

107<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 3791

To establish a pilot program under which the Administrator of the Small Business Administration, in consultation with regional technology consultants, may make direct loans to technology-related small business concerns.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 26, 2002

Mr. ISRAEL (for himself, Mr. HONDA, and Mr. GRUCCI) introduced the following bill; which was referred to the Committee on Small Business

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## A BILL

To establish a pilot program under which the Administrator of the Small Business Administration, in consultation with regional technology consultants, may make direct loans to technology-related small business concerns.

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

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Small Business High  
5       Technology Entrepreneurship Act of 2001”.

6       **SEC. 2. FINDINGS AND PURPOSE.**

7       (a) FINDINGS.—Congress finds the following:

1           (1) The United States is uniquely positioned to  
2 benefit from the development and commercialization  
3 of technology resulting from the development of bio-  
4 sciences, information technology, and electronic tech-  
5 nology.

6           (2) Advances in biosciences, information tech-  
7 nology, and electronic technology will create new  
8 products, services, and businesses, leading to high  
9 paying jobs and economic growth.

10          (3) Technology networks are becoming nec-  
11 essary tools for businesses in the United States be-  
12 cause of their ability to efficiently transfer informa-  
13 tion.

14          (4) The development of biotechnology has pro-  
15 duced processes such as 3-dimensional volume vis-  
16 ualization and advanced signal processing which will  
17 help revolutionize both medical diagnostics and sur-  
18 gery.

19          (5) The ability of the electronic industry to rap-  
20 idly develop and manufacture measuring devices,  
21 sensors, semiconductors, and other electronic compo-  
22 nents is an essential component to providing for the  
23 national security of the United States.

24          (6) The bioscience, information technology, and  
25 electronic technology sectors of the economy have all

1 produced important products, services, and busi-  
2 nesses.

3 (7) Building on past gains in these sectors is  
4 vital to growing the United States economy, pro-  
5 moting health, and increasing educational opportuni-  
6 ties.

7 (b) PURPOSE.—The purpose of this Act is to enable  
8 small business concerns engaged in biotechnology, com-  
9 puter technology, and electronics to produce essential new  
10 products, businesses, employment opportunities, and eco-  
11 nomic growth through technological innovation.

12 **SEC. 3. TECHNOLOGY DIRECT LOAN PILOT PROGRAM.**

13 (a) IN GENERAL.—The Administrator of the Small  
14 Business Administration may make direct loans under sec-  
15 tion 7(a) of the Small Business Act (15 U.S.C. 636(a))  
16 to technology-related small business concerns located in a  
17 technology region.

18 (b) SPECIAL RULES.—Notwithstanding the require-  
19 ments of section 7(a) of the Small Business Act (15  
20 U.S.C. 636(a)), the following special rules apply to loans  
21 described in subsection (a):

22 (1) AMOUNT OF LOANS.—The Administrator  
23 may make such a loan to a small business concern  
24 if the total amount outstanding and committed to  
25 such concern under subsection (a) of this section

1 and section 7(a) of the Small Business Act (15  
2 U.S.C. 636(a)) would not exceed \$5,000,000.

3 (2) TECHNOLOGICAL CONSULTATION.—

4 (A) IN GENERAL.—In evaluating each ap-  
5 plication for such a loan, the Administrator  
6 shall consult with, and give considerable weight  
7 to the assessments, recommendations, and con-  
8 clusions of, the regional technology consultant  
9 regarding the technological feasibility and com-  
10 mercial viability of the applicant’s business  
11 plan, including any technological research or de-  
12 velopment involved in such plan.

13 (B) SELECTION OF REGIONAL TECH-  
14 NOLOGY CONSULTANTS.—The Administrator  
15 shall select 1 non-profit organization located in  
16 each technology region to serve as the tech-  
17 nology consultant for such region. In selecting  
18 each regional technology consultant, the Admin-  
19 istrator shall ensure that such consultant has  
20 knowledge and experience in evaluating the  
21 technological feasibility and commercial viability  
22 of business plans of technology-related small  
23 business concerns.

24 (3) RULE FOR RESOLVING REASONABLE  
25 DOUBTS.—Recognizing that greater risk may be as-

1       sociated with such loans, any reasonable doubt re-  
2       garding the soundness of the applicant's business  
3       plan (including the feasibility and viability of any  
4       technological research or development involved in  
5       such plan) or the soundness of the loan for purposes  
6       of section 7(a)(6) of the Small Business Act (15  
7       U.S.C. 536(a)(6)) shall be resolved in favor the ap-  
8       plicant.

9       (c) TERMINATION.—The Administrator may not  
10      make a loan pursuant to the special rules of this section  
11      after the end of the 2-year period beginning on the date  
12      of the enactment of this Act.

13      (d) ANNUAL REPORTS.—In any year during which  
14      the Administrator is authorized to make loans under this  
15      section, the Administrator shall submit to Congress a re-  
16      port regarding the technology direct loan pilot project con-  
17      ducted under this section. Such report shall include—

18           (1) a list of the technology-related small busi-  
19           ness concerns approved for loans under this section  
20           during such year and the amounts of such loans;

21           (2) recommendations for legislation that would  
22           improve the pilot project; and

23           (3) recommendations regarding the expansion  
24           of the pilot project to additional technology regions  
25           or for an additional period of time.

1 (e) DEFINITIONS.—For purposes of this section:

2 (1) ADMINISTRATOR.—The term “Adminis-  
3 trator” means the Administrator of the Small Busi-  
4 ness Administration.

5 (2) REGIONAL TECHNOLOGY CONSULTANT.—  
6 The term “regional technology consultant” means  
7 the technology consultant selected by the Adminis-  
8 trator under subsection (b)(2)(B) for a technology  
9 region.

10 (3) SMALL BUSINESS CONCERN.—The term  
11 “small business concern” has the meaning given  
12 such term in section 3(a) of the Small Business Act  
13 (15 U.S.C. 632(a)).

14 (4) TECHNOLOGY REGION.—The term “tech-  
15 nology region” describes each of the following re-  
16 gions:

17 (A) Nassau and Suffolk Counties in New  
18 York.

19 (B) Santa Clara and Santa Cruz Counties  
20 in California.

21 (5) TECHNOLOGY-RELATED SMALL BUSINESS  
22 CONCERN.—The term “technology-related small  
23 business concern” means any small business concern  
24 primarily engaged in one or any combination of the  
25 following:

1                   (A) Developing, producing, assembling, or  
2                   manufacturing electronic components, computer  
3                   hardware, or computer software; or

4                   (B) The biotechnology industry.

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