



H.R. 3866 – Small Business Programs Act of 2007

FLOOR SITUATION

H.R. 3866 is being considered on the floor under suspension of the rules and will require a two-thirds majority vote for passage. This legislation was introduced by Representative Nydia Velazquez (D-NY) on October 17, 2007. The bill was ordered to be reported, by voice vote in the Committee on Small Business on October 18, 2007.

H.R. 3866 is expected to be considered on the floor of the House of Representatives on November 6, 2007.

SUMMARY

H.R. 3866 reauthorizes funding for various Small Business Administration programs, most of which were last authorized through the end of FY2006 and have been operating on temporary authorizations since then. (See Background below for details.) Most of the SBA's financing programs operate without any appropriations, but require Congressional action to approve limits on the total number of loan guarantees the agency may issue.

**Note: The Republican staff at the Small Business Committee note that the program funding reauthorizations in H.R. 3866 are increased to account for inflation.*

Reauthorizing Small Business Programs: The bill sets the limits for the total amounts of loans and financial assistance the SBA is authorized to make during FY2008 and FY2009:

- Technical assistance grants: \$80 million in FY2008 and \$90 million in FY2009
- Direct loans \$110 million in FY2008 and \$120 million in FY2009
- Deferred participation loans and other financings: \$29.3 billion for FY2008 and \$29.8 billion in FY2009

Reauthorizing Business LINC Grants: The SBA's Business LINC (learning, information, networking, and collaboration) program is reauthorized at \$7 million for each FY2008 and FY2009. This is an increase over the \$6.6 million that the program was authorized for each year FY2001-FY2006. The SBA's Business LINC program aims to help foster

relationships and agreements between large and small businesses through matching grants that are made to coalitions of private and public entities.

Reauthorizing Business Development Centers: The Business Development Centers program is reauthorized at \$140 million for FY2008 and \$145 million for FY2009. This program provides management assistance to current and prospective small business owners.

Reauthorizing Women's Business Center Programs: The Women's Business Center program is reauthorized at \$17 million for FY2008 and \$17.5 million for FY2009. The program aims to help women start and run successful businesses.

Reauthorizing HUBZone Programs: The Historically Underutilized Business (HUB) Zone program is reauthorized at \$20 million a year for FY2008-FY2009, an increase over the program's FY2001-FY2006 authorization of \$10 million per year. The program encourages government agencies to award contracts to businesses located in areas that meet certain specific criteria concerning high unemployment rates or high housing costs.

Reauthorizing the Office of Veterans Business Development: The program is reauthorized at \$3 million for FY2008 and \$4 million for FY2009, and the program's mission is to "maximize the availability, applicability and usability of all administration small business programs for Veterans, Service-Disabled Veterans, Reserve Component Members, and their Dependents or Survivors."

Extending the authorization for the Advisory Committee on Veterans Business Affairs: The committee was established to "serve as an independent source of advice and policy recommendations concerning veterans' business affairs" and will be reauthorized through September 30, 2009.

Extending the authorization for the National Women's Business Council: The committee was established to "serve as an independent source of advice and policy recommendations on economic issues of importance to women business owners" and will be reauthorized through FY2009.

BACKGROUND

On October 10, 2006, President Bush signed the SBA Extension Act (HR 6159) into law (PL 109-316). This legislation allowed for the short-term authorization of all authorities and provisions under the Small Business Act and the Small Business Investment Act of 1958 until February 2, 2007 without any programmatic or funding changes. The previous authorization was set to expire on September 30, 2006. This bill is needed because there are several programs at the SBA that are funded totally by user fees and do not require an annual appropriation from Congress.

**Note: A Continuing Resolution (CR) was passed and signed into law prior to the President signing HR 6159 into law. This CR included the Small Business*

Administration (SBA) until HR 6159 was signed into law. Therefore, there was no period in which the programs and authorities of the SBA were not authorized.

During the 109th Congress, the House Small Business Committee held over 15 hearings in order to develop a long-term re-authorization of the Small Business Administration and its programs. During the 109th Congress, Representative Donald Manzullo (R-IL) introduced the Small Business Reauthorization Act of 2006 (HR 5352), which was not considered on the House floor. This legislation re-authorized all the programs at the SBA for four years -- from Fiscal Year 2007 to Fiscal Year 2010. This legislation also created several new initiatives, which were offset with spending cuts in other areas of the SBA, and elevated the head of the Office of International Trade to report directly to the Administrator of the SBA, to reflect the growing economic importance of small business exporters.

H.R. 434, Short Term Extension of the Small Business Administration passed in the House of Representatives by a vote of 413 - 2 ([Roll no. 28](#)), on January 17, 2007 and provided an extension of the authorities and provisions within the Small Business Act and the Small Business Investment Act of 1958 until December 31, 2007. H.R. 434 was a simple extension and did not make any funding or programmatic changes, and the corresponding Conference Report on H.R. 434 passed in the House by voice vote on February 7, 2007.

COST

The Congressional Budget Office (CBO) did not have a cost estimate of H.R. 3866 available at the time of publication.

STAFF CONTACT

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