



Legislative Bulletin.....June 24, 2003

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H.R. 1772—Small Business Advocacy Improvement Act of 2003 (Akin)

Order of Business: The bill is scheduled for consideration on Tuesday, June 24th, under a motion to suspend the rules and pass the bill.

Summary: H.R. 1772 makes certain changes to the provisions of current law authorizing the Office of Advocacy within the Small Business Administration (SBA) designed to make the Office more independent and to ensure that the Office has the resources to carryout its purpose.

Specifically, the bill:

- Requires that the Chief Counsel for Advocacy:
 - be appointed by the President without regard to political affiliation, with the advice and consent of the Senate; and
 - not have been employed by the SBA within the past 5 years.
- Permits the Chief Counsel for Advocacy to continue to serve at the pleasure of the new President for an additional one year after the expiration of the term of the President by whom the individual was nominated.
- Generally replaces the term “minority enterprises” where it appears in the underlying Act with “small business concerns owned and operated by socially and economically disadvantaged individuals, women, and veterans.”
- Requires the Office to maintain economic databases.
- Requires the Office to prepare a separate budget request each year and requires the President to include in his budget a separate request for the Office.
- Permits the Chief Counsel to appoint an individual to serve as Principal Deputy Chief Counsel.
- Permits the Chief Counsel to appoint Regional Advocates in each of the Federal Regions.
- Requires the Chief Counsel to submit an annual report on compliance with current law related to analysis of regulations.

- Increases the annual authorization from \$1 million to \$10 million in FY 2003 and FY 2004, \$12 million in FY 2005, and \$14 million in FY 2006.

Additional Background: The House considered legislation nearly identical to H.R. 1772 in the 107th Congress (H.R. 4231). The House approved the bill by voice vote on May 21, 2002.

Committee Action: The Committee on Small Business considered the bill on June 4 and reported the bill favorably, as amended, by voice vote.

Cost to Taxpayers: CBO estimates that H.R. 1772 would cost \$32 million over the 2004-2008 period, subject to appropriations.

Does the Bill Create New Federal Programs or Rules?: The bill reauthorizes and expands the Office of Advocacy within the SBA.

Constitutional Authority: The Committee on Small Business, in House Report 108-162, cites Article I, Section 8, but fails to cite a specific clause.

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H.R. 923—Premier Certified Lenders Program Improvement Act of 2003 (Doolittle)

Order of Business: The bill is scheduled for consideration on Tuesday, June 24th, under a motion to suspend the rules and pass the bill.

Summary: H.R. 923 creates a new Alternative Loss Reserve Pilot Program (ALRP) as part of the Small Business Administration's 504 Certified Development Company (CDC) program (this program provides small businesses with long-term, fixed-rate financing for the purchase of fixed assets such as land, buildings, and equipment generally for business expansion purposes).

Under the current CDC Premier Certified Lender Program, certain CDCs can approve loans at their discretion in return for maintaining a higher loss reserve (funds set aside to cover bad loans). The new two-year ALRP Program would allow the CDCs in the Premier Certified Lender (PCL) Programs to use a risk-based approach to calculate loan loss reserves. A PCL would be required to make contributions to its loss reserve at the end of each quarter to ensure that the loss reserve is not less than \$100,000 and is sufficient to meet its obligations (as determined by an independent auditor). A PCL may also withdraw any funds from the loss reserve that exceed \$100,000 or the auditor certified loss reserve amount, whichever is greater. PCLs not in the pilot program may also withdraw limited funds from their loss reserves.

The bill also establishes a Bureau of PCLP Oversight in the Small Business Administration and increases the reimbursement percentage a qualified high loss reserve PCL must pay to the Federal Government for certain losses from 10 to 15 percent.

Committee Action: The Committee on Small Business considered H.R. 923 on May 22 and favorably reported the bill, as amended, by voice vote.

Administration Position: H.R. 923 reflects changes requested by the Administration.

Cost to Taxpayers: CBO estimates that enacting H.R. 923 would not have a significant impact on the federal budget.

Does the Bill Create New Federal Programs or Rules?: The bill primarily makes changes to an existing program, as described above, but does create a new Bureau of PCLP Oversight in the Small Business Administration.

Constitutional Authority: The Committee on Small Business, in House Report 108-153, cites Article I, Section 8, but fails to cite a specific clause.

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H.R. 1416—Homeland Security Technical Corrections Act (Cox)

Order of Business: The bill is scheduled to be considered on Tuesday, June 24th, under a motion to suspend the rules and pass the bill.

Summary: H.R. 1416 would make a variety of technical corrections to the Homeland Security Act of 2002 (Public Law 107-296), which created the Department of Homeland Security. H.R. 1416 would not make any substantive changes to the Department. Rather, the bill would make grammatical and clerical changes, while ensuring that the statute properly refers to other appropriate laws, to the appropriate Secretary, and the current committee organization of Congress. The bill would also further clarify that nothing in Public Law 107-296 would confer any military authority on the Secretary of Homeland Security or limit the military authority of the Secretary of Defense (including that over activities of the U.S. Coast Guard).

Additional Background: On November 25, 2002, the President signed H.R. 5005 into law, creating the Department of Homeland Security with the mission of preventing terrorist attacks on the United States, reducing the United States' vulnerability to terrorism, and minimizing the damage and assisting in recovery from any attacks that do occur.

Committee Action: On March 31, 2003, the Select Committee on Homeland Security marked up and favorably reported H.R. 1416 by voice vote.

Administration Position: On March 28, 2003, the Select Committee on Homeland Security held a hearing on H.R. 1416, at which Michael Dorsey, Director of Administration for the Department of Homeland Security, appeared as a witness in support of the corrections.

Cost to Taxpayers: CBO confirms that this legislation would have no effect on the federal budget.

Does the Bill Create New Federal Programs or Rules?: No.

Constitutional Authority: The Select Committee on Homeland Security, in House Report 108-104, cites constitutional authority in Article I, Section 8, Clause 1 (the congressional power to “provide for the common Defence and general Welfare of the United States”).

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