

Today's legislation tackles one problem faced by small businesses preparing for the Y2K: access to capital. S. 314, the Small Business Year 2000 Readiness Act, would remedy this by providing greater flexibility through the 7(a) program to help businesses deal with their readiness. This legislation will also increase the number and amount of loans available to small businesses. Repayment of loans will be structured to help businesses with their cash flow and in their planning for the coming year.

Mr. Speaker, we should all take the threat that the Year 2000 problem poses to our small business community very seriously. We must continue to work together to make businesses aware of the need to prepare for Y2K, and we must continue finding ways to help small businesses become ready.

S. 314 is a step in that direction. I urge my colleagues to support this legislation.

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

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

Mr. Speaker, in closing, I would like to thank our distinguished ranking member, the gentlewoman from New York (Ms. VELÁZQUEZ), for her work on this legislation.

Mr. Speaker, this is the sixth piece of legislation that the Committee on Small Business has brought before this House in these first months of the 106th Congress. We have moved all these measures on a bipartisan basis and in fact, so far, Mr. Speaker, we have been able to move our legislative agenda on a bicameral basis.

I would like to thank all the members of the committee for making the past few months a success for the committee. I also want to thank the committee staff on both sides of the aisle that worked so effectively to help our committee accomplish its goals.

I do not normally thank staff in these kinds of debates, Mr. Speaker, but I think it is appropriate given the fine work so far. On the Democratic staff, I would like to thank George Randels, Catherine Cruz-Wojtasik, Michael Klier and Michael Day. On the Republican staff, I would like to thank Charles Rowe, Meredith Matty, Dwayne Andrews, Stephanie O'Donnell, Larry McCredy, Paul Denham and Harry Katrichis.

This is a very important piece of legislation, Mr. Speaker, to help our small business community in dealing with what could be a very significant problem. I urge the House to support it.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I rise to speak on behalf of this bill, which encourages our small businesses to address the Y2K computer problem. I support S. 314 as a necessary support tool for small businesses dealing with Y2K.

This bill requires the Small Business Administration (SBA) to establish a new loan program that would give small businesses, who often do not have a great deal of money for capital investment, the opportunity to address the Y2K conversion in a responsible manner.

The Administration has gone through great pains to work through the Y2K bug, and to make sure that the United States survives the transition to next year with minimal discomfort. Among the programs that the Administration has created are several instituted by the SBA and the National Institute of Standards and Technology (NIST), which are aimed exclusively at getting small business on the track to Y2K Compliance.

These programs are vital in my district, and in areas throughout the country, where small businesses are responsible for providing many of the most important services to the community. In many urban neighborhoods, for instance, the largest grocery stores are the mom-and-pop shops on the corner—which would be called "convenience stores" in the suburbs. These small shops are, for many whom do not have cars or whom rely on public transportation, their only source for food and other necessary goods—and we simply cannot afford to have them shut down for any amount of time.

Most of the growth in our economy can be attributed to the revitalization of our small and medium-sized businesses, and we ought to ensure that no phenomenon, whether an act of God or the miscalculation of a computer designed decades ago, will curb that growth. I believe that this, simple bill, has the potential to do a great deal of good, and I, like my colleagues in the Senate, urge its passage.

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

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

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Missouri (Mr. TALENT) that the House suspend the rules and pass the Senate bill, S. 314.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the Senate bill was passed.

A motion to reconsider was laid on the table.

□ 1200

GENERAL LEAVE

Mr. TALENT. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on S. 314.

The SPEAKER pro tempore (Mr. GOODLATTE). Is there objection to the request of the gentleman from Missouri?

There was no objection.

SMALL BUSINESS INVESTMENT IMPROVEMENT ACT OF 1999

Mr. TALENT. Mr. Speaker, I move to suspend the rules and concur in the Senate amendment to the bill (H.R. 68) to amend section 20 of the Small Business Act and make technical corrections in title III of the Small Business Investment Act.

The Clerk read as follows:

Senate amendment:

Strike out all after the enacting clause and insert:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Small Business Investment Improvement Act of 1999".

SEC. 2. SBIC PROGRAM.

(a) IN GENERAL.—Section 308(i)(2) of the Small Business Investment Act of 1958 (15 U.S.C. 687(i)(2)) is amended by adding at the end the following: "In this paragraph, the term 'interest' includes only the maximum mandatory sum, expressed in dollars or as a percentage rate, that is payable with respect to the business loan amount received by the small business concern, and does not include the value, if any, of contingent obligations, including warrants, royalty, or conversion rights, granting the small business investment company an ownership interest in the equity or increased future revenue of the small business concern receiving the business loan."

(b) FUNDING LEVELS.—Section 20 of the Small Business Act (15 U.S.C. 631 note) is amended—

(1) in subsection (d)(1)(C)(i), by striking "\$800,000,000" and inserting "\$1,200,000,000"; and

(2) in subsection (e)(1)(C)(i), by striking "\$900,000,000" and inserting "\$1,500,000,000".

(c) DEFINITIONS.—

(1) SMALL BUSINESS CONCERN.—Section 103(5) of the Small Business Investment Act of 1958 (15 U.S.C. 662(5)) is amended—

(A) by redesignating subparagraphs (A) through (C) as clauses (i) through (iii), and indenting appropriately;

(B) in clause (iii), as redesignated, by adding "and" at the end;

(C) by striking "purposes of this Act, an investment" and inserting the following: "purposes of this Act—

"(A) an investment"; and

(D) by adding at the end the following:

"(B) in determining whether a business concern satisfies net income standards established pursuant to section 3(a)(2) of the Small Business Act, if the business concern is not required by law to pay Federal income taxes at the enterprise level, but is required to pass income through to the shareholders, partners, beneficiaries, or other equitable owners of the business concern, the net income of the business concern shall be determined by allowing a deduction in an amount equal to the sum of—

"(i) if the business concern is not required by law to pay State (and local, if any) income taxes at the enterprise level, the net income (determined without regard to this subparagraph), multiplied by the marginal State income tax rate (or by the combined State and local income tax rates, as applicable) that would have applied if the business concern were a corporation; and

"(ii) the net income (so determined) less any deduction for State (and local) income taxes calculated under clause (i), multiplied by the marginal Federal income tax rate that would have applied if the business concern were a corporation;"

(2) SMALLER ENTERPRISE.—Section 103(12)(A)(ii) of the Small Business Investment Act of 1958 (15 U.S.C. 662(12)(A)(ii)) is amended by inserting before the semicolon at the end the following: "except that, for purposes of this clause, if the business concern is not required by law to pay Federal income taxes at the enterprise level, but is required to pass income through to the shareholders, partners, beneficiaries, or other equitable owners of the business concern, the net income of the business concern shall be determined by allowing a deduction in an amount equal to the sum of—

"(I) if the business concern is not required by law to pay State (and local, if any) income taxes at the enterprise level, the net income (determined without regard to this clause), multiplied by the marginal State income tax rate (or by the combined State and local income tax rates, as applicable) that would have applied if the business concern were a corporation; and

"(II) the net income (so determined) less any deduction for State (and local) income taxes calculated under subclause (I), multiplied by the