

NATIONAL SMALL BUSINESS REGULATORY ASSISTANCE
ACT OF 2000

SEPTEMBER 21, 2000.—Committed to the Committee of the Whole House on the
State of the Union and ordered to be printed

Mr. TALENT, from the Committee on Small Business,
submitted the following

R E P O R T

[To accompany H.R. 4946]

[Including cost estimate of the Congressional Budget Office]

The Committee on Small Business, to whom was referred the bill (H.R. 4946) 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, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION. 1. SHORT TITLE.

This Act may be cited as the “National Small Business Regulatory Assistance Act of 2000”.

SEC. 2. PURPOSE.

The purpose of this Act is to establish a pilot program to—

- (1) provide confidential assistance to small business concerns;
- (2) provide small business concerns with the information necessary to improve their rate of compliance with Federal regulations;
- (3) create a partnership among Federal agencies to increase outreach efforts to small business concerns with respect to regulatory compliance;
- (4) provide a mechanism for unbiased feedback to Federal agencies on the regulatory environment for small business concerns; and
- (5) utilize the service delivery network of Small Business Development Centers to improve access of small business concerns to programs to assist them with regulatory compliance.

SEC. 3. SMALL BUSINESS REGULATORY ASSISTANCE PILOT PROGRAM.

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

- (1) by redesignating section 34 as section 35; and
- (2) by inserting after section 33 the following new section:

“SEC. 34. SMALL BUSINESS REGULATORY ASSISTANCE PILOT PROGRAM.

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

“(1) **ASSOCIATION.**—The term ‘Association’ means the association, established pursuant to section 21(a)(3)(A), representing a majority of Small Business Development Centers.

“(2) **PARTICIPATING SMALL BUSINESS DEVELOPMENT CENTER.**—The term ‘participating Small Business Development Center’ means a Small Business Development Center selected to participate in the pilot program established under this section.

“(3) **REGULATORY COMPLIANCE ASSISTANCE.**—The term ‘regulatory compliance assistance’ means assistance provided by a Small Business Development Center to a small business concern to enable the concern to comply with Federal regulatory requirements.

“(4) **SMALL BUSINESS DEVELOPMENT CENTER.**—The term ‘Small Business Development Center’ means a Small Business Development Center described in section 21.

“(5) **STATE.**—The term ‘State’ means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, and Guam.

“(b) **AUTHORITY.**—In accordance with this section, the Administrator of the Small Business Administration shall establish a pilot program to provide regulatory compliance assistance to small business concerns through participating Small Business Development Centers, the Association, and Federal compliance partnership programs.

“(c) **SMALL BUSINESS DEVELOPMENT CENTERS.**—

“(1) **IN GENERAL.**—In carrying out the pilot program under this section, the Administrator shall enter into arrangements with participating Small Business Development Centers under which such centers will provide—

“(A) access to information and resources, including current Federal and State nonpunitive compliance and technical assistance programs similar to those established under section 507 of the Clean Air Act Amendments of 1990;

“(B) training and educational activities;

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

“(D) technical assistance.

“(2) **QUARTERLY REPORTS.**—

“(A) **IN GENERAL.**—The Administrator shall require that each participating Small Business Development Center transmit to the Association a quarterly report that includes—

“(i) a summary of the regulatory compliance assistance provided by the center under the pilot program; and

“(ii) any data and information obtained by the center from a Federal agency regarding regulatory compliance that the agency intends to be disseminated to small business concerns.

“(B) **FORM.**—Each report referred to in subparagraph (A) shall be transmitted to the Association in electronic form.

“(C) **INTERIM REPORTS.**—During any time period falling between the transmittal of quarterly reports, a participating Small Business Development Center may transmit to the Association any interim report containing data or information considered by the center to be necessary or useful.

“(D) **LIMITATION ON DISCLOSURE REQUIREMENTS.**—The Administrator may not require a Small Business Development Center to disclose the name or address of any small business concern that received or is receiving assistance under the pilot program, except that the Administrator shall require such a disclosure if ordered to do so by a court in any civil or criminal enforcement action commenced by a Federal or State agency.

“(d) **ASSOCIATION OF SMALL BUSINESS DEVELOPMENT CENTERS.**—

“(1) **IN GENERAL.**—In carrying out the pilot program under this section, the Administrator, acting through the Office of Small Business Development Centers (or any successor to such office), shall enter into a contract with the Association under which the Association will—

“(A) act as the repository of and clearinghouse for data and information submitted by Small Business Development Centers; and

“(B) transmit an annual report to the President, the Small Business and Agriculture Regulatory Enforcement Ombudsman described in section 30(b),

and to the Committees on Small Business of the Senate and House of Representatives, which report shall include—

“(i) a description of the types of assistance provided by participating Small Business Development Centers under the pilot program;

“(ii) data regarding the number of small business concerns that contacted participating Small Business Development Centers regarding assistance under the pilot program;

“(iii) data regarding the number of small business concerns assisted by participating Small Business Development Centers under the pilot program;

“(iv) data and information regarding outreach activities conducted by participating Small Business Development Centers under the pilot program, including any activities conducted in partnership with Federal agencies;

“(v) data and information regarding each case known to the Association in which 1 or more Small Business Development Centers offered conflicting advice or information regarding compliance with a Federal regulation to 1 or more small business concerns; and

“(vi) any recommendations for improvements in the regulation of small business concerns; and

“(C) not later than 3 years after the establishment of the pilot program, transmit to the recipients referred to in subparagraph (B) a report containing an evaluation of the pilot program and any recommendations as to whether the pilot program, with or without modification, should be extended to include the participation of all Small Business Development Centers.

“(e) SELECTION OF PARTICIPATING CENTERS.—In consultation with the Association and giving substantial weight to the Association’s recommendations, the Administrator shall select 2 Small Business Development Centers from each of the following groups of States to participate in the pilot program under this section, except that the Administrator may not select 2 Small Business Development Centers from the same state:

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

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

“(3) Group 3: Pennsylvania, Maryland, West Virginia, Virginia, the District of Columbia, and Delaware.

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

“(5) Group 5: Illinois, Ohio, Michigan, Indiana, Wisconsin, and Minnesota.

“(6) Group 6: Texas, New Mexico, Arkansas, Oklahoma, and Louisiana.

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

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

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

“(10) Group 10: Washington, Alaska, Idaho, and Oregon.”.

SEC. 4. PROMULGATION OF REGULATIONS.

Not later than 180 days after the date of enactment of this Act, the Administrator shall promulgate regulations, after providing an opportunity for notice and comment, to carry out this Act.

The purpose of H.R. 4946, the “National Small Business Regulatory Assistance Act of 2000,” is to utilize existing Small Business Administration infrastructure to provide regulatory compliance assistance to small business. The United States Small Business Administration oversees the operations of Small Business Development Centers. Located in every state, these centers are associated with colleges and universities and provide operational assistance to small business owners. They are not specifically designated to provide regulatory compliance assistance even though these centers might have access to significant experts on a variety of regulatory compliance matters throughout the university or college.

The bill mandates that the Administrator of the United States Small Business Administration establish a pilot project in which twenty small business development centers will be selected to test

whether the centers would be a vehicle for providing regulatory compliance assistance to small business owners. It is the expectation of the Committee that the program should be expanded to include all small business development centers should be the pilot program prove successful.

NEED FOR LEGISLATION

During the past twenty years, the Federal Register—the compendium of federal regulatory initiatives and changes—ballooned from 42,000 pages to a record 73,879 pages in 1999. This crush of federal dictates is particularly troubling to small businesses who find it increasingly difficult to meet these burgeoning regulatory requirements while at the same time trying to successfully operate their businesses in an expanding competitive global environment. Often, small business owners do not learn about their failure to comply with a regulation or that a new regulatory requirement has been imposed until an inspector or auditor walks through the door.

The result is neither beneficial to the small business owner nor the federal government. Federal regulations exist to achieve some statutory objective; noncompliance hinders the reaching of these statutory goals. Small business owners certainly would be more interested in complying with federal regulations than paying penalties and fines. However, the amount of information, including regulations and concomitant guidance, simply overwhelms small business owners.

In 1996, Congress took action in an effort to alleviate this problem. The Small Business Regulatory Enforcement Fairness Act provided that federal agencies are required to produce plain-English compliance guides for any regulation that would have a significant economic impact on a substantial number of small businesses. Of course, if small business owners do not know about the regulatory changes, the existence of such compliance guides does little to assist them. Some mechanism must exist to make small businesses more aware of their regulatory obligations.

Even more important than making small business aware of the regulations is providing them with assistance needed to understand and comply with the regulations. A regulation may only take up ten or eleven pages of text, but the explanation for what those ten or eleven pages mean may encompass as much as three hundred pages of dense, triple-columned, single-spaced pages in the Federal Register. Most small business owners do not have the time to go through this dense prolixity. And even if they did, they would not understand it unless they were knowledgeable in the field. The Committee believes that greater assistance must be provided to small business owners in helping them comply with complex regulatory issuances. Otherwise, a divide could develop between those businesses, usually large, with the resources to comply and those, usually small, without such resources. The small businesses will be at risk for penalties, fines, and audits while large businesses will not. A regulatory compliance assistance program operated through the small business development centers could provide substantial assistance in ensuring such a divide does not occur.

The Small Business Administration oversees a number of mechanisms for delivering advice to small business owners. One of the most effective is the Small Business Development Center program.

Operated in conjunction with colleges and universities, the small business development centers assist small businesses in solving problems concerning the operations, manufacturing, engineering, technology, exchange and development, personnel administration, marketing, sales, merchandising, finance, accounting, and business strategy development. The small business development centers utilize the resources and the expertise of colleges and universities. In addition, the small business development centers, like the Agricultural Extension Service, also provide a focal point for information retrieval, coordination of federal and state government services, and referral to experts. Historically, the small business development centers have focused on financial, management, and marketing activities of small businesses.

The Committee believes that small business development centers can provide an effective mechanism for dispensing regulatory compliance information and advice. However, regulatory compliance, unlike many of the other activities undertaken by the small business development centers, has significant legal consequences. Therefore, the Committee believes that a pilot program to examine how the regulatory compliance assistance will operate in selected small business development centers is a preferred strategy to simply authorizing all small business development centers to provide regulatory compliance assistance.

COMMITTEE ACTION

The Committee on Small Business held a field hearing to consider H.R. 296. The hearing was held on September 2, 1999 at the Columbia Greene Community College in Hudson, NY. During that hearing, small businesses testified concerning the complexity of federal regulations, their desire for better understanding of federal regulatory requirements, and the need for easy access to compliance assistance.

CONSIDERATION OF H.R. 4945

At 12:05 p.m. on July 27, 2000, the Committee on Small Business met to consider and report H.R. 4946. Following brief opening statement by Mr. Sweeney, the Chairman declared the bill open for amendment.

Mr. Sweeney introduced an amendment which was accepted by unanimous voice vote, a quorum being present. Chairman Talent then moved the bill be reported, and at 12:21 p.m. by unanimous voice vote, a quorum being present, the Committee passed H.R. 4946 and ordered it reported.

SECTION-BY-SECTION ANALYSIS

Section 1. Short title

Designates the bill as the “National Small Business Regulatory Assistance Act of 2000.”

Section 2. Purpose

This section expresses the purpose of the legislation—to establish a pilot project within certain Small Business Development Centers

to provide and coordinate regulatory compliance assistance to small businesses.

Section 3. Small Business Regulatory Assistance Pilot Program

This section establishes the pilot program by creating a new Section 34 of the Small Business Act.

Section 34(a)(1) defines the term “Association” to be the association established pursuant to Section 21 of the Small Business Act which represents the majority of small business development centers. That organization is the Association of Small Business Development Centers.

Section 34(a)(2) defines the term “Participating Small Business Development Center” as a small business development center selected to participate in the pilot program established under this section.

Section 34(a)(3) defines the term “Regulatory Compliance Assistance” as assistance provided by a participating small business development center to a small business concerning compliance with federal regulations.

Section 34(a)(4) defines the term “Small Business Development Center” as a small business development center described in section 21 of the Small Business Act.

Section 34(a)(5) defines the term “State” to include all fifty states and the District of Columbia, the Virgin Islands, and Guam.

Section 34(b) authorizes the Administrator of the Small Business Administration to establish a pilot program for selected small business development centers to provide small businesses with regulatory compliance assistance.

Section 34(c)(1) authorizes the Administrator to enter into arrangements with the small business development centers selected under this section for the provision of regulatory compliance assistance. The participating small business development centers are required to provide access to information and resources on regulatory compliance, including contact information for federal and state compliance and technical assistance similar to those established under section 507 of the Clean Air Act Amendments of 1990. Numerous other federal and state agencies have non-punitive compliance assistance programs and the Committee expects that the participating small business development centers will maintain all necessary contact information with those federal and state agencies.

Section 34(c)(1) also requires that the selected small business development centers establish various training and educational activities. The Committee expects that selected centers will utilize their contacts with federal and state agencies to obtain compliance pamphlets, videos, books, and any compliance guides issued pursuant to the Small Business Regulatory Enforcement Fairness Act. In addition, the Committee expects that participating centers will hold lectures and seminars on regulatory compliance including updates on compliance based on regulatory changes.

Section 34(c)(1) also mandates that the selected small business development centers provide confidential counseling on a one-on-one basis at no charge to small businesses seeking regulatory compliance assistance. The Committee recognizes that compliance with regulations inculcates legal rights and responsibilities of small

business owners. Therefore, section 34(c) prohibits any regulatory compliance counseling that would be considered the practice of law in the jurisdiction in which the small business development center is located or in which such counseling is conducted.

Section 34(c)(1) also requires the provision of technical assistance. Such counseling may include the arrangement of meetings with technical experts known to the participating small business development centers as long as such counseling again is done on a one-on-one basis at no charge to the small business. For example, the participating small business development center may arrange a meeting with a professor of engineering to discuss the best way that the particular small business might be able to comply with regulations promulgated pursuant to the Clean Water Act.

Section 34(c)(2) requires each participating center to file a quarterly report with the Association of Small Business Development Centers. The report shall provide a summary of the compliance assistance provided under the pilot program. The report also must contain any data and information obtained by the participating small business development center from a federal agency concerning compliance which the federal agency intends to be disseminated to small business concerns.

Section 34(c)(2) requires that reports be filed with the Association in an electronic format. The Committee expects the Administrator to promulgate regulations which will provide a consistent format of the report. The Committee believes that such consistency is necessary for the accurate compilation of data and proper assessment of the effectiveness of the pilot program.

Section 34(c)(2) also permits, but does not require, participating small business development centers to make interim reports if such reports are necessary or useful. For example, a participating small business development center may receive inconsistent compliance information from a federal agency. By alerting the Association prior to the issuance of the quarterly report, the federal agency may be able to issue a clarification that may eliminate confusion, save compliance costs, and improve small business compliance.

One of the critical concerns to small businesses is that discussions of compliance assistance could be revealed to federal agencies which would lead to fines and penalties. The Committee recognizes this and prohibits the disclosure of the names or addresses of any concern receiving compliance assistance under this pilot program unless the Administrator is ordered to make such disclosure pursuant to a court order or civil or criminal enforcement action commenced by a federal or state agency. The Committee expects that participating small business development centers will only respond to formal agency requests such as civil investigative demands, subpoenas, and the like. The Committee does not expect that the participating small business development centers will accede to simple verbal requests from federal or state agencies.

Section 34(d) requires the Administrator and the Association to enter into a contract for the Association to act as repository of data and information submitted by the participating small business development centers. The Committee believes that a central repository is necessary in order to determine whether federal agencies are providing consistent compliance information on a national basis.

Section 34(d) also requires that the Association transmit an annual report to the President, the Small Business and Agriculture Regulatory Enforcement Ombudsman, and the House and Senate Small Business Committees. The report will contain: (a) data on the types of information provided by the participating small business development centers; (b) the number of small businesses that contacted the participating small business development centers; (c) the number of small businesses assisted by participating small business development centers; (d) information on the outreach activities of the participating small business development centers; (e) information regarding each case known to the Association in which participating small business development centers provided conflicting advice regarding compliance with federal regulation to one or more small businesses; (f) and any recommendations for improving the regulatory environment of small businesses. The Committee believes that this information is necessary to properly evaluate the utility of the pilot program. More importantly, the report will reveal whether similarly situated small businesses are receiving consistent regulatory compliance assistance.

Section 34(d) also requires the Association to provide a report three years after the establishment of the pilot program evaluating the effectiveness of the program. The report also should contain any suggested modifications to the pilot program. Finally, the Association should provide its opinion concerning whether the program should be continued and expanded to include more small business development centers. It is the expectation of the Committee that the pilot program will be sufficiently successful to expand the program to other small business development centers.

Section 34(e) requires the Administrator to select two participating centers from each of the small Business Administration's ten federal regions as those regions exist on the date of enactment of this Act. The Administrator shall consult with the Association and give the Association's recommendations substantial weight. The Administrator is prohibited from selecting two small business development centers from the same state. The Committee expects that the selected development centers will be open to serve any small business located in that state.

Section 4. Promulgation of regulations

Section 4 authorizes the Administrator to promulgate regulations to implement this pilot program no later than 180 days after the enactment of the Act. Such regulations only shall be promulgated after the public has been given an opportunity for notice and comment. The Committee believes that the Administrator can and should accomplish the issuance of regulations within the deadline set by statute. The Committee considers this Act to be some other law for purposes of section 603 of Title 5 of the United States Code.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, September 13, 2000.

Hon. JAMES M. TALENT,
*Chairman, Committee on Small Business,
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 4946, the National Small Business Regulatory Assistance Act of 2000.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Mark Grabowicz.

Sincerely,

STEVEN LIEBERMAN
(For Dan L. Crippen, Director).

Enclosure.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

H.R. 4946—National Small Business Regulatory Assistance Act of 2000

CBO estimates that implementing H.R. 4946 would cost about \$1 million in fiscal year 2001 and about \$2 million in each year thereafter, assuming appropriation of the necessary funds. The bill would not affect direct spending or receipts, so pay-as-you-go procedures would not apply. H.R. 4946 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

H.R. 4946 would direct the Small Business Administration (SBA) to establish a pilot program to provide assistance to small businesses to comply with federal regulations. Under current law, the SBA partially funds Small Business Development Centers (SBDCs) that assist small businesses throughout the United States. Under the bill, the SBA would choose 20 of those SBDCs to participate in the pilot program. H.R. 4946 also would direct the SBA to contract with the Association of Small Business Development Centers, a private entity that represents most SBDCs, to serve as a clearinghouse for information gathered through the pilot program and to prepare annual reports that summarize the activities of the pilot program.

The SBA currently spends about \$80 million annually to help fund around 1,000 SBDCs. Based on information from the SBA and the association, we expect that implementing H.R. 4946 would require the hiring of one or two regulatory specialists for each of the 20 SBDCs in the pilot program and one person at the association to compile information from the pilot program. CBO estimates that the costs for these additional personnel would be about \$1 million in fiscal year 2001 and about \$2 million in each year thereafter, subject to the availability of appropriated funds.

The CBO staff contact is Mark Grabowicz. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

COMMITTEE ESTIMATE OF COSTS

Pursuant to the Congressional Budget Act of 1974, the Committee estimates that the amendments to the Small Business Act contained in H.R. 4946 will not significantly increase discretionary spending over the next five fiscal years. The Committee also estimates that H.R. 4946 will not affect direct spending. These estimates concur with Congressional Budget Office (CBO) estimates.

Furthermore, pursuant to clause 3(d)(2)(A) of rule XIII of the Rules of the House of Representatives, the Committee estimates that implementation of H.R. 4946 will not significantly increase other administrative costs.

OVERSIGHT FINDINGS

In accordance with clause 4(c)(2) of rule X of the Rules of the House of Representatives, the Committee states that no oversight findings or recommendations have been made by the Committee on Government Reform with respect to the subject matter contained in H.R. 4946.

In accordance with clause (2)(b)(1) of rule X of the Rules of the House of Representatives, the oversight findings and recommendations of the Committee on Small Business with respect to the subject matter contained in H.R. 4946 are incorporated into the descriptive portions of this report.

STATEMENT OF CONSTITUTIONAL AUTHORITY

Pursuant to clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, the Committee finds the authority for this legislation in Article I, Section 8, clause 18, of the Constitution of the United States.

COMPLIANCE WITH P.L. 104-4

H.R. 4946 contains no unfunded mandates.

CONGRESSIONAL ACCOUNTABILITY ACT

H.R. 4946 does not relate to the terms and conditions of employment or access to public services or accommodations with the meaning of section 102(b)(3) of P.L. 104-1.

FEDERAL ADVISORY COMMITTEE STATEMENT

This legislation does not establish or authorize the establishment of any new advisory committees.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

SECTION 34 OF THE SMALL BUSINESS ACT

SEC. 34. SMALL BUSINESS REGULATORY ASSISTANCE PILOT PROGRAM.

(a) *DEFINITIONS.—In this section, the following definitions apply:*

(1) *ASSOCIATION.—The term “Association” means the association, established pursuant to section 21(a)(3)(A), representing a majority of Small Business Development Centers.*

(2) *PARTICIPATING SMALL BUSINESS DEVELOPMENT CENTER.—The term “participating Small Business Development Center” means a Small Business Development Center selected to participate in the pilot program established under this section.*

(3) *REGULATORY COMPLIANCE ASSISTANCE.—The term “regulatory compliance assistance” means assistance provided by a Small Business Development Center to a small business concern to enable the concern to comply with Federal regulatory requirements.*

(4) *SMALL BUSINESS DEVELOPMENT CENTER.—The term “Small Business Development Center” means a Small Business Development Center described in section 21.*

(5) *STATE.—The term “State” means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, and Guam.*

(b) *AUTHORITY.—In accordance with this section, the Administrator of the Small Business Administration shall establish a pilot program to provide regulatory compliance assistance to small business concerns through participating Small Business Development Centers, the Association, and Federal compliance partnership programs.*

(c) *SMALL BUSINESS DEVELOPMENT CENTERS.—*

(1) *IN GENERAL.—In carrying out the pilot program under this section, the Administrator shall enter into arrangements with participating Small Business Development Centers under which such centers will provide—*

(A) *access to information and resources, including current Federal and State nonpunitive compliance and technical assistance programs similar to those established under section 507 of the Clean Air Act Amendments of 1990;*

(B) *training and educational activities;*

(C) *confidential, free-of-charge, one-on-one, in-depth counseling to the owners and operators of small business concerns regarding compliance with Federal regulations, provided that such counseling is not considered to be the practice of law in a State in which a Small Business Development Center is located or in which such counseling is conducted; and*

(D) *technical assistance.*

(2) *QUARTERLY REPORTS.—*

(A) *IN GENERAL.—The Administrator shall require that each participating Small Business Development Center transmit to the Association a quarterly report that includes—*

(i) *a summary of the regulatory compliance assistance provided by the center under the pilot program; and*

(ii) any data and information obtained by the center from a Federal agency regarding regulatory compliance that the agency intends to be disseminated to small business concerns.

(B) *FORM.*—Each report referred to in subparagraph (A) shall be transmitted to the Association in electronic form.

(C) *INTERIM REPORTS.*—During any time period falling between the transmittal of quarterly reports, a participating Small Business Development Center may transmit to the Association any interim report containing data or information considered by the center to be necessary or useful.

(D) *LIMITATION ON DISCLOSURE REQUIREMENTS.*—The Administrator may not require a Small Business Development Center to disclose the name or address of any small business concern that received or is receiving assistance under the pilot program, except that the Administrator shall require such a disclosure if ordered to do so by a court in any civil or criminal enforcement action commenced by a Federal or State agency.

(d) *ASSOCIATION OF SMALL BUSINESS DEVELOPMENT CENTERS.*—

(1) *IN GENERAL.*—In carrying out the pilot program under this section, the Administrator, acting through the Office of Small Business Development Centers (or any successor to such office), shall enter into a contract with the Association under which the Association will—

(A) act as the repository of and clearinghouse for data and information submitted by Small Business Development Centers; and

(B) transmit an annual report to the President, the Small Business and Agriculture Regulatory Enforcement Ombudsman described in section 30(b), and to the Committees on Small Business of the Senate and House of Representatives, which report shall include—

(i) a description of the types of assistance provided by participating Small Business Development Centers under the pilot program;

(ii) data regarding the number of small business concerns that contacted participating Small Business Development Centers regarding assistance under the pilot program;

(iii) data regarding the number of small business concerns assisted by participating Small Business Development Centers under the pilot program;

(iv) data and information regarding outreach activities conducted by participating Small Business Development Centers under the pilot program, including any activities conducted in partnership with Federal agencies;

(v) data and information regarding each case known to the Association in which 1 or more Small Business Development Centers offered conflicting advice or information regarding compliance with a Federal regulation to 1 or more small business concerns; and

(vi) any recommendations for improvements in the regulation of small business concerns; and

(C) not later than 3 years after the establishment of the pilot program, transmit to the recipients referred to in subparagraph (B) a report containing an evaluation of the pilot program and any recommendations as to whether the pilot program, with or without modification, should be extended to include the participation of all Small Business Development Centers.

(e) *SELECTION OF PARTICIPATING CENTERS.*—In consultation with the Association and giving substantial weight to the Association's recommendations, the Administrator shall select 2 Small Business Development Centers from each of the following groups of States to participate in the pilot program under this section, except that the Administrator may not select 2 Small Business Development Centers from the same state:

(1) Group 1: Maine, Massachusetts, New Hampshire, Connecticut, Vermont, and Rhode Island.

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

(3) Group 3: Pennsylvania, Maryland, West Virginia, Virginia, the District of Columbia, and Delaware.

(4) Group 4: Georgia, Alabama, North Carolina, South Carolina, Mississippi, Florida, Kentucky, and Tennessee.

(5) Group 5: Illinois, Ohio, Michigan, Indiana, Wisconsin, and Minnesota.

(6) Group 6: Texas, New Mexico, Arkansas, Oklahoma, and Louisiana.

(7) Group 7: Missouri, Iowa, Nebraska, and Kansas.

(8) Group 8: Colorado, Wyoming, North Dakota, South Dakota, Montana, and Utah.

(9) Group 9: California, Guam, Hawaii, Nevada, and Arizona.

(10) Group 10: Washington, Alaska, Idaho, and Oregon.