

107TH CONGRESS  
1ST SESSION

# H. R. 203

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## AN ACT

To amend the Small Business Act to direct the Administrator of the Small Business Administration to establish a pilot program to provide regulatory compliance assistance to small business concerns, and for other purposes.

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## AN ACT

To amend the Small Business Act to direct the Administrator of the Small Business Administration to establish a pilot program to provide regulatory compliance assistance to small business concerns, and for other purposes.

1        *Be it enacted by the Senate and House of Representa-*  
2        *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “National Small Busi-  
3 ness Regulatory Assistance Act of 2001”.

4 **SEC. 2. PURPOSE.**

5 The purpose of this Act is to establish a pilot pro-  
6 gram to—

7 (1) provide confidential assistance to small  
8 business concerns;

9 (2) provide small business concerns with the in-  
10 formation necessary to improve their rate of compli-  
11 ance with Federal and State regulations;

12 (3) create a partnership among Federal agen-  
13 cies to increase outreach efforts to small business  
14 concerns with respect to regulatory compliance;

15 (4) provide a mechanism for unbiased feedback  
16 to Federal agencies on the regulatory environment  
17 for small business concerns; and

18 (5) utilize the service delivery network of Small  
19 Business Development Centers to improve access of  
20 small business concerns to programs to assist them  
21 with regulatory compliance.

22 **SEC. 3. DEFINITIONS.**

23 In this Act, the definitions set forth in section 36(a)  
24 of the Small Business Act (as added by section 4 of this  
25 Act) shall apply.

1 **SEC. 4. SMALL BUSINESS REGULATORY ASSISTANCE PILOT**  
2 **PROGRAM.**

3 The Small Business Act (15 U.S.C. 637 et seq.) is  
4 amended—

5 (1) by redesignating section 36 as section 37;

6 and

7 (2) by inserting after section 35 the following  
8 new section:

9 **“SEC. 36. SMALL BUSINESS REGULATORY ASSISTANCE**  
10 **PILOT PROGRAM.**

11 “(a) DEFINITIONS.—In this section, the following  
12 definitions apply:

13 “(1) ADMINISTRATOR.—The term ‘Adminis-  
14 trator’ means the Administrator of the Small Busi-  
15 ness Administration, acting through the Associate  
16 Administrator for Small Business Development Cen-  
17 ters.

18 “(2) ASSOCIATION.—The term ‘Association’  
19 means the association, established pursuant to sec-  
20 tion 21(a)(3)(A), representing a majority of Small  
21 Business Development Centers.

22 “(3) PARTICIPATING SMALL BUSINESS DEVEL-  
23 OPMENT CENTER.—The term ‘participating Small  
24 Business Development Center’ means a Small Busi-  
25 ness Development Center participating in the pilot  
26 program.

1           “(4) PILOT PROGRAM.—The term ‘pilot pro-  
2           gram’ means the pilot program established under  
3           this section.

4           “(5) REGULATORY COMPLIANCE ASSISTANCE.—  
5           The term ‘regulatory compliance assistance’ means  
6           assistance provided by a Small Business Develop-  
7           ment Center to a small business concern to enable  
8           the concern to comply with Federal regulatory re-  
9           quirements.

10          “(6) SMALL BUSINESS DEVELOPMENT CEN-  
11          TER.—The term ‘Small Business Development Cen-  
12          ter’ means a Small Business Development Center  
13          described in section 21.

14          “(7) STATE.—The term ‘State’ means each of  
15          the several States, the District of Columbia, the  
16          Commonwealth of Puerto Rico, the Virgin Islands,  
17          and Guam.

18          “(b) AUTHORITY.—In accordance with this section,  
19          the Administrator shall establish a pilot program to pro-  
20          vide regulatory compliance assistance to small business  
21          concerns through participating Small Business Develop-  
22          ment Centers, the Association, and Federal compliance  
23          partnership programs.

24          “(c) SMALL BUSINESS DEVELOPMENT CENTERS.—

1           “(1) IN GENERAL.—In carrying out the pilot  
2 program, the Administrator shall enter into arrange-  
3 ments with participating Small Business Develop-  
4 ment Centers under which such centers will  
5 provide—

6           “(A) access to information and resources,  
7 including current Federal and State nonpuni-  
8 tive compliance and technical assistance pro-  
9 grams similar to those established under section  
10 507 of the Clean Air Act Amendments of 1990;

11           “(B) training and educational activities;

12           “(C) confidential, free-of-charge, one-on-  
13 one, in-depth counseling to the owners and op-  
14 erators of small business concerns regarding  
15 compliance with Federal and State regulations,  
16 provided that such counseling is not considered  
17 to be the practice of law in a State in which a  
18 Small Business Development Center is located  
19 or in which such counseling is conducted;

20           “(D) technical assistance; and

21           “(E) referrals to experts and other pro-  
22 viders of compliance assistance who meet such  
23 standards for educational, technical, and profes-  
24 sional competency as are established by the Ad-  
25 ministrator.

1           “(2) REPORTS.—

2                   “(A) IN GENERAL.—Each participating  
3 Small Business Development Center shall trans-  
4 mit to the Administrator a quarterly report that  
5 includes—

6                           “(i) a summary of the regulatory com-  
7 pliance assistance provided by the center  
8 under the pilot program; and

9                           “(ii) any data and information ob-  
10 tained by the center from a Federal agency  
11 regarding regulatory compliance that the  
12 agency intends to be disseminated to small  
13 business concerns.

14                   “(B) ELECTRONIC FORM.—Each report re-  
15 ferred to in subparagraph (A) shall be trans-  
16 mitted in electronic form.

17                   “(C) INTERIM REPORTS.—During any time  
18 period falling between the transmittal of quar-  
19 terly reports, a participating Small Business  
20 Development Center may transmit to the Ad-  
21 ministrator any interim report containing data  
22 or information considered by the center to be  
23 necessary or useful.

24                   “(D) LIMITATION ON DISCLOSURE RE-  
25 QUIREMENTS.—The Administrator may not re-

1           quire a Small Business Development Center to  
2           disclose the name or address of any small busi-  
3           ness concern that received or is receiving assist-  
4           ance under the pilot program, except that the  
5           Administrator shall require such a disclosure if  
6           ordered to do so by a court in any civil or  
7           criminal enforcement action commenced by a  
8           Federal or State agency.

9           “(d) DATA REPOSITORY AND CLEARINGHOUSE.—

10           “(1) IN GENERAL.—In carrying out the pilot  
11           program, the Administrator shall—

12           “(A) act as the repository of and clearing-  
13           house for data and information submitted by  
14           Small Business Development Centers; and

15           “(B) transmit to the President and to the  
16           Committees on Small Business of the Senate  
17           and House of Representatives an annual report  
18           that includes—

19           “(i) a description of the types of as-  
20           sistance provided by participating Small  
21           Business Development Centers under the  
22           pilot program;

23           “(ii) data regarding the number of  
24           small business concerns that contacted  
25           participating Small Business Development

1 Centers regarding assistance under the  
2 pilot program;

3 “(iii) data regarding the number of  
4 small business concerns assisted by partici-  
5 pating Small Business Development Cen-  
6 ters under the pilot program;

7 “(iv) data and information regarding  
8 outreach activities conducted by partici-  
9 pating Small Business Development Cen-  
10 ters under the pilot program, including any  
11 activities conducted in partnership with  
12 Federal agencies;

13 “(v) data and information regarding  
14 each case known to the Administrator in  
15 which one or more Small Business Devel-  
16 opment Centers offered conflicting advice  
17 or information regarding compliance with a  
18 Federal or State regulation to one or more  
19 small business concerns;

20 “(vi) any recommendations for im-  
21 provements in the regulation of small busi-  
22 ness concerns; and

23 “(vii) a list of regulations identified  
24 by the Administrator, after consultation  
25 with the Small Business and Agriculture

1           Regulatory Enforcement Ombudsman, as  
2           being most burdensome to small business  
3           concerns, and recommendations to reduce  
4           or eliminate the burdens of such regula-  
5           tions.

6           “(e) ELIGIBILITY.—

7           “(1) IN GENERAL.—A Small Business Develop-  
8           ment Center shall be eligible to receive assistance  
9           under the pilot program only if the center is certified  
10          under section 21(k)(2).

11          “(2) WAIVER.—With respect to a Small Busi-  
12          ness Development Center seeking assistance under  
13          the pilot program, the Administrator may waive the  
14          certification requirement set forth in paragraph (1)  
15          if the Administrator determines that the center is  
16          making a good faith effort to obtain such certifi-  
17          cation.

18          “(3) EFFECTIVE DATE.—This subsection shall  
19          take effect on October 1, 2001.

20          “(f) SELECTION OF PARTICIPATING STATE PRO-  
21          GRAMS.—

22          “(1) IN GENERAL.—In consultation with the  
23          Association and giving substantial weight to the As-  
24          sociation’s recommendations, the Administrator shall  
25          select the Small Business Development Center pro-

1       grams of 2 States from each of the following groups  
2       of States to participate in the pilot program estab-  
3       lished by this section:

4               “(A) Group 1: Maine, Massachusetts, New  
5       Hampshire, Connecticut, Vermont, and Rhode  
6       Island.

7               “(B) Group 2: New York, New Jersey,  
8       Puerto Rico, and the Virgin Islands.

9               “(C) Group 3: Pennsylvania, Maryland,  
10      West Virginia, Virginia, the District of Colum-  
11      bia, and Delaware.

12              “(D) Group 4: Georgia, Alabama, North  
13      Carolina, South Carolina, Mississippi, Florida,  
14      Kentucky, and Tennessee.

15              “(E) Group 5: Illinois, Ohio, Michigan, In-  
16      diana, Wisconsin, and Minnesota.

17              “(F) Group 6: Texas, New Mexico, Arkan-  
18      sas, Oklahoma, and Louisiana.

19              “(G) Group 7: Missouri, Iowa, Nebraska,  
20      and Kansas.

21              “(H) Group 8: Colorado, Wyoming, North  
22      Dakota, South Dakota, Montana, and Utah.

23              “(I) Group 9: California, Guam, Hawaii,  
24      Nevada, and Arizona.

1                   “(J) Group 10: Washington, Alaska,  
2                   Idaho, and Oregon.

3                   “(2) DEADLINE FOR SELECTION.—The Admin-  
4                   istrator shall make selections under this subsection  
5                   not later than 60 days after promulgation of regula-  
6                   tions under section 5 of the National Small Business  
7                   Regulatory Assistance Act of 2001.

8                   “(g) MATCHING NOT REQUIRED.—Subparagraphs  
9                   (A) and (B) of section 21(a)(4) shall not apply to assist-  
10                  ance made available under the pilot program.

11                  “(h) DISTRIBUTION OF GRANTS.—

12                  “(1) IN GENERAL.—Each State program se-  
13                  lected to receive a grant under subsection (f) in a  
14                  fiscal year shall be eligible to receive a grant in an  
15                  amount not to exceed the product obtained by  
16                  multiplying—

17                         “(A) the amount made available for grants  
18                         under this section for the fiscal year; and

19                         “(B) the ratio that—

20                                 “(i) the population of the State; bears  
21                                 to

22                                 “(ii) the population of all the States  
23                                 with programs selected to receive grants  
24                                 under subsection (f) for the fiscal year.

1           “(2) MINIMUM AMOUNT.—Notwithstanding  
2 paragraph (1), the minimum amount that a State  
3 program selected to receive a grant under subsection  
4 (f) shall be eligible to receive under this section in  
5 the fiscal year shall be \$200,000.

6           “(i) EVALUATION AND REPORT.—Not later than 3  
7 years after the establishment of the pilot program, the  
8 Comptroller General of the United States shall conduct  
9 an evaluation of the pilot program and shall transmit to  
10 the Administrator and to the Committees on Small Busi-  
11 ness of the Senate and House of Representatives a report  
12 containing the results of the evaluation along with any rec-  
13 ommendations as to whether the pilot program, with or  
14 without modification, should be extended to include the  
15 participation of all Small Business Development Centers.

16           “(j) AUTHORIZATION OF APPROPRIATIONS.—

17           “(1) IN GENERAL.—There are authorized to be  
18 appropriated to carry out this section \$5,000,000 for  
19 fiscal year 2002 and each fiscal year thereafter.

20           “(2) LIMITATION ON USE OF OTHER FUNDS.—  
21 The Administrator may carry out the pilot program  
22 only with amounts appropriated in advance specifi-  
23 cally to carry out this section.”.

1 **SEC. 5. PROMULGATION OF REGULATIONS.**

2 After providing notice and an opportunity for com-  
3 ment and after consulting with the Association (but not  
4 later than 180 days after the date of the enactment of  
5 this Act), the Administrator shall promulgate final regula-  
6 tions to carry out this Act, including regulations that  
7 establish—

8 (1) priorities for the types of assistance to be  
9 provided under the pilot program;

10 (2) standards relating to educational, technical,  
11 and support services to be provided by participating  
12 Small Business Development Centers;

13 (3) standards relating to any national service  
14 delivery and support function to be provided by the  
15 Association under the pilot program;

16 (4) standards relating to any work plan that  
17 the Administrator may require a participating Small  
18 Business Development Center to develop; and

19 (5) standards relating to the educational, tech-  
20 nical, and professional competency of any expert or  
21 other assistance provider to whom a small business  
22 concern may be referred for compliance assistance  
23 under the pilot program.

1 **SEC. 6. PRIVACY REQUIREMENTS APPLICABLE TO SMALL**  
2 **BUSINESS DEVELOPMENT CENTERS.**

3 Section 21(c) of the Small Business Act (15 U.S.C.  
4 648(c)) is amended by adding at the end the following:

5 “(9) PRIVACY REQUIREMENTS.—

6 “(A) IN GENERAL.—No Small Business  
7 Development Center, consortium of Small Busi-  
8 ness Development Centers, or contractor or  
9 agent of a Small Business Development Center  
10 shall disclose the name or address of any indi-  
11 vidual or small business concern receiving as-  
12 sistance under this section without the consent  
13 of such individual or small business concern, ex-  
14 cept that—

15 “(i) the Administrator shall require  
16 such disclosure if ordered to do so by a  
17 court in any civil or criminal enforcement  
18 action commenced by a Federal or State  
19 agency; and

20 “(ii) if the Administrator considers it  
21 necessary while undertaking a financial  
22 audit of a Small Business Development  
23 Center, the Administrator shall require  
24 such disclosure for the sole purpose of un-  
25 dertaking such audit.

1                   “(B) REGULATIONS.—The Administrator  
2                   shall issue regulations to establish standards for  
3                   requiring disclosures during a financial audit  
4                   under subparagraph (A)(ii).”.

Passed the House of Representatives October 2,  
2001.

Attest:

*Clerk.*