number of Federal contracts awarded to small business concerns owned and controlled by women;

“(III) all business concerns in the United States relative to the dollar amounts of Federal contracts awarded to small business concerns owned and controlled by women; and

“(IV) small business concerns owned and controlled by women that have demonstrated an interest in or that have secured government contracts relative to the dollar amounts of Federal contracts awarded.

“(B) DETERMINATION BY HEAD OF DEPARTMENT OR AGENCY.—Until such time as the Administrator completes the identification of industries required by subparagraph (A), the determination as to whether an industry is one in which small business concerns owned and controlled by women are under-represented in Federal contracting shall be made by the head of the department or agency for which the contract is to be performed.

“(C) DEADLINE.—Not later than 90 days after the date of the enactment of this subparagraph, the Administrator shall—

“(i) ensure the completion of the first study required by subparagraph (A);

“(ii) approve national certifying entities for the purposes of paragraph (2)(B)(ii);

“(iii) establish procedures required by paragraph (5)(A); and

“(iv) establish standards described in paragraph (2)(B)(iii).”;

(2) in paragraph (5), by striking “(2)(F)” in each place it appears and inserting “(2)(B)”;

and

(3) in paragraph (5), by adding at the end the following new subparagraph:

“(D) PROTESTS BY SMALL BUSINESS CONCERN.—For purposes of this paragraph, the term ‘interested party’ shall include any small business concern.”.

#### TITLE IV—STRENGTHENING COMMUNITY DEVELOPMENT

##### SEC. 401. ON-SITE VERIFICATION.

Section 31(b) of the Small Business Act (15 U.S.C. 657a(b)) is amended by adding at the end the following:

“(5) ON-SITE VERIFICATION OF STATUS.—

“(A) VERIFICATION.—When a small business concern that has previously been awarded a contract under paragraph (2)(A) or (2)(B) is to be awarded a second contract under paragraph (2)(A) or (2)(B), the Administrator shall perform an on-site inspection to determine whether such small business concern is a qualified HUBZone small business concern. This paragraph does not require such an inspection before the award of a third or subsequent contract. This paragraph does not prevent a second contract from being awarded before such inspection is completed.

“(B) NOTIFICATION BY SMALL BUSINESS CONCERN.—The Administrator shall require a small business concern to notify the Administrator, prior to being awarded a second contract under paragraph (2)(A) or (2)(B), of such business concern’s attempt to be awarded a second contract under paragraph (2)(A) or (2)(B). Not later than 90 days after the date of the enactment of this subparagraph, the Administrator shall establish procedures to implement this subparagraph.”.

##### SEC. 402. LIMITATION ON CONSTRUCTION CONTRACTS.

Section 31(b) of the Small Business Act (15 U.S.C. 657a(b)) is amended by adding at the end the following:

“(6) LIMIT HUBZONE PROGRAM CONSTRUCTION CONTRACTS IN OR NEAR A HUBZONE.—A small business concern may not obtain a construction contract by reason of the HUBZone program unless the construction project is located in or near the HUBZone in which the small business concern has its principal place of business. The Administrator shall prescribe standards for determining when a project is located ‘near’ a HUBZone for purposes of this paragraph, except that under no circumstances can a project located more than 150 miles from a HUBZone be located ‘near’ that HUBZone.”.

##### SEC. 403. ALLOWING SMALL BUSINESS CONCERN THAT ARE NOT HUBZONE PROGRAM PARTICIPANTS TO PROTEST HUBZONE AWARDS.

Section 31(c) of the Small Business Act (15 U.S.C. 657a(c)) is amended by adding at the end the following new paragraph:

“(5) PROTESTS BY SMALL BUSINESS CONCERN.—For purposes of this subsection, the term ‘interested party’ shall include any small business concern.”.

#### TITLE V—MODERNIZING THE 8(a) PROGRAM

##### SEC. 501. MODERNIZING THE SECTION 8(a) PROGRAM NET WORTH LIMITATIONS.

(a) MODIFICATIONS TO 8(a) PROGRAM.—Notwithstanding any provision of the Small Business Act (15 U.S.C. 631 et seq.), the Administrator shall administer the program under section 8(a) of such Act with the following modifications:

(1) DETERMINATION FOR TERM OF PROGRAM.—For the purpose of this section, an individual who has been determined by the Administrator to be economically disadvantaged at the time of program entry shall be deemed to be economically disadvantaged for the term of the program.

(2) MATTERS EXCLUDED.—In determining personal net worth, the Administrator shall exclude from such determination the following:

(A) The value of any investment of an economically disadvantaged owner in the small business concern, except that such value shall be taken into account under this paragraph when comparing such concerns to other concerns in the same business area that are owned by other than socially disadvantaged individuals.

(B) The equity of an economically disadvantaged owner in a primary personal residence.

(3) MAXIMUM NET WORTH.—When considering an individual’s net worth for the purpose of determining the degree of diminished credit and capital opportunities of such individual, the Administrator shall consider an individual net worth of \$550,000 or less as tending to show diminished credit and capital opportunities.

(b) EFFECTIVE DATE FOR MODIFICATIONS TO THE 8(a) PROGRAM.—This section shall apply with respect to small business concerns that apply to the program under section 8(a) of the Small Business Act (15 U.S.C. 637(a)) after the date of the enactment of this Act.

##### SEC. 502. EXTENSION OF THE SECTION 8(a) PROGRAM TERM.

(a) PROGRAM TERM.—The program term for the program under section 8(a) of the Small Business Act shall be 10 years. The first 6 years shall be the developmental phase, and the last 4 years shall be the transitional phase.

(b) EFFECTIVE DATE FOR MODIFICATIONS TO THE 8(a) PROGRAM.—

(1) IN GENERAL.—This section shall apply with respect to small business concerns that apply to the program under section 8(a) of the Small Business Act (15 U.S.C. 637(a)) after the date of the enactment of this Act.

(2) TRANSITIONAL RULE.—A small business concern participating in the program under section 8(a) of such Act (15 U.S.C. 637(a)) may participate for not more than 10 years.

##### SEC. 503. REPORT ON IMPLEMENTATION.

Section 155 of the Small Business Reauthorization and Manufacturing Assistance Act of 2004 (15 U.S.C. 657g) is amended by adding at the end the following: “Annually, concurrent with the submission of the Small Business Administration’s budget request to the Congress, the Administrator shall submit to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives a report detailing progress the Administrator has made towards the implementation of this section.”.

##### SEC. 504. ALLOWING SMALL BUSINESS CONCERN THAT ARE NOT SECTION 8(a) PROGRAM PARTICIPANTS TO PROTEST SECTION 8(a) AWARDS.

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

“(22) Rules similar to the rules of paragraphs (5) and (6) of subsection (m) shall apply for purposes of this subsection.”.

#### TITLE VI—OTHER MATTERS

##### SEC. 601. AFFILIATION FOR CERTAIN FRANCHISES.

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

“(5) SPECIAL RULE RELATING TO FRANCHISES IN THE TEMPORARY EMPLOYEE SERVICES INDUSTRY.—In determining whether a franchisee is affiliated with a franchisor in the temporary employee services industry, the Administrator shall—

“(A) disregard—

“(i) whether the franchisor finances the payroll of the temporary staffing personnel (including billing, collecting, and remitting client fees); and

“(ii) whether the temporary staffing personnel are treated as employees or inde-

pendent contractors of the franchisor for tax or other purposes; and

“(B) consider the processing of payroll and billing by a franchisor as customary and common practice in the temporary employee services industry that does not provide probative weight.”.

The CHAIRMAN. No amendment to the bill is in order except those printed in House Report 110-407. Each amendment may be offered only in the order printed in the report, by a Member designated in the report, shall be considered read, shall be debatable for the time specified in the report, equally divided and controlled by the proponent and an opponent of the amendment, shall not be subject to amendment, and shall not be subject to a demand for division of the question.

AMENDMENT NO. 1 OFFERED BY MS. VELÁZQUEZ

The CHAIRMAN. It is now in order to consider amendment No. 1 printed in House Report 110-407.

Ms. VELÁZQUEZ. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 1 offered by Ms. VELÁZQUEZ:

At the end of title I, add the following:

##### SEC. 104. PRIORITY FOR SEVERELY DISABLED VETERANS.

In developing regulations to implement section 101, the Administrator shall give a priority to those certified service-disabled veterans that are severely disabled.

Amend section 201 to read as follows:

##### SEC. 201. REQUIRING BUSINESS INTEGRITY OF SMALL BUSINESS CONCERN.

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

“(o) REQUIREMENT OF BUSINESS INTEGRITY.—No small business concern may receive any benefit under section 8(a), 8(m), 31(b)(2)(A), 31(b)(2)(B), 36(a), or 36(b) unless the Administrator first performs a background check on the owners and officers of such small business concern and determines that the owners and officers do not lack business integrity. For purposes of such a determination, previous criminal convictions will create a presumption of a lack of business integrity.”.

At the end of title II, add the following (and amend the table of contents accordingly):

##### SEC. 205. EXPANDING PROTEST AUTHORIZATION.

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

“(22) Rules similar to the rules of paragraphs (5) and (6) of subsection (m) shall apply for purposes of this subsection.

“(23) For the purposes of challenging the eligibility of a small business concern to receive an award under section 8(a), 8(m), 31(b)(2)(A), 31(b)(2)(B), 36(a), or 36(b), the term ‘interested party’ shall include any small business concern.”.

In section 8(m)(4) of the Small Business Act as proposed to be added by section 301, strike subparagraph (B) and insert the following:

“(B) UNDERREPRESENTED INDUSTRIES.—Until such time as the Administrator completes the identification of industries required by subparagraph (A), the following industries, as identified by their 2-Digit North American Industry Classification System Code, are deemed underrepresented by

women in Federal contracting: 11 (Forestry), 21 (Mining), 22 (Utilities), 23 (Construction), 31 (Manufacturing), 32 (Manufacturing), 33 (Manufacturing), 42 (Wholesale Trade), 44 (Retail Trade), 45 (Retail Trade), 48 (Transportation), 49 (Transportation), 51 (Information), 52 (Finance and Insurance), 53 (Real Estate and Rental and Leasing), 54 (Professional, Scientific, and Technical Services), 56 (Administrative and Support, Waste Management, and Remediation Services), 61 (Education Services), 62 (Health Care and Social Assistance), 71 (Arts, Entertainment, and Recreation), 72 (Accommodation and Food Services), and 81 (Other Services).".

Strike sections 403 and 504.

The CHAIRMAN. Pursuant to House Resolution 773, the gentlewoman from New York (Ms. VELÁZQUEZ) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentlewoman from New York.

Ms. VELÁZQUEZ. Mr. Chairman, this amendment makes changes to the underlying bill to address outstanding issues in the bill. It ensures those veterans that are most severely disabled will have access to contracts. It also strengthens the business integrity standard and creates parameters to carry out the women's procurement program.

Probably the most critical change in this amendment is the priority created for severely disabled veterans. The underlying bill already ensures that service-disabled veterans have greater access to contracts, but this takes it a step further.

It provides that agencies who are carrying out the service-disabled veteran contracting program give special consideration to those returning entrepreneurs that have the most serious of injuries. It is simply the right thing to do for all these soldiers have given for their country.

This amendment also provides tax-payers with greater protection by making certain the SBA performs criminal background checks prior to entering a program. It provides that those with criminal convictions are presumed to lack the business integrity required for participation.

Finally, we worked with the minority to create a more workable standard for allowing the SBA to carry out the women's procurement program. This amendment specifies the industries that the Rand Corporation determined, in accordance with direction from the National Academies of Sciences, were underrepresented by women businesses.

These measures will strengthen the bill to ensure a variety of deserving small businesses have better access to Federal contracts.

I urge adoption of the amendment.

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

Mr. CHABOT. Mr. Chairman, I ask unanimous consent to claim the time in opposition to the gentlelady's amendment, even though I do not oppose the amendment.

The CHAIRMAN. Without objection, the gentleman from Ohio is recognized for 5 minutes.

There was no objection.

Mr. CHABOT. Mr. Chairman, her amendment makes some needed technical changes to the bill. Nevertheless, as I pointed out in my statement previously, we believe that this proposed solution to the failure of the SBA to implement the women's procurement is, in our view, overinclusive and should be further revised as the legislative process moves forward, but we do not oppose the amendment.

Mr. Chairman, I yield back my time.

Ms. VELÁZQUEZ. Mr. Chairman, I just want to thank the gentleman from Ohio for working with me on this amendment. I urge adoption of the amendment, and I yield back my time.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from New York (Ms. VELÁZQUEZ).

The amendment was agreed to.

AMENDMENT NO. 2 OFFERED BY MR. AKIN

The CHAIRMAN. It is now in order to consider amendment No. 2 printed in House Report 110-407.

Mr. AKIN. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 2 offered by Mr. AKIN:

At the end of title V, add the following new section (and amend the table of contents accordingly):

SEC. 505. ASSISTANCE STUDY.

(a) STUDY.—The Administrator of the Small Business Administration shall conduct a study to determine what changes would be required to provide greater Federal contracting assistance to participants in the program created by section 8(a) of the Small Business Act that have less equity in their business concerns than other participants in the program.

(b) REPORT.—Not later than 6 months after the date of the enactment of this Act, the Administrator shall submit to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives a report detailing the results of the study described in subsection (a).

The CHAIRMAN. Pursuant to House Resolution 773, the gentleman from Missouri (Mr. AKIN) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Missouri.

Mr. AKIN. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise today to offer this amendment to the Small Business Contracting Program Improvements Act. As many involved in the Federal contracting world know, the 8(a) program currently serves small businesses owned by citizens who are socially and economically disadvantaged.

Since the 1960s, the 8(a) program has remained the primary vehicle through which minority-owned businesses enter the Federal marketplace. There is no doubt that since its inception the 8(a) has helped many minority-owned businesses grow their firms, enabling them to become real players in the Federal contracting world. In fact, over the

course of the program, nearly 20,000 companies have received almost \$100 billion in Federal contracts.

During committee markup of this bill, I expressed my reservations to Chairwoman VELÁZQUEZ regarding certain provisions in the bill that exclude the equity in a business. I'm concerned that this provision undermines the argument concerning the competitive capacity of the business owners. I will explain.

Many owners reinvest their earnings into their businesses, thus increasing the value of the business. If the 8(a) program is a business development program targeted toward socially and economically disadvantaged firms, why should the business owner with a valuable asset be permitted in the program and benefit from its existence? I would argue that the scarce resources available to assist these business owners be devoted to those business owners that are truly economically disadvantaged.

My amendment is a straightforward amendment that I hope will address some of these concerns. Essentially, the amendment would ask the administrator of the Small Business Administration to conduct a study to determine what changes would be required to provide greater Federal contracting assistance to participants in the 8(a) program that have less equity in their business concerns than other participants in the program.

I appreciate Chairwoman VELÁZQUEZ's willingness to work with me on this important issue, and I believe that adoption of my amendment is one step towards ensuring that minority-owned small businesses who truly need assistance can continue to benefit from the opportunities provided to them by the 8(a) program.

I would urge my colleagues to assist and support this amendment.

In closing, my point on this is the following: As a business is small and most in need of the 8(a) program, we want to make sure that they can get as many of these programs as possible, and that will build their business up. As the business then prospers and grows through the years, they will continue to get these different 8(a) kinds of contracts, which give them essentially a 10 percent advantage.

But as the business becomes bigger and stronger, what I'm interested in doing is creating a sliding scale so that those valuable contracts will be guaranteed to go to the most needy businesses, and as a business gets stronger and stronger, the number or the percentage of those contracts will tend to diminish as they become stronger and more able to survive on their own.

I think that's a concept that has been understood and to some degree approved within the committee. The question is how do we mechanically work that out, and the purpose of this amendment is to give ourselves a little time to actually figure out mathematically how do you make sure that those contracts go to the most needy, and as

people become less needy, that they have less and less dependence on.

I very much appreciate the chairwoman's willingness to work with us on this, and hopefully we can figure out mechanically some way to do that that everybody could agree to.

Mr. Chairman, I yield back my time.

Ms. VELAZQUEZ. Mr. Chairman, while not opposed to the amendment, I ask unanimous consent to claim the time in opposition.

The CHAIRMAN. Without objection, the gentlewoman from New York is recognized for 5 minutes.

There was no objection.

Ms. VELAZQUEZ. Mr. Chairman, I would like to thank my colleague from Missouri, a member of the Small Business Committee, for offering this amendment. I share the gentleman's concern about the concentration of contracts in the 8(a) program.

In fact, these businesses are only in the program for 9 years, so it is important that they make that time count. Unfortunately, according to partial year data for 2006, the top 10 companies received 40 percent of the work; 93 percent of companies received no contracts.

The gentleman's amendment requires the SBA to conduct a study to determine how best to provide additional contracting help to these less successful 8(a) participants. I appreciate his interest in the 8(a) program and his willingness to work with us to find a solution to a long-standing program.

I agree with my colleague that, while a more successful firm is apt to receive more work than a less experienced company, the purpose of the program is business development. Given this, the SBA needs to provide increased contractual assistance to the companies that need it the most.

The gentleman's amendment would allow us additional time to work together to craft a solution to ensure that 8(a) businesses, regardless of their financial strength, will be able to earn contracts. I look forward to working with the gentleman to perfect this language, and I appreciate his cooperation.

We are prepared to accept this amendment, and I will yield to Mr. CHABOT for any comments he may have.

Mr. CHABOT. I thank the gentlelady for yielding. We agree with the comments both in the gentleman's points he made in his presentation as well as the gentlelady's, and we support the amendment as well.

Ms. VELAZQUEZ. Mr. Chairman, I urge support of this amendment.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri (Mr. AKIN).

The amendment was agreed to.

AMENDMENT NO. 3 OFFERED BY MR. WELCH OF VERMONT

The CHAIRMAN. It is now in order to consider amendment No. 3 printed in House Report 110-407.

Mr. WELCH of Vermont. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 3 offered by Mr. WELCH of Vermont:

Title IV, add at the end the following (and amend the table of contents accordingly):

**SEC. \_\_\_\_\_. STUDY ON EFFECTIVENESS OF HUBZONE PROGRAM IN REACHING RURAL AREAS.**

The Administrator of the Small Business Administration shall carry out a study on the effectiveness of the HUBZone program in reaching rural areas to determine whether there are needy areas that do not qualify under the program and whether there are areas that currently qualify under the program that are inconsistent with the program's original intent. Not later than 6 months after the date of the enactment of this Act, the Administrator shall submit to Congress a report containing the results of the study and any recommendations that the Administrator considers appropriate for alternative ways to evaluate eligibility for HUBZones in rural areas.

The CHAIRMAN. Pursuant to House Resolution 773, the gentleman from Vermont (Mr. WELCH) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Vermont.

Mr. WELCH of Vermont. Mr. Chairman, I yield myself such time as I may consume.

First, let me thank Chairwoman VELAZQUEZ and her staff and Mr. CHABOT and the work that he has done, not just helping me on this amendment but the extraordinary productivity of the Small Business Committee. It has been an oasis of bipartisan cooperation and accomplishment in this legislative session.

I'd also like to thank the cosponsor of this amendment, my colleague from Iowa, Congressman BRUCE BRALEY, a member of the Small Business Committee.

We've heard about the HUBZone program, that it provides assistance to small businesses located in historically underutilized business zones, or HUBZones, through limited competition contracts, sole source awards, or price evaluation preferences in full and open competitions. The Federal Governmentwide contracting goal for HUBZone small businesses is, as you know, Mr. Chairman, 3 percent. It's a very effective program.

Across the country, more than 11,000 firms operate and employ people in distressed areas; 56 of these are located in Vermont. Eligible areas cover more than 7,000 urban census tracts, 900 rural and suburban areas.

Historically, the HUBZone program has encountered some difficulties in rural areas, specifically in the way the program is defined. The current definition limits what SBA can do in looking at large areas versus small, and it makes it tough on rural States, like Vermont and many other rural parts of the Nation.

In Vermont, for example, the entire Northeast Kingdom is a HUBZone, as

well as all of Lamoille County. Other than that, only part of Burlington, Rutland and St. Albans are in the program, and this has left out some obviously what would appear to be eligible communities in towns like Springfield, Brattleboro, Bennington, Barre, Bellows Falls, and other parts of Rutland City.

Small businesses critical in Vermont, just like everywhere else, create two out of every three new jobs, produce 39 percent of the gross national product, and is responsible for more than half of the Nation's technological innovation.

My amendment with Mr. BRALEY is very simple. It would direct the SBA to conduct a study on how the HUBZone program is working to reach rural areas. The study should examine how HUBZone is defined, whether that definition works in rural areas as well as it does in urban and suburban areas. It makes specific recommendations of possible alternatives to better capture eligible or needy communities that so often exist in rural areas. Not only does it call on the administration to review whether needy communities are being left out, it also assesses whether areas within the program comply with the program's original intent.

Mr. BRALEY and I urge our colleagues to support this amendment.

□ 1245

Mr. Chairman, I yield back the balance of my time.

Ms. VELAZQUEZ. Mr. Chairman, while I am not opposed to the amendment, I ask unanimous consent to claim the time in opposition.

The CHAIRMAN. Without objection, the gentlewoman from New York is recognized for 5 minutes.

There was no objection.

Ms. VELAZQUEZ. Mr. Chairman, it is becoming increasingly concerning that companies may be receiving HUBZone contracting preferences inappropriately.

Since 2003, the SBA Inspector General has released two reports identifying the potential for contracting fraud in this program. Most recently, in 2006, the IG has found that more than 80 percent of companies are not eligible 3 years after they were approved. In nearly 20 States, we have identified multimillion dollar properties in areas designated as HUBZone. If a company located in one of these zones employed people who lived in similar conditions, they would be eligible for contracting preferences over small businesses.

The gentleman's amendment addresses the issue that some areas of the country are designated HUBZone. That should not be. At the same time, this will also require the SBA to examine why some deserving areas are not being designated appropriately. To resolve this inconsistency, the amendment requires the SBA to carry out a study that includes recommendations for alternative ways to evaluate HUBZone eligibility.

There is no rational reason why some of the most affluent areas in the country are eligible for government contracting preferences, while truly deserving areas are overlooked.

We are prepared to accept this amendment, and I will yield to Mr. CHABOT for any comments he may have.

Mr. CHABOT. I thank the gentlelady for yielding.

Mr. Chairman, we have no opposition to this amendment. We would thank Mr. WELCH of Vermont for his hard work on this and his leadership on the committee.

Ms. VELÁZQUEZ. Mr. Chairman, I urge support of this amendment.

I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Vermont (Mr. WELCH).

The amendment was agreed to.

AMENDMENT NO. 4 OFFERED BY MR. MICA

The CHAIRMAN. It is now in order to consider amendment No. 4 printed in House Report 110-407.

Mr. MICA. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 4 offered by Mr. MICA:

Add at the end of title VI the following (and amend the table of contents accordingly):

**SEC. \_\_\_\_\_. CLARIFICATION OF APPLICABILITY OF SMALL BUSINESS SET-ASIDES.**

Section 15 of the Small Business Act (15 U.S.C. 644) is amended by adding at the end the following:

"(q) CLARIFICATION OF APPLICABILITY.—For purposes of any small business set-asides authorized under this section, the term 'contract' shall not exclude any acquisition or order under any Federal Supply Schedule or Multiple Award Schedule."

The CHAIRMAN. Pursuant to House Resolution 773, the gentleman from Florida (Mr. MICA) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Florida.

Mr. MICA. Mr. Chairman and my colleagues, I have this amendment No. 4 which would clarify the small business set-aside provisions of the Small Business Act and require that it, in fact, apply to Federal contracts not excluding Federal supply schedule and multiple award scheduled holders.

Now, this is a mandatory provision, and I have accepted some of the objections from my side of the aisle in not moving forward with this particular provision. I do have the next amendment in line, which does deal with a similar issue, and I would like to ask unanimous consent to withdraw the amendment at this time.

The CHAIRMAN. Is there objection to the request of the gentleman from Florida?

Ms. VELÁZQUEZ. Mr. Chairman, I reserve the right to object.

I am surprised that the gentleman is withdrawing his amendment since I was prepared to accept the amendment.

I think this is a problem that needs to be addressed. I am willing to work with the gentleman to address this issue.

Mr. MICA. If I may, if the gentlelady would yield, I look forward to working with you. I am delighted that your side of the aisle was willing to accept this amendment. I would like to work and move forward with you in a bipartisan effort.

But in order to get one of the two amendments to work with my side of the aisle in fairness and not pass a mandatory provision, I am prepared to withdraw the amendment and work with the gentlelady and the committee and thank everyone for their consideration.

Ms. VELÁZQUEZ. Mr. Chairman, I withdraw my reservation.

The CHAIRMAN. Without objection, the amendment is withdrawn.

There was no objection.

AMENDMENT NO. 5 OFFERED BY MR. MICA

The CHAIRMAN. It is now in order to consider amendment No. 5 printed in House Report 110-407.

Mr. MICA. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 5 offered by Mr. MICA:

Add at the end of title VI, add the following (and amend the table of contents accordingly):

**SEC. \_\_\_\_\_. SENSE OF THE HOUSE OF REPRESENTATIVES ON ACQUISITIONS CONDUCTED UNDER THE GENERAL SERVICES ADMINISTRATION'S FEDERAL SUPPLY SCHEDULE.**

(a) FINDINGS.—Congress finds the following:

(1) The Small Business Act was adopted by Congress to ensure that small business concerns receive fair access to, and a fair share of, Federal government contracts and subcontracts.

(2) There is a disagreement between the General Services Administration and the Small Business Administration on whether the Small Business Act applies to the acquisitions under the General Services Administration's Federal Supply Schedule, which account for over \$30,000,000,000 in procurement dollars awarded each year.

(3) As demonstrated in proceedings of the White House Acquisition Advisory Panel, small businesses hold 79.6 percent of contracts under the Federal Supply Schedule, but receive only 37.1 percent of dollars awarded under the Federal Supply Schedule, and this disparity has a significant impact on the competitive viability of small business concerns in government contracting.

(b) SENSE OF THE HOUSE.—Therefore, it is the sense of the House of Representatives that small business set-asides should not be excluded from any acquisitions under the General Services Administration's Federal Supply Schedule.

The CHAIRMAN. Pursuant to House Resolution 773, the gentleman from Florida (Mr. MICA) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Florida.

Mr. MICA. Mr. Chairman and Members of the House, Mr. CHABOT and the Chair of the Small Business Committee, I am pleased to present another

amendment, as I indicated in withdrawing the first amendment, that is not mandatory in nature, but does bring to light and address some of the problems that we have had with an interpretation of acquisitions under the GSA Federal supply schedule, some different interpretation.

This amendment would state that it is, in fact, a sense of the House of Representatives that small business set-asides should not be excluded from any acquisitions under the General Services Administration Federal supply schedule.

Let me explain, if I may, for just a moment here. The Small Business Act was adopted by Congress to, in fact, ensure that small businesses would receive fair access and a fair share of Federal Government contracts and subcontracts. In fact, section 15 of the act requires that all contracts below \$100,000 be reserved for small businesses.

But, unfortunately, there are some questions that have been raised. The Small Business Act also requires set-aside opportunities for service-disabled veterans, for businesses in distress, and companies owned by women and disadvantaged persons. However, again, here is where some of the problem lies. There is a disagreement between GSA, the General Services Administration, and SBA on whether the small business set-aside applies to acquisitions under the Federal GSA Federal supply schedule.

Because of this GSA-SBA disagreement on provisions of the Small Business Act, some small businesses, in fact, are being excluded from GSA contracting opportunities; and that's not our intent.

What's taken place on September 4, 2007, just a short time ago, SBA issued an opinion that Small Business Act set-aside requirements do apply to the GSA schedule. My amendment today would only state that it is a sense of the House of Representatives that the small business set-aside should not be excluded from any acquisition under GSA's Federal supply schedule.

We tried to send a polite message. Part of my reason for being here is one of the small business persons in my district, Raul Espinosa, he is a St. Augustine small business owner, his company is a small business, again, in the heart of my district. He has a company called Fit Net Purchasing Alliance and Fit Net, is, in fact, a disadvantaged minority and emerging small business. They operate as a buying group specializing but not limited to athletic, wellness and rehab market segments.

This small business operator brought this to my attention, and it is a great example of how this system should work. When the agencies don't work, when you have lack of understanding and definition and law, or in procedures, it's small businesses and someone like Raul Espinosa who has brought to my attention, as his elected representative, some of the problems that have arisen.

This is a clarification amendment. We may want to go beyond this, as the chairlady has indicated her willingness to do, and possibly from my side of the aisle I think we can work together and make this work the way it's intended.

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

Ms. VELÁZQUEZ. Mr. Chairman, while not opposed to the amendment, I ask unanimous consent to claim time in opposition.

The CHAIRMAN. Without objection, the gentlewoman from New York is recognized for 5 minutes.

There was no objection.

Ms. VELÁZQUEZ. The gentleman's amendment reflects a sense of the House that laws requiring competition among only small businesses should apply to the General Services Administration's Federal supply schedules.

The GSA consistently points to nearly 80 percent of contracts under schedules going to small businesses. The reality is that as far as dollars, small firms get less than 40 percent. With the exception of the GSA schedules, every agency must ensure that small businesses are the priority for contracts valued at more than \$2,500 and less than \$100,000. Even when the GSA enters into a contract itself, not using the schedules, the SBA statute applies.

Recently, the GSA's general counsel has pointed to a conflict between the statute that authorizes the Federal supply schedules and the SBA statute. Because Congress has not spoken to the contradiction, GSA relies on its own interpretation.

GSA schedules represent billions of dollars in contracting opportunities that simply aren't available to small firms because of the GSA's incorrect interpretation of the statute. The gentleman's amendment will provide a direction that is missing between these conflicting statutes, an issue to be supported. Not only will small businesses see increased dollars as a result; taxpayers will receive lower costs due to the flexibility and efficiency that small firms are able to offer.

Mr. Chairman, I am prepared to accept this amendment, and I will yield to Mr. CHABOT for any comments he may have.

Mr. CHABOT. I thank the gentlelady for yielding.

Mr. Chairman, we have no opposition to this amendment. We would thank the gentleman for his hard work in offering the amendment.

Ms. VELÁZQUEZ. I urge support for this amendment and I yield back the balance of my time.

Mr. MICA. How much time do I have remaining, might I inquire.

The CHAIRMAN. The gentleman from Florida has 1 minute remaining.

Mr. MICA. Mr. Chairman, I won't take all of that minute, but I do again want to thank again the gentlelady, the Chair of the SBA Committee, and Mr. CHABOT, the ranking member.

This is a great example of how government should work, having a con-

stituent, a small business person in my district, bring unfairness, the lack of definition about procedures here with the SBA and GSA, two government agencies, and try to get a resolution.

I am delighted to be here. I am trying to think back in 15 years if I have ever brought an amendment up and have everybody agree on it like this. I don't think so, but it's a special occasion.

Mr. CHABOT. Will the gentleman yield?

Mr. MICA. I yield to the gentleman from Ohio.

Mr. CHABOT. I was just going to say, that is the way this committee works, right, Madam Chair?

Ms. VELÁZQUEZ. Yes.

Mr. MICA. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida (Mr. MICA).

The amendment was agreed to.

AMENDMENT NO. 6 OFFERED BY MR. MORAN OF VIRGINIA

The CHAIRMAN. It is now in order to consider amendment No. 6 printed in House Report 110-407.

Mr. MORAN of Virginia. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 6 offered by Mr. MORAN of Virginia:

Title VI, add at the end the following (and amend the table of contents accordingly):

**SEC. \_\_\_\_\_. STUDY ON FRIVOLOUS PROTESTS.**

(a) **STUDY.**—The Administrator of the Small Business Administration shall conduct a study to determine, with respect to small business contracts, whether incumbent Federal contractors submit frivolous protests to extend the length of current contracts before protest decisions are resolved.

(b) **CONTENTS.**—In conducting the study, the Administrator shall—

(1) determine the number of Government Accountability Office bid protests and Small Business Administration size protests filed by incumbent Federal contractors with respect to small business contracts, the number of incumbent contracts extended because of the protest, the extra costs of extending incumbent contracts during the protest, and the final rulings of these protests;

(2) determine the financial impact of protests filed by incumbent Federal contractors on small businesses that were originally awarded the protested small business contracts, including costs associated with defending the protests and costs incurred by Federal agencies;

(3) identify the incumbent Federal contractors that file the most unsuccessful protests on small business contracts; and

(4) develop recommendations—

(A) to ease any financial burden on small businesses during the protest of small business contracts; and

(B) to discourage frivolous protests by incumbent Federal contractors on small business contracts.

(c) **CONSULTATION.**—In conducting the study, the Administrator shall consult with the Government Accountability Office, any necessary Federal agencies, and the Office of Federal Procurement Policy.

(d) **REPORT.**—Not later than 180 days after the date of the enactment of this Act, the

Administrator shall submit to Congress a report on the results of the study, together with the recommendations developed under subsection (b)(4).

The CHAIRMAN. Pursuant to House Resolution 773, the gentleman from Virginia (Mr. MORAN) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Virginia.

Mr. MORAN of Virginia. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I first want to thank the chairwoman of the Small Business Committee for her leadership in bringing this bill to the floor today. I appreciate the membership on both sides of the committee for finding an agreement on so many issues that are important to small businesses.

They know that small businesses must overcome long odds and difficult obstacles in navigating the waters of Federal contracting. Size thresholds, growth requirements, endless paperwork and late contracts payments are all part of the challenges that competing small businesses regularly face.

Yet there is another challenge that has been brought to my attention. Some small businesses, after being awarded a competitively bid contract, must face frivolous protests by the incumbent contractors just for the purposes of delaying the award of a contract. For an incumbent contractor, there is an economic incentive to protest an award, even if there is no substance to the challenge. The award to the small business is thus delayed, and the current contract is retained until the protest is concluded. It can take months or even years before the dispute is resolved by the government.

In the meantime, the incumbent contractor can reap millions more for the extended contract that they had been granted previously but lost out on. These protests have serious consequences for many small businesses. During protests, the small businesses must cover their legal costs. Moreover, they must cover payroll and administrative costs for the workforce that they hired for the awarding contract. That's before they ever get paid by the Federal Government. These costs can cripple some small businesses that run on tight budgets without built-in overhead for the costly protests.

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In other words, it's an uneven playing field.

This amendment will require the Small Business Administration to study the degree to which incumbent contractors are submitting frivolous protests to extend the length of current contracts. It's a problem I know exists because many of my constituent companies have, in fact, experienced it firsthand.

The Small Business Administration's study will determine the number and the merit of GAO and SBA protests that are filed by incumbent contractors and analyze the number of extended contracts. It'll analyze the

extra costs of extending contracts, including the costs to small businesses that won the initial award of those contracts, and the costs incurred by Federal agencies as a result.

Finally, it will develop recommendations to ease the financial burden on small businesses during protests and offer recommendations to discourage frivolous protests made to squeeze small businesses.

It's clear that not all incumbent contractors submit frivolous bids. But it's also equally clear that there are some built-in incentives for incumbents to submit protests that they know have little merit but, nevertheless, will enable them to profit by the delay.

Mr. Chairman, I ask for support of this amendment so that small businesses can cope with frivolous incumbents' protests, and I look forward to working with the Small Business Committee on this ongoing issue of fairness.

I will retain whatever time is left.

Ms. VELÁZQUEZ. Mr. Chairman, while not opposed to the amendment, I ask unanimous consent to claim the time in opposition.

The CHAIRMAN. Without objection, the gentlewoman from New York is recognized for 5 minutes.

There was no objection.

Ms. VELÁZQUEZ. Mr. Chairman, I would like to thank the gentleman for offering this amendment.

Certainly, frivolous litigation is a problem in any scenario. Our justice system is a valuable tool for the good-faith settling of claims, but it is costly and time consuming, and should never be used for purposes other than what was originally intended. If incumbent contractors are, in fact, using the bid process size protest mechanisms to extend the length of contracts, this problem needs to be addressed.

Small businesses face enough barriers in their efforts to enter the Federal marketplace. Having to fight frivolous lawsuits should not be one of them. If businesses, particularly meg contractors, are using their position to prevent qualified contractors from doing Federal work by exploiting a loophole, the American taxpayer loses out.

The gentleman's amendment addresses this issue by requiring a study to determine the number of relevant protests, the financial impact on small businesses, and recommendations for solving any problems discovered.

The protest process was designed to create due process, not to create unfair advantages. This study will help to determine if there is a problem that needs to be further addressed.

I appreciate the gentleman bringing attention to this small business barrier, and although frivolous lawsuits can be devastating for anyone in the business community, it can be a particular burden for smaller companies. Adding litigation costs to an already limited cash flow is unrealistic for many small businesses, and I will be in-

terested to see if this is what they're being forced to do.

It would allow our committee to fully understand if further changes are needed.

We are prepared to accept this amendment, Mr. Chairman, and I will yield to Mr. CHABOT for any comments he may have.

Mr. CHABOT. Thank you, Madam Chairwoman.

We do not oppose this amendment. We would thank the gentleman and his staff for their hard work and the research in considering this and offering the amendment.

Ms. VELÁZQUEZ. Mr. Chairman, I urge support of this amendment, and I yield back.

Mr. MORAN of Virginia. I am prepared to yield back the balance of my time. I do want to thank Heath Bumgardner of my staff for doing the work on this. And I've enjoyed working with the Small Business Committee and their staff on both sides of the aisle.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia (Mr. MORAN).

The amendment was agreed to.

AMENDMENT NO. 7 OFFERED BY MR. BAIRD

The CHAIRMAN. It is now in order to consider amendment No. 7 printed in House Report 110-407.

Mr. BAIRD. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 7 offered by Mr. BAIRD:

At the end of title V, insert the following new section (and amend the table of contents accordingly):

**SEC. 505. EXAMINATION OF LIST OF GROUPS THE MEMBERS OF WHICH ARE PRESUMED TO BE SOCIALLY DISADVANTAGED FOR PURPOSES OF SMALL DISADVANTAGED BUSINESS PROGRAM.**

The Administrator of the Small Business Administration shall examine the list of groups the members of which are presumed to be socially disadvantaged for purposes of the Small Disadvantaged Business program under section 8(a) of the Small Business Act and shall consider whether the list should be updated to include additional groups. Not later than 6 months after the date of the enactment of this Act, the Administrator shall submit to Congress a report on the results of the examination.

The CHAIRMAN. Pursuant to House Resolution 773, the gentleman from Washington (Mr. BAIRD) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Washington.

Mr. BAIRD. I thank the chairwoman for the time and applaud her for her leadership of the Small Business Committee. I also want to thank the ranking member for his leadership as well.

I rise today with an amendment to improve and update the Small Business Administration's Small Disadvantaged Business Program.

My amendment would direct the administrator of the Small Business Ad-

ministration to examine the list of groups under the Disadvantaged Business Program and consider whether it should be updated to include additional groups. This amendment does not mandate that any group be added and would not affect those well-deserving groups already included.

Let me explain why I believe this issue deserves our attention. The issue was brought to my attention by an Afghani American entrepreneur in my own district who is not eligible to receive SBA assistance under the Small Business Development Program. After researching the matter, I learned that the SBA does not include Afghani or Iraqi Americans in the Small Disadvantaged Business Program.

I found this troubling, frankly. As we seek to spread democracy to other nations around the world, we ought to consider how we are helping or not helping individuals from those countries who have come to the United States. For example, at a time when we are promoting the American Dream in Afghanistan, I believe we should be doing more to promote this dream to those of Afghani descent who have come to the United States to seek a better way of life. The same applies to the refugees who've helped our Nation in its Iraq mission but have been forced to flee their own lands for having given us that very assistance.

I hope we would all agree that as we work to spread democracy and freedom to other nations, we should consider how we're treating individuals from those countries who have come to the United States. Should my amendment be accepted, I hope that the administrator will pay special attention to those countries to which our Armed Forces have been deployed since September 11.

Some may be surprised to learn that the SBA has not updated their list of groups since 1989. I believe it's a good time now to revisit this list and to ensure that this program is not excluding any group who deserve assistance.

I would ask my colleagues to join me in supporting this commonsense amendment. I would ask for your support.

I reserve the balance of my time.

Ms. VELÁZQUEZ. Mr. Chairman, while not opposed to the amendment, I ask unanimous consent to claim the time in opposition.

The CHAIRMAN. Without objection, the gentlewoman from New York is recognized for 5 minutes.

There was no objection.

Ms. VELÁZQUEZ. Mr. Chairman, the gentleman's amendment requires the SBA to review who should be considered socially disadvantaged for entry into the 8(a) program and whether there should be any updates.

Prior to today, the last Congressional action on the 8(a) program took place in 1988. For nearly 20 years, the 8(a) program has not seen one significant change. One aspect of the program, social disadvantage, has also remained unchanged.

My colleague's amendment recognizes that our country in 2007 does not look like it did in 1988. The face of America is changing. The 8(a) program must reflect the new look of the Nation.

This amendment addresses the concern that in several years the SBA has not reviewed or expanded who is considered socially disadvantaged. Given this, deserving business owners are likely being shut out.

We also know, as members of the committee, that without definite direction the SBA is unlikely to act, let alone in a timely fashion. The gentleman's amendment will ensure that the SBA examines the issue and makes changes, as appropriate, within 6 months.

We are prepared, Mr. Chairman, to accept this amendment, and I will yield to Mr. CHABOT for any comments that he might have.

Mr. CHABOT. I thank the gentlelady for yielding, and I thank the gentleman for offering his amendment. He has been willing to, I think, stand up and make courageous stands on occasion. I think he is to be commended for that.

Relative to this particular amendment, as I stated in my opening statement, I have some concerns of the bill in general because of the segmenting of various groups and sometimes pitting one against another and being competitive with each other, and so I can't say that I honestly would be in favor of a number of additional groups again further segmenting this.

But this just calls for a study and doesn't implement any particular groups or propose any additional new groups. So, for that reason, I would not oppose the amendment, and I want to thank him for his thoughtful consideration of this.

Ms. VELÁZQUEZ. Mr. Chairman, I urge the adoption of this amendment, and I yield back the balance of my time.

Mr. BAIRD. I thank the gentlelady, the Chair, and the ranking member for their support of this. Point well taken. This does call for a study. I think there are a number of groups under criteria that establish this program, merit discussion and examination, and particularly those who have come to our aid overseas. I'm familiar with some really heart-wrenching stories of folks who have been extraordinarily helpful to our country and face great personal hardship in Iraq and in Afghanistan. If we can help them rebuild their lives over here if they're forced to flee their country, that would be a meritorious deed.

But again, this is just calling for a study and, therefore, I urge its passage. I am grateful for the support.

I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Washington (Mr. BAIRD).

The amendment was agreed to.

AMENDMENT NO. 8 OFFERED BY MS. GINNY BROWN-WAITE OF FLORIDA

The CHAIRMAN. It is now in order to consider amendment No. 8 printed in House Report 110-407.

Ms. GINNY BROWN-WAITE of Florida. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 8 offered by Ms. GINNY BROWN-WAITE of Florida:

At the end of title VI, add the following new section (and amend the table of contents accordingly):

**SEC. 602. SMALL BUSINESS ADMINISTRATION LIAISON.**

(a) ESTABLISHMENT.—The Administrator of the Small Business Administration shall create a liaison position whose duty it is to ensure that section 2(i) of the Small Business Act is carried out.

(b) FUNCTIONS.—In carrying out the duty described in subsection (a), the liaison shall consult with the Assistant Secretary of the Department of Homeland Security for United States Immigration and Customs Enforcement.

The CHAIRMAN. Pursuant to House Resolution 773, the gentlewoman from Florida (Ms. GINNY BROWN-WAITE) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentlewoman from Florida.

Ms. GINNY BROWN-WAITE of Florida. Mr. Chair, section 2(i) of the Small Business Act states that only those lawfully in the United States shall receive funds under the Act.

My amendment establishes a Small Business Liaison to ensure that section will be followed. That's what the amendment does. It mirrors language contained in my bill, H.R. 3496, which requires the liaison to work in tandem with the Department of Homeland Security and the U.S. Immigration and Customs Enforcement group.

Listen up, America. We are the land of opportunity, and small business owners make up the backbone of our economy. However, Congress cannot continue to encourage and foster small businesses in our Nation, if we are not making those here legally an actual priority.

This simple amendment will ensure that small business loans and grants are going to those who follow the immigration rules that we have in place. Therefore, I urge the Members of this body to support this amendment.

And I certainly want to thank the gentlelady from my former home State of New York for working with us on this amendment.

I reserve the balance of my time.

Ms. VELÁZQUEZ. Mr. Chairman, while not opposed to the amendment, I ask unanimous consent to claim the time in opposition.

The CHAIRMAN. Without objection, the gentlewoman from New York is recognized for 5 minutes.

There was no objection.

Ms. VELAZQUEZ. Mr. Chairman, the amendment offered by Ms. GINNY

BROWN-WAITE seeks to ensure that taxpayer dollars go to small businesses that are complying with our immigration laws and not benefiting those that are breaking these laws.

While currently the Small Business Administration's Act prohibits the use of funds to benefit or assist individuals that are not lawfully within the United States, this change would allow for greater accountability. Creating a liaison between the Small Business Administration and the Department of Homeland Security on this matter will increase oversight and ensure that the agency's budget is being spent lawfully, efficiently and responsibly.

I also am grateful to have an ally in fighting this administration's efforts to reduce resources at the Small Business Administration. The fact is that the Small Business Administration needs personnel in carrying out this provision, as well as other critical operations.

We share the goal of ensuring that no funds expended under the Small Business Contracting Programs Improvement Act are used in such a manner. Sometimes having a law on the books isn't enough, and this amendment will go a step further in making sure that someone is there at the SBA actively enforcing this important spending provision.

We are prepared to accept this amendment, Mr. Chairman, and now I will yield to Mr. CHABOT for any comments he may have.

Mr. CHABOT. I thank the gentlelady for yielding. And I want to compliment and thank the gentlelady from Florida for offering this important amendment. I think it certainly is a good addition to the bill.

I think it's clear that most Americans would only want those that are in this country legally to benefit from these types of taxpayer-funded programs. So it's a very good amendment, and I want to thank you for offering it, and we certainly will support it.

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Ms. VELÁZQUEZ. Mr. Chairman, I yield back the balance of my time.

Ms. GINNY BROWN-WAITE of Florida. Mr. Chairman, I certainly want to thank the chairwoman for her cooperation on this. I think the key word, the operative word, here is obviously "accountability." And I think this amendment will help to improve an already good bill.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from Florida (Ms. GINNY BROWN-WAITE).

The amendment was agreed to.

AMENDMENT NO. 9 OFFERED BY MRS. GILLIBRAND

The CHAIRMAN. It is now in order to consider amendment No. 9 printed in House Report 110-407.

Mrs. GILLIBRAND. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 9 offered by Mrs. GILLIBRAND:

At the end of title II, add the following (and amend the table of contents accordingly):

**SEC. \_\_\_\_\_. PROHIBITION ON CONTRACT AWARDS TO CONTRACTORS IN VIOLATION OF IMMIGRATION LAWS.**

Any employer found, based on a determination by the Secretary of Homeland Security or the Attorney General to have engaged in a pattern or practice of hiring, recruiting or referring for a fee, for employment in the United States an alien knowing the person is an unauthorized alien shall be subject to debarment from the receipt of future Federal contracts under this Act.

The CHAIRMAN. Pursuant to House Resolution 773, the gentlewoman from New York (Mrs. GILLIBRAND) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentlewoman from New York.

Mrs. GILLIBRAND. Mr. Chairman, I yield myself such time as I may consume.

First, I would like to thank my fellow New York colleague, Chairwoman VELÁZQUEZ, for her leadership on this bill and for her constant effort to help our small businesses grow and prosper in America.

Small businesses are the foundation of upstate New York's economy. Small businesses represent over 99 percent of all employers and half of all private sector employees. More importantly, small businesses generate up to 80 percent of new jobs in America.

The bill that is on the floor today would allow upstate New York's small businesses to have increased opportunities to compete for Federal contracts against larger companies. Last year small businesses received only 21.5 percent of Federal contracts, which is much too small; and I look forward to this bill's passing on the floor that will allow our small businesses, especially disabled veteran-owned businesses, to compete for Federal contracts.

My amendment to this bill is very simple: businesses that continue to break the law by hiring illegal aliens should not be eligible for Federal contracts.

Mr. Chairman, we must reward businesses that play by the rules and punish those who do not. It is important that we fix our broken immigration system, and an important component of that is to cut off availability of jobs for undocumented workers, which can only be done when employers refuse to hire them. There are an estimated 12 million illegal aliens in this country; and if jobs are not available to them, then there will not be an incentive for them to come or remain here in America illegally. Hiring illegal aliens is against the law in America, and my amendment ensures that employers who knowingly hire illegal aliens cannot have access to the over \$400 billion

in Federal contracts that are awarded each year. This amendment will ensure accountability with taxpayers' money by preventing businesses who hire illegal aliens from receiving Federal contracts.

I urge my colleagues to vote "yes."

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

Ms. VELÁZQUEZ. Mr. Chairman, while I am not opposed to the amendment, I ask unanimous consent to claim the time in opposition.

The CHAIRMAN. Without objection, the gentlewoman from New York is recognized for 5 minutes.

There was no objection.

Ms. VELÁZQUEZ. Mr. Chairman, I want to thank my colleague from New York for her amendment to ensure that Federal contractors are complying with the immigration laws of our Nation. I would like to ensure that the interpretation of the debarment provisions referenced in the gentlewoman's amendment are consistent with the debarment process as provided in the Federal Acquisition Regulation.

Mr. Chairman, small businesses face many obstacles in securing a work-force, and one of them is ensuring that their employees have the proper legal status. All of our employers are expected to comply with our immigration laws, and they should not be forced to compete in the Federal marketplace with those who are skirting these laws. Small businesses should be rewarded for ensuring that their employees are here legally.

My colleague's amendment ensures that no contractor who has a pattern of knowingly employing unauthorized workers will receive contracts under the Small Business Contracting Program Improvements Act. Furthermore, contractors found to be in violation of the employment provisions required under immigration law will face the possibility of debarment.

Participation in SBA's procurement programs is a privilege and not a right. As such, we expect participants to uphold the law. Those businesses that choose not to comply should not receive the benefits of SBA contract assistance.

I appreciate the gentlewoman's attention to this issue and commitment to ensuring that contractors who choose to violate immigration law will not benefit from it. While there may be disagreement on reforming our immigration system, we all agree that employers must comply with those laws that are on the books. This is simply a matter of fairness.

We are prepared to accept the amendment, and I will yield to Mr. CHABOT for any comments he may have.

Mr. CHABOT. I thank the gentlewoman for yielding.

I strongly support the gentlewoman from New York's amendment. I think it certainly improves the bill. It's just clear, I think, many, many Members on both sides of the aisle want to make clear that we don't think that taxpayer

dollars ought to be going for illegal immigrants. And companies that are knowingly hiring people who are here illegally should not be able to benefit from any Federal dollars. And I think the gentlewoman by offering this amendment has improved the bill, and I want to thank her for offering this.

Ms. VELAZQUEZ. Mr. Chairman, I urge support of this amendment, and I yield back the balance of my time.

Mrs. GILLIBRAND. I thank the gentleman and I thank Madam Chairman.

I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from New York (Mrs. GILLIBRAND).

The amendment was agreed to.

**AMENDMENT NO. 10 OFFERED BY MR. LAMPSON**

The CHAIRMAN. It is now in order to consider amendment No. 10 printed in House Report 110-407.

Mr. LAMPSON. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 10 offered by Mr. LAMPSON:

At the end of title VI, add the following:

**SEC. \_\_\_\_\_. PROHIBITION ON BUSINESS-CLASS OR FIRST-CLASS AIRLINE TRAVEL.**

In carrying out the provisions of the Small Business Contracting Program Improvements Act, the Small Business Administrator or any employee may not purchase business-class or first-class airline travel in contravention of sections 301-10.122 through 301-10.124 of title 41, Code of Federal Regulations.

The CHAIRMAN. Pursuant to House Resolution 773, the gentleman from Texas (Mr. LAMPSON) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Texas.

Mr. LAMPSON. Mr. Chairman, I certainly appreciate the work that the chairwoman of the Small Business Committee and the sponsor of the Small Business Contracting Program Improvements Act and the rest of the committee are doing on behalf of small businesses, the lifeblood of America.

As we consider the Small Business Contracting Program Improvements Act, we must be mindful of how wasteful government spending impacts hard-working American families. Citizens expect Congress to be good stewards of taxpayer dollars; and when we allow irresponsible fiscal practices to continue in our government, then we set a bad example for our Nation and create a reckless blueprint for future spending.

So that's why I have introduced this amendment today. My amendment will clarify guidelines for premium travel by Small Business Administration employees when carrying out provisions of this act. A recent report by the GAO demonstrates that agencies are failing to follow Federal guidelines. This amendment will codify these regulations in order to curb wasteful spending by Federal agencies. Ending reckless spending is essential to regaining

the trust of American citizens and restoring fiscal responsibility.

This amendment also offers a direct method of guidance by referencing the sections of the Code of Federal Regulations related to premium travel for Federal employees. A similar amendment applying to the Department of Commerce employees passed earlier this year as a part of the Commerce-Justice-Science appropriations bill.

So as we continue to tackle large instances of government waste and abuse, let's not overlook smaller steps that we can take. I encourage support for this simple way to save taxpayer dollars and to reinstate fiscal responsibility and good government practices.

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

Ms. VELÁZQUEZ. Mr. Chairman, while I am not opposed to the amendment, I ask unanimous consent to claim the time in opposition.

The CHAIRMAN. Without objection, the gentlewoman from New York is recognized for 5 minutes.

There was no objection.

Ms. VELÁZQUEZ. Mr. Chairman, I want to thank my colleague from Texas for his amendment.

Fiscal responsibility is a serious issue, and so is running an effective government. As we are currently operating with a budget deficit, we must do all we can to eradicate wasteful spending. Many times we focus on larger issues of waste and abuse and forget about the smaller problems that would be easier to solve. When we cut costs, even just a little, it can add up to big savings.

The SBA has consistently been asked to do more with less. Placing these restrictions on SBA funds will reduce unnecessary spending, giving the agency more money to use to truly assist small businesses. An agency already operating with less than its ideal budget should not be spending crucial funds on premium travel.

I appreciate the gentleman's attention to this issue and his effort to increase accountability in our government and require responsible spending decisions.

Mr. Chairman, I am prepared to accept this amendment, and I will yield to Mr. CHABOT for any comments he may have.

Mr. CHABOT. I thank the gentlewoman for yielding.

We do not oppose this amendment. I'm more used to dealing with the gentleman from Texas on some other issues, particularly his commitment as chairman of the Missing and Exploited Children's Caucus, and so many other issues. We have worked together on a whole range of issues attempting to protect children in this country. I want to thank him for his leadership in that area, and I also thank him for offering this amendment.

Ms. VELÁZQUEZ. Mr. Chairman, I urge support of this amendment, and I yield back the balance of my time.

Mr. LAMPSON. Mr. Chairman, I certainly appreciate the kind words of the

ranking member on the Small Business Committee. Certainly, he too is a leader in the area of child exploitation.

As one of the cochairs of the Congressional Caucus on Missing and Exploited Children, you do great work. We appreciate all the attention.

And I particularly appreciate the gentlewoman from New York for allowing me to introduce this amendment and for the support that she has given to us on it.

I urge support of the amendment.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas (Mr. LAMPSON).

The amendment was agreed to.

The CHAIRMAN. There being no further amendments, the Committee rises.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. SALAZAR) having assumed the chair, Mr. HOLDEN, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H.R. 3867) to update and expand the procurement programs of the Small Business Administration, and for other purposes, pursuant to House Resolution 773, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment reported from the Committee of the Whole? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. CHABOT

Mr. CHABOT. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. CHABOT. Yes, I am, in its current form.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. CHABOT moves to recommit the bill H.R. 3867 to the Committee on Small Business with instructions to report the same back to the House forthwith with the following amendment:

Strike section 101(b).

The SPEAKER pro tempore. The gentleman from Ohio is recognized for 5 minutes.

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

Mr. BARTLETT from Maryland was previously going to offer the motion to recommit. He's not here; so I am going to offer it in his place, and I will be very brief.

This motion to recommit is really very simple. It reinstates the require-

ment that requires the government to set aside for competition contracts for small businesses located in HUBZones. As already noted, there is no reason to punish HUBZone firms by eliminating a mandatory competition requirement.

□ 1330

This motion will ensure that HUBZone firms will be able to carry out their purpose to redevelop low-income areas.

I also would just like to reiterate something that I said earlier when we were dealing with the overall bill in general, and that is that I want to again compliment the gentlelady from New York, Chairwoman VELÁZQUEZ, for reaching out to the minority, as she has in the past, in trying to work together. There were just philosophical differences which could not be overcome on this bill. But the committee has worked very well together in a bipartisan manner, and I want to thank her for that cooperation.

It is my intention to continue to work together on bills in the future because we have supported most of the bills that come out of the Small Business Committee, and I think that's good for small business in this country because that's something that we do have in common, and that is, that we believe to our core that future job growth in this country is dependent upon the vitality of small businesses. And small businesses in this country have a lot of things that they have to deal with: high health insurance rates for their employees, energy costs that have been going through the roof, a tax structure which is, at this point, unclear as to where it's going to be in the future. That's why many of us on this side of the aisle believe to our core that we need to make those tax cuts that were passed back in 2001 and in 2003 permanent. We ought to allow small businesses to know what their taxes are going to be like next year and the year after and the year after so that they can depend upon that tax structure to grow their business and to make investments so that they can create jobs. Because ultimately, that's what it's all about, to keep the economy thriving so that we can create more and more jobs for people in this country. And keeping taxes low is probably the best thing that we can do to allow the small business community in this country to grow and prosper.

So again, I want to thank the members of the committee, the staff, and the gentlewoman for her cooperation and reiterate that, although a good-faith effort was made, we do support this motion to recommit and we do oppose and would urge my colleagues to oppose the overall bill.

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

The SPEAKER pro tempore. Is the gentlewoman from New York opposed to the motion?

Ms. VELÁZQUEZ. I am.

The SPEAKER pro tempore. The gentlewoman is recognized for 5 minutes.

Ms. VELÁZQUEZ. Mr. Speaker, this is simple. This motion to recommit will take away contracts from veterans with service disabilities.

At this time, I would like to submit for the RECORD a letter from the American Legion that clearly states, "We steadfastly oppose any amendments to alter the legislation's provisions that assist veteran-owned businesses in section 101."

THE AMERICAN LEGION,  
Washington, DC, October 17, 2007.  
Hon. NYDIA M. VELÁZQUEZ,  
Chairwoman, House Committee on Small Business,  
Rayburn House Office Building, Washington, DC.

DEAR CHAIRWOMAN VELÁZQUEZ: On behalf of the 2.7 million members of The American Legion I am writing to strongly endorse the Small Business Contracting Program Improvements Act, which is scheduled for markup in the Committee on Small Business as early as this week. Further, we steadfastly oppose any amendments to alter the legislation's provisions that assist veteran-owned businesses in section 101.

Recently, the entrepreneurial needs of America's veterans have been brought to the forefront, particularly those that have sustained a disability as a result of their active-duty service in the armed forces. With nearly a quarter of newly discharged veterans considering starting their own businesses, the importance of opening the federal marketplace to veterans, who are entrepreneurs, has never before been so important.

Unfortunately, there has been no appreciable progress toward meeting the three percent service-connected disabled veterans' government-wide contracting goal. Federal agencies have fallen well short, accomplishing levels of only 0.2 percent in 2003; 0.4 percent in 2004; 0.6 percent in 2005; and 0.9 percent in 2006. As a result, Congress must take stronger action.

We are pleased that the Small Business Contracting Program Improvements Act takes the clear and compelling action necessary to ensure that veterans receive their fair share of federal contracting opportunities. This legislation will result in increases to contracts awarded to veteran-owned companies. As the veterans' community continues to grow, the time is now to enact this important initiative.

We thank you, Chairwoman Velázquez, for introducing this legislation and we applaud the Committee for moving this measure in an expeditious manner. The American Legion looks forward to working with the Committee on this and future legislation to assist this country's small businesses.

Sincerely,

JAMES E. KOUTZ,  
Chairman, National Economic Commission.

The ranking member knows that this amendment was introduced in the committee's markup and it was defeated 16-8.

Further, let me say that the underlying bill ensures that service-disabled veterans are given a preference in seeking Federal contracts. These individuals have consistently been shut out of the Federal contracts. Despite a 3 percent service-disabled veteran contracting goal since 1999, the highest accomplishment is less than 1 percent. These men and women have served our country, and they deserve better.

If the motion to recommit is adopted, and I want to make this clear, if this

motion to recommit is adopted, veterans will no longer be a top priority. There will be no guarantee that service-disabled veterans will benefit from additional contracting opportunities. Instead, we would have competing programs, which is what we tried in this bill to rid ourselves of. Agencies will be more inclined to overlook disabled veterans in their award for sole source contracts.

And also, I would like to add for the RECORD, that this type of change is opposed by the American Legion, the National Black Chamber of Commerce, the Hispanic Chamber of Commerce, the U.S. Women's Chamber of Commerce, and the Associated General Contractors.

This motion will block business opportunity for service-disabled veterans. The American Legion opposed this motion, and we agree that this motion to recommit will be making it harder for veterans to secure Federal contracts.

You know, these are men and women coming back to our country from Afghanistan and Iraq. These are injured, service-disabled veterans who deserve the support of the American public and our Federal Government.

I ask Members to oppose this motion to recommit. As I mentioned, it was defeated 16-8 in the markup. This is merely an attempt at a second bite of the apple, and it should be defeated.

Mr. CHABOT. Would the gentleman yield?

Ms. VELAZQUEZ. I would yield.

Mr. CHABOT. I thank the gentleman for yielding.

It is our view that veterans would not be in any way adversely affected if this motion to commit were to pass because they are already covered by the sole source area in the bill. So we just have an honest disagreement on this. We believe there is no way that veterans would be adversely affected if this motion to recommit would be passed.

Ms. VELAZQUEZ. Let me just say to the gentleman that I don't know why you insist this section 101 to be stricken when you clearly know that this amendment was defeated in committee, not by Democrats, but Democrats and Republicans. It is opposed by every veteran organization in America.

Again, it will take Federal contracting away from disabled veterans. You know that we have failed these veterans before, and what we are doing is making sure that they have an opportunity to get a fair share of Federal contracts.

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

The SPEAKER pro tempore. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to recommit.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. CHABOT. Mr. Speaker, I object to the vote on the ground that a

quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

Pursuant to clause 9 of rule XX, the Chair will reduce to 5 minutes the minimum time for any electronic vote on the question of passage.

The vote was taken by electronic device, and there were—yeas 177, nays 240, not voting 15, as follows:

[Roll No. 1016]

YEAS—177

|               |                 |               |
|---------------|-----------------|---------------|
| Akin          | Galllegly       | Murphy, Tim   |
| Alexander     | Garrett (NJ)    | Musgrave      |
| Bachmann      | Gilchrest       | Myrick        |
| Bachus        | Gingrey         | Neugebauer    |
| Baker         | Gohmert         | Nunes         |
| Barrett (SC)  | Goode           | Pearce        |
| Bartlett (MD) | Goodlatte       | Peterson (PA) |
| Barton (TX)   | Granger         | Petri         |
| Bilirakis     | Graves          | Pickering     |
| Bishop (UT)   | Hall (TX)       | Pitts         |
| Blackburn     | Hastert         | Platts        |
| Blunt         | Hastings (WA)   | Poe           |
| Boehner       | Hayes           | Porter        |
| Bonner        | Heller          | Price (GA)    |
| Bono          | Hensarling      | Pryce (OH)    |
| Boozman       | Herger          | Putnam        |
| Boustany      | Hobson          | Radanovich    |
| Brady (TX)    | Hoekstra        | Ramstad       |
| Brown (GA)    | Hunter          | Regula        |
| Brown (SC)    | Inglis (SC)     | Rehberg       |
| Brown-Waite,  | Issa            | Renzi         |
| Ginny         | Johnson (IL)    | Reynolds      |
| Buchanan      | Johnson, Sam    | Rogers (AL)   |
| Burgess       | Jordan          | Rogers (KY)   |
| Burton (IN)   | Keller          | Rogers (MI)   |
| Buyer         | King (IA)       | Rohrabacher   |
| Calvert       | King (NY)       | Roskam        |
| Camp (MI)     | Kingston        | Royce         |
| Campbell (CA) | Kline (MN)      | Ryan (WI)     |
| Cannon        | Knollenberg     | Saxton        |
| Cantor        | Kuhl (NY)       | Schmidt       |
| Capito        | LaHood          | Sensenbrenner |
| Carter        | Lamborn         | Shadegg       |
| Castle        | Latham          | Shimkus       |
| Chabot        | LaTourette      | Shuster       |
| Coble         | Lewis (CA)      | Smith (NE)    |
| Cole (OK)     | Lewis (KY)      | Smith (TX)    |
| Conaway       | Linder          | Souder        |
| Crenshaw      | LoBiondo        | Stearns       |
| Culberson     | Lucas           | Sullivan      |
| Davis (KY)    | Lungren, Daniel | Terry         |
| Davis, David  | E.              | Thornberry    |
| Davis, Tom    | Mack            | Tiahrt        |
| Doolittle     | Mahoney (FL)    | Tiberi        |
| Drake         | Manzullo        | Turner        |
| Dreier        | Marchant        | Upton         |
| Duncan        | McCarthy (CA)   | Walder (OR)   |
| Ehlers        | McCaul (TX)     | Walsh (NY)    |
| Emerson       | McCotter        | Wamp          |
| English (PA)  | McCrary         | Weldon (FL)   |
| Everett       | McHenry         | Westmoreland  |
| Fallin        | McHugh          | Whitfield     |
| Feeney        | McKeon          | Wicker        |
| Flake         | McMorris        | Wilson (NM)   |
| Forbes        | Rodgers         | Wilson (SC)   |
| Fortenberry   | Mica            | Wolf          |
| Fossella      | Miller (FL)     | Young (AK)    |
| Fox           | Miller (MI)     | Young (FL)    |
| Franks (AZ)   | Miller, Gary    |               |
| Frelinghuysen | Moran (KS)      |               |

NAYS—240

|             |                |          |
|-------------|----------------|----------|
| Abercrombie | Biggert        | Cardoza  |
| Ackerman    | Bilbray        | Carnahan |
| Aderholt    | Bishop (GA)    | Carney   |
| Allen       | Bishop (NY)    | Castor   |
| Altman      | Blumenauer     | Chandler |
| Andrews     | Boren          | Clarke   |
| Arcuri      | Boswell        | Clay     |
| Baca        | Boucher        | Cleaver  |
| Baird       | Boyd (FL)      | Clyburn  |
| Baldwin     | Boys (KS)      | Cohen    |
| Barrow      | Brady (PA)     | Conyers  |
| Bean        | Braley (IA)    | Cooper   |
| Becerra     | Brown, Corrine | Costa    |
| Berkley     | Butterfield    | Costello |
| Berman      | Capps          | Courtney |
| Berry       | Capuano        | Cramer   |

Crowley Kanjorski Reyes  
 Cuellar Kaptur Richardson Rodriguez  
 Cummings Kennedy Ros-Lehtinen  
 Davis (AL) Kildee Ross  
 Davis (CA) Kilpatrick Rothman  
 Davis (IL) Kind Roybal-Allard  
 Davis, Lincoln Kirk Roybal-Allard  
 DeFazio Klein (FL) Ruppersberger  
 DeGette Lampson Rush  
 Delahunt Langevin Ryan (OH)  
 DeLauro Lantos Salazar  
 Dent Larsen (WA) Sánchez, Linda  
 Diaz-Balart, L. Larson (CT) T.  
 Diaz-Balart, M. Lee Sanchez, Loretta  
 Dicks Levin Sarbanes  
 Dingell Lewis (GA) Schakowsky  
 Doggett Lipinski Schiff  
 Donnelly Loebssack Schwartz  
 Doyle Lofgren, Zoe Scott (GA)  
 Edwards Lowey Scott (VA)  
 Ellison Lynch Serrano  
 Ellsworth Maloney (NY) Sestak  
 Emanuel Markey Shays  
 Engel Marshall Shea-Porter  
 Eshoo Matheson Sherman  
 Etheridge Matsui Shuler  
 Farr McCarthy (NY) Sires  
 Fattah McCollum (MN) Skelton  
 Ferguson McDermott Slaughter  
 Filner McGovern Smith (WA)  
 Frank (MA) McIntyre Snyder  
 Gerlach McNearney Solis  
 Giffords McNulty Space  
 Gillibrand Meek (FL) Spratt  
 Gonzalez Meeks (NY) Stark  
 Gordon Melancon Stupak  
 Green, Al Michaud Sutton  
 Green, Gene Miller (NC) Tanner  
 Grijalva Miller, George Tauscher  
 Gutierrez Mitchell Taylor  
 Hall (NY) Mollohan Thompson (CA)  
 Hare Moore (KS) Thompson (MS)  
 Harman Moore (WI) Tierney  
 Hastings (FL) Moran (VA)  
 Herseth Sandlin Murphy (CT) Towns  
 Higgins Murphy, Patrick Tsongas  
 Hill Oberstar Udall (CO)  
 Hinchey Murtha Udall (NM)  
 Hiroko Nadler Van Hollen  
 Hirono Napolitano Velázquez  
 Hodges Neal (MA) Visclosky  
 Holden Oberstar Walberg  
 Holt Obey Walz (MN)  
 Honda Olver Wasserman  
 Hooley Ortiz Schultz  
 Hoyer Pallone Waters  
 Inslee Pascrell Watson  
 Israel Pastor Watt  
 Jackson (IL) Payne Waxman  
 Jackson-Lee Perlmutter Weiner  
 (TX) Peterson (MN) Welch (VT)  
 Johnson (GA) Pomeroy Wexler  
 Johnson, E. B. Price (NC) Woolsey  
 Jones (NC) Rahall Wu  
 Jones (OH) Rangel Wynn  
 Kagen Reichert Yarmuth

## NOT VOTING—15

Carson Jefferson Simpson  
 Cubin Jindal Smith (NJ)  
 Deal (GA) Kucinich Tancredo  
 Hinojosa Paul Weller  
 Hulshof Sessions Wilson (OH)

## □ 1402

Messrs. EDWARDS, COHEN, GENE GREEN of Texas, THOMPSON of Mississippi, CROWLEY, SHAYS, CUMMINGS and DENT and Ms. ZOE LOFGREN of California, Mrs. MALONEY of New York, Ms. ROS-LEHTINEN, Mrs. DAVIS of California and Mrs. BIGGERT changed their vote from "yea" to "nay."

Messrs. HOBSON, JORDAN of Ohio and CANTOR changed their vote from "nay" to "yea."

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

## RECORDED VOTE

Mr. CHABOT. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. This is a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 334, noes 80, not voting 18, as follows:

[Roll No. 1017]

## AYES—334

|              |                 |               |
|--------------|-----------------|---------------|
| Abercrombie  | Diaz-Balart, M. | Kuhl (NY)     |
| Ackerman     | Dicks           | LaHood        |
| Aderholt     | Dingell         | Lampson       |
| Alexander    | Doggett         | Langevin      |
| Allen        | Donnelly        | Lantos        |
| Altire       | Doyle           | Larsen (WA)   |
| Andrews      | Drake           | Larson (CT)   |
| Arcuri       | Edwards         | Latham        |
| Baca         | Ellison         | LaTourette    |
| Baird        | Ellsworth       | Lee           |
| Baldwin      | Emanuel         | Levin         |
| Berman       | Emerson         | Lewis (GA)    |
| Becerra      | Engel           | Lewis (KY)    |
| English (PA) | Forbes          | Lipinski      |
| Berman       | Berkley         | LoBiondo      |
| Berry        | Eshoo           | LoBiondo      |
| Fallin       | Falk            | LoBiondo      |
| Bonner       | Frank (MA)      | Lofgren, Zoe  |
| Bono         | Frelinghuysen   | Akin          |
| Boozman      | Garrett (NJ)    | Ehlers        |
| Boren        | Gerlach         | Bachmann      |
| Boswell      | Goodlatte       | Blunt         |
| Boucher      | Gillibrand      | Bachus        |
| Boyd (FL)    | Gillibrand      | Baker         |
| Boyd (KS)    | Gonzalez        | Flake         |
| Brady (PA)   | Ferguson        | Barrett (SC)  |
| Brady (TX)   | Filner          | Fossella      |
| Brady (TX)   | Forbes          | Bartlett (MD) |
| Blumenauer   | Fortenberry     | Fox           |
| Bonner       | Frank (MA)      | McHenry       |
| Bono         | Frelinghuysen   | Barton (TX)   |
| Boozman      | Garrett (NJ)    | Franks (AZ)   |
| Boren        | Gerlach         | Bilbray       |
| Boswell      | Goodlatte       | Blackburn     |
| Boucher      | Gillibrand      | Gingrey       |
| Boyd (FL)    | Gillibrand      | McCarthy (CA) |
| Boyd (KS)    | Gonzalez        | McCrery       |
| Brady (PA)   | Ferguson        | Fossella      |
| Brady (TX)   | Filner          | Bartlett (MD) |
| Blumenauer   | Forbes          | Fox           |
| Bonner       | Fortenberry     | McHenry       |
| Bono         | Frank (MA)      | Barton (TX)   |
| Boozman      | Frelinghuysen   | Franks (AZ)   |
| Boren        | Garrett (NJ)    | Bilbray       |
| Boswell      | Gerlach         | Blackburn     |
| Boucher      | Gillibrand      | Gingrey       |
| Boyd (FL)    | Gillibrand      | McCarthy (CA) |
| Boyd (KS)    | Gonzalez        | McCrery       |
| Brady (PA)   | Ferguson        | Fossella      |
| Brady (TX)   | Filner          | Bartlett (MD) |
| Blumenauer   | Forbes          | Fox           |
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| Bono         | Frank (MA)      | Barton (TX)   |
| Boozman      | Frelinghuysen   | Franks (AZ)   |
| Boren        | Garrett (NJ)    | Bilbray       |
| Boswell      | Gerlach         | Blackburn     |
| Boucher      | Gillibrand      | Gingrey       |
| Boyd (FL)    | Gillibrand      | McCarthy (CA) |
| Boyd (KS)    | Gonzalez        | McCrery       |
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| Brady (TX)   | Filner          | Bartlett (MD) |
| Blumenauer   | Forbes          | Fox           |
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| Boozman      | Frelinghuysen   | Franks (AZ)   |
| Boren        | Garrett (NJ)    | Bilbray       |
| Boswell      | Gerlach         | Blackburn     |
| Boucher      | Gillibrand      | Gingrey       |
| Boyd (FL)    | Gillibrand      | McCarthy (CA) |
| Boyd (KS)    | Gonzalez        | McCrery       |
| Brady (PA)   | Ferguson        | Fossella      |
| Brady (TX)   | Filner          | Bartlett (MD) |
| Blumenauer   | Forbes          | Fox           |
| Bonner       | Fortenberry     | McHenry       |
| Bono         | Frank (MA)      | Barton (TX)   |
| Boozman      | Frelinghuysen   | Franks (AZ)   |
| Boren        | Garrett (NJ)    | Bilbray       |
| Boswell      | Gerlach         | Blackburn     |
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| Boyd (FL)    | Gillibrand      | McCarthy (CA) |
| Boyd (KS)    | Gonzalez        | McCrery       |
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| Brady (TX)   | Filner          | Bartlett (MD) |
| Blumenauer   | Forbes          | Fox           |
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| Bono         | Frank (MA)      | Barton (TX)   |
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| Boren        | Garrett (NJ)    | Bilbray       |
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| Boyd (FL)    | Gillibrand      | McCarthy (CA) |
| Boyd (KS)    | Gonzalez        | McCrery       |
| Brady (PA)   | Ferguson        | Fossella      |
| Brady (TX)   | Filner          | Bartlett (MD) |
| Blumenauer   | Forbes          | Fox           |
| Bonner       | Fortenberry     | McHenry       |
| Bono         | Frank (MA)      | Barton (TX)   |
| Boozman      | Frelinghuysen   | Franks (AZ)   |
| Boren        | Garrett (NJ)    | Bilbray       |
| Boswell      | Gerlach         | Blackburn     |
| Boucher      | Gillibrand      | Gingrey       |
| Boyd (FL)    | Gillibrand      | McCarthy (CA) |
| Boyd (KS)    | Gonzalez        | McCrery       |
| Brady (PA)   | Ferguson        | Fossella      |
| Brady (TX)   | Filner          | Bartlett (MD) |
| Blumenauer   | Forbes          | Fox           |
| Bonner       | Fortenberry     | McHenry       |
| Bono         | Frank (MA)      | Barton (TX)   |
| Boozman      | Frelinghuysen   | Franks (AZ)   |
| Boren        | Garrett (NJ)    | Bilbray       |
| Boswell      | Gerlach         | Blackburn     |
| Boucher      | Gillibrand      | Gingrey       |
| Boyd (FL)    | Gillibrand      | McCarthy (CA) |
| Boyd (KS)    | Gonzalez        | McCrery       |
| Brady (PA)   | Ferguson        | Fossella      |
| Brady (TX)   | Filner          | Bartlett (MD) |
| Blumenauer   | Forbes          | Fox           |
| Bonner       | Fortenberry     | McHenry       |
| Bono         | Frank (MA)      | Barton (TX)   |
| Boozman      | Frelinghuysen   | Franks (AZ)   |
| Boren        | Garrett (NJ)    | Bilbray       |
| Boswell      | Gerlach         | Blackburn     |
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| Boyd (FL)    | Gillibrand      | McCarthy (CA) |
| Boyd (KS)    | Gonzalez        | McCrery       |
| Brady (PA)   | Ferguson        | Fossella      |
| Brady (TX)   | Filner          | Bartlett (MD) |
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| Bono         | Frank (MA)      | Barton (TX)   |
| Boozman      | Frelinghuysen   | Franks (AZ)   |
| Boren        | Garrett (NJ)    | Bilbray       |
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| Brady (TX)   | Filner          | Bartlett (MD) |
| Blumenauer   | Forbes          | Fox           |
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| Bono         | Frank (MA)      | Barton (TX)   |
| Boozman      | Frelinghuysen   | Franks (AZ)   |
| Boren        | Garrett (NJ)    | Bilbray       |
| Boswell      | Gerlach         | Blackburn     |
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| Boyd (FL)    | Gillibrand      | McCarthy (CA) |
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| Brady (PA)   | Ferguson        | Fossella      |
| Brady (TX)   | Filner          | Bartlett (MD) |
| Blumenauer   | Forbes          | Fox           |
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| Bono         | Frank (MA)      | Barton (TX)   |
| Boozman      | Frelinghuysen   | Franks (AZ)   |
| Boren        | Garrett (NJ)    | Bilbray       |
| Boswell      | Gerlach         | Blackburn     |
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| Boyd (FL)    | Gillibrand      | McCarthy (CA) |
| Boyd (KS)    | Gonzalez        | McCrery       |
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| Brady (TX)   | Filner          | Bartlett (MD) |
| Blumenauer   | Forbes          | Fox           |
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| Bono         | Frank (MA)      | Barton (TX)   |
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| Boren        | Garrett (NJ)    | Bilbray       |
| Boswell      | Gerlach         | Blackburn     |
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| Brady (TX)   | Filner          | Bartlett (MD) |
| Blumenauer   | Forbes          | Fox           |
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| Bono         | Frank (MA)      | Barton (TX)   |
| Boozman      | Frelinghuysen   | Franks (AZ)   |
| Boren        | Garrett (NJ)    | Bilbray       |
| Boswell      | Gerlach         | Blackburn     |
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| Boyd (FL)    | Gillibrand      | McCarthy (CA) |
| Boyd (KS)    | Gonzalez        | McCrery       |
| Brady (PA)   | Ferguson        | Fossella      |
| Brady (TX)   | Filner          | Bartlett (MD) |
| Blumenauer   | Forbes          | Fox           |
| Bonner       | Fortenberry     | McHenry       |
| Bono         | Frank (MA)      | Barton (TX)   |
| Boozman      | Frelinghuysen   | Franks (AZ)   |
| Boren        | Garrett (NJ)    | Bilbray       |
| Boswell      | Gerlach         | Blackburn     |
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| Boyd (FL)    | Gillibrand      | McCarthy (CA) |
| Boyd (KS)    | Gonzalez        | McCrery       |
| Brady (PA)   | Ferguson        | Fossella      |
| Brady (TX)   | Filner          | Bartlett (MD) |
| Blumenauer   | Forbes          | Fox           |
| Bonner       | Fortenberry     | McHenry       |
| Bono         | Frank (MA)      | Barton (TX)   |
| Boozman      | Frelinghuysen   | Franks (AZ)   |
| Boren        | Garrett (NJ)    | Bilbray       |
| Boswell      | Gerlach         | Blackburn     |
| Boucher      | Gillibrand      | Gingrey       |
| Boyd (FL)    | Gillibrand      | McCarthy (CA) |
| Boyd (KS)    | Gonzalez        | McCrery       |
| Brady (PA)   | Ferguson        | Fossella      |
| Brady (TX)   | Filner          | Bartlett (MD) |
| Blumenauer   | Forbes          | Fox           |
| Bonner       | Fortenberry     | McHenry       |
| Bono         | Frank (MA)      | Barton (TX)   |
| Boozman      | Frelinghuysen   | Franks (AZ)   |
| Boren        | Garrett (NJ)    | Bilbray       |
| Boswell      | Gerlach         | Blackburn     |
| Boucher      | Gillibrand      | Gingrey       |
| Boyd (FL)    | Gillibrand      | McCarthy (CA) |
| Boyd (KS)    | Gonzalez        | McCrery       |
| Brady (PA)   | Ferguson        | Fossella      |
| Brady (TX)   | Filner          | Bartlett (MD) |
| Blumenauer   | Forbes          | Fox           |
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| Boren        | Garrett (NJ)    | Bilbray       |
| Boswell      | Gerlach         | Blackburn     |
| Boucher      | Gillibrand      | Gingrey       |
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| Boyd (KS)    | Gonzalez        | McCrery       |
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| Brady (PA)   | Ferguson        | Foss          |