

107TH CONGRESS  
1ST SESSION

# S. 1493

To forgive interest payments for a 2-year period on certain disaster loans to small business concerns in the aftermath of the terrorist attacks perpetrated against the United States on September 11, 2001, to amend the Internal Revenue Code of 1986 to provide tax relief for small business concerns, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

OCTOBER 3, 2001

Mr. BOND introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To forgive interest payments for a 2-year period on certain disaster loans to small business concerns in the aftermath of the terrorist attacks perpetrated against the United States on September 11, 2001, to amend the Internal Revenue Code of 1986 to provide tax relief for 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,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Small Business Leads to Economic Recovery Act of  
6 2001”.

1 (b) TABLE OF CONTENTS.—The table of contents for  
 2 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—SMALL BUSINESS EMERGENCY LOAN ASSISTANCE

Sec. 101. Short title.

Sec. 102. Definitions.

Sec. 103. Deferment of disaster loan payments.

Sec. 104. Refinancing existing disaster loans.

Sec. 105. Emergency relief loan program.

Sec. 106. Economic recovery loan and financing programs.

TITLE II—SMALL BUSINESS TAX PROVISIONS FOR ECONOMIC  
 STIMULUS

Sec. 201. Amendment of 1986 Code.

Sec. 202. Increase in expense treatment of certain depreciable business assets  
 for small businesses.

Sec. 203. Expensing of computer software.

Sec. 204. Modification of depreciation rules for computers and software.

Sec. 205. Adjustments to depreciation limits for business vehicles.

Sec. 206. Increased deduction for business meal expenses.

Sec. 207. Modification of unrelated business income limitation on investment in  
 certain debt-financed properties.

Sec. 208. Repeal of alternative minimum tax on individuals.

Sec. 209. Exemption from alternative minimum tax for small corporations.

TITLE III—SMALL BUSINESS PROCUREMENTS

Sec. 301. Expansion of opportunity for small businesses to be awarded depart-  
 ment of defense contracts for architectural and engineering  
 services and construction design.

Sec. 302. Procurements of property and services in amounts not in excess of  
 \$100,000 from small businesses.

Sec. 303. Sole source procurements of property and services under the 2001  
 Emergency Supplemental Appropriations Act for Recovery  
 From and Response To Terrorist Attacks on the United  
 States.

3 **TITLE I—SMALL BUSINESS**  
 4 **EMERGENCY LOAN ASSISTANCE**

5 **SEC. 101. SHORT TITLE.**

6 This title may be cited as the “Small Business Emer-  
 7 gency Loan Assistance Act of 2001”.

8 **SEC. 102. DEFINITIONS.**

9 In this title—

1           (1) the term “Administration” means the Small  
2 Business Administration;

3           (2) the term “covered loan” means a loan made  
4 by the Administration to a small business concern—

5                 (A) under section 7(b) of the Small Busi-  
6 ness Act (15 U.S.C. 636(b)); and

7                 (B) located in an area which the President  
8 has designated as a disaster area as a result of  
9 the terrorist attacks perpetrated against the  
10 United States on September 11, 2001; and

11           (3) the term “small business concern” has the  
12 same meaning as in section 3 of the Small Business  
13 Act (15 U.S.C. 632).

14 **SEC. 103. DEFERMENT OF DISASTER LOAN PAYMENTS.**

15           (a) IN GENERAL.—Notwithstanding any other provi-  
16 sion of law, payments of principal or interest on a covered  
17 loan shall be deferred, and no interest shall accrue with  
18 respect to a covered loan, during the 2-year period fol-  
19 lowing the date of issuance of the covered loan.

20           (b) RESUMPTION OF PAYMENTS.—At the end of the  
21 2-year period described in subsection (a), the payment of  
22 periodic installments of principal and interest shall be re-  
23 quired with respect to a covered loan, in the same manner  
24 and subject to the same terms and conditions as would

1 otherwise be applicable to a loan made under section 7(b)  
2 of the Small Business Act (15 U.S.C. 636(b)).

3 **SEC. 104. REFINANCING EXISTING DISASTER LOANS.**

4 (a) IN GENERAL.—Any loan made under section 7(b)  
5 of the Small Business Act (15 U.S.C. 636(b)) that was  
6 outstanding as to principal or interest on September 11,  
7 2001, may be refinanced by a small business concern that  
8 is also eligible to receive a covered loan under this Act,  
9 and the refinanced amount shall be considered to be part  
10 of the covered loan for purposes of this title.

11 (b) NO AFFECT ON ELIGIBILITY.—A refinancing  
12 under subsection (a) by a small business concern shall be  
13 in addition to any covered loan eligibility for that small  
14 business concern under this title.

15 **SEC. 105. EMERGENCY RELIEF LOAN PROGRAM.**

16 (a) BUSINESS LOAN AUTHORITY.—Section 7(a) of  
17 the Small Business Act (15 U.S.C. 636(a)) is amended  
18 by adding at the end the following:

19 “(31) TEMPORARY LOAN AUTHORITY FOL-  
20 LOWING TERRORIST ATTACKS.—

21 “(A) IN GENERAL.—During the 1-year pe-  
22 riod beginning on the date of enactment of this  
23 paragraph, the Administration may make loans  
24 under this subsection to a small business con-  
25 cern that has suffered, or that is likely to suf-

1           fer, significant economic injury as a result of  
2           the terrorist attacks perpetrated against the  
3           United States on September 11, 2001.

4           “(B) LOAN TERMS.—With respect to a  
5           loan under this paragraph—

6                   “(i) for purposes of paragraph (2)(A),  
7                   participation by the Administration shall  
8                   be equal to 95 percent of the balance of  
9                   the financing outstanding at the time of  
10                  disbursement of the loan;

11                  “(ii) no fee may be required or  
12                  charged under paragraph (18);

13                  “(iii) the applicable rate of interest  
14                  shall not exceed a rate that is one percent-  
15                  age point above the prime rate as pub-  
16                  lished in a national financial newspaper  
17                  published each business day;

18                  “(iv) no such loan shall be made if the  
19                  total amount outstanding and committed  
20                  (by participation or otherwise) to the bor-  
21                  rower under this paragraph would exceed  
22                  \$1,000,000;

23                  “(v) upon request of the borrower, re-  
24                  payment of principal due on a loan made  
25                  under this paragraph shall be deferred

1           during the 1-year period beginning on the  
2           date of issuance of the loan; and

3                   “(vi) the repayment period shall not  
4           exceed 7 years, including any period of  
5           deferment under clause (v).

6                   “(C) APPLICABILITY.—The loan terms de-  
7           scribed in subparagraph (B) shall apply to a  
8           loan under this paragraph notwithstanding any  
9           other provision of this subsection, and except as  
10          specifically provided in this paragraph, a loan  
11          under this paragraph shall otherwise be subject  
12          to the same terms and conditions as any other  
13          loan under this subsection.

14                   “(D) SIGNIFICANT ECONOMIC INJURY.—In  
15          this paragraph, the term ‘substantial economic  
16          injury’ means an economic harm to a small  
17          business concern that results in the inability of  
18          the small business concern—

19                           “(i) to meet its obligations as they  
20                           mature;

21                           “(ii) to pay its ordinary and necessary  
22                           operating expenses; or

23                           “(iii) to market, produce, or provide a  
24                           product or service ordinarily marketed,

1                   produced, or provided by the business con-  
2                   cern.”.

3 **SEC. 106. ECONOMIC RECOVERY LOAN AND FINANCING**  
4 **PROGRAMS.**

5           (a) ONE-YEAR SUSPENSION OF SECTION 7(a)  
6 FEES.—Section 7(a)(18) of the Small Business Act (15  
7 U.S.C. 636(a)(18)) is amended by adding at the end the  
8 following:

9                   “(C) ONE-YEAR WAIVER OF FEES FOL-  
10                   LOWING TERRORIST ATTACKS.—No fee may be  
11                   collected or charged, and no fee shall accrue  
12                   under this paragraph during the 1-year period  
13                   beginning on the date of enactment of the  
14                   Small Business Terrorism Relief and Economic  
15                   Stimulus Act of 2001.”.

16           (b) ONE-YEAR INCREASE IN PARTICIPATION LEV-  
17 ELS.—Section 7(a)(2) of the Small Business Act (15  
18 U.S.C. 636(a)(2)) is amended—

19                   (1) in subparagraph (A), by striking “subpara-  
20                   graph (B)” and inserting “subparagraphs (B) and  
21                   (E)”;

22                   (2) by adding at the end the following:

23                   “(E) TEMPORARY PARTICIPATION LEVELS  
24                   FOLLOWING TERRORIST ATTACKS.—During the  
25                   1-year period beginning on the date of enact-

1           ment of the Small Business Terrorism Relief  
2           and Economic Stimulus Act of 2001, clauses (i)  
3           and (ii) of subparagraph (A) shall be construed  
4           to read as follows:

5                   “(i) 85 percent of the balance of the  
6                   financing outstanding at the time of dis-  
7                   bursement of the loan, if such balance ex-  
8                   ceeds \$150,000; or

9                   “(ii) 90 percent of the balance of the  
10                  financing outstanding at the time of dis-  
11                  bursement of the loan, if such balance is  
12                  less than or equal to \$150,000.’”.

13           (c) ONE-YEAR SUSPENSION OF OTHER FEES.—Sec-  
14           tion 503 of the Small Business Investment Act of 1958  
15           (15 U.S.C. 697) is amended—

16                   (1) in subsection (b)(7)(A), by striking “which  
17                   amount shall” and inserting “which amount shall  
18                   not be assessed or collected, and no amount shall ac-  
19                   crue, during the 1-year period beginning on the date  
20                   of enactment of the Small Business Terrorism Relief  
21                   and Economic Stimulus Act of 2001, and which  
22                   amount shall otherwise”; and

23                   (2) in subsection (d)(2), by adding at the end  
24                   the following: “No fee may be assessed or collected  
25                   under this paragraph, and no fee shall accrue, dur-

1       ing the 1-year period beginning on the date of enact-  
2       ment of the Small Business Terrorism Relief and  
3       Economic Stimulus Act of 2001.”.

4       **TITLE II—SMALL BUSINESS TAX**  
5       **PROVISIONS FOR ECONOMIC**  
6       **STIMULUS**

7       **SEC. 201. AMENDMENT OF 1986 CODE.**

8       Except as otherwise expressly provided, whenever in  
9       this title an amendment or repeal is expressed in terms  
10      of an amendment to, or repeal of, a section or other provi-  
11      sion, the reference shall be considered to be made to a  
12      section or other provision of the Internal Revenue Code  
13      of 1986.

14      **SEC. 202. INCREASE IN EXPENSE TREATMENT OF CERTAIN**  
15                   **DEPRECIABLE BUSINESS ASSETS FOR SMALL**  
16                   **BUSINESSES.**

17      (a) IN GENERAL.—Section 179(b)(1) (relating to dol-  
18      lar limitation) is amended to read as follows:

19                   “(1) DOLLAR LIMITATION.—

20                           “(A) IN GENERAL.—The aggregate cost  
21                           which may be taken into account under sub-  
22                           section (a) for any taxable year shall not exceed  
23                           \$100,000.

24                           “(B) INFLATION ADJUSTMENT.—In the  
25                           case of any taxable year beginning in a calendar

1 year after 2001, the dollar amount contained in  
2 subparagraph (A) shall be increased by an  
3 amount equal to—

4 “(i) such dollar amount, multiplied by  
5 “(ii) the cost-of-living adjustment de-  
6 termined under section 1(f)(3) for the cal-  
7 endar year in which the taxable year be-  
8 gins, by substituting “calendar year 2000”  
9 for “calendar year 1992” in subparagraph  
10 (B) thereof.

11 If any amount as adjusted under this subpara-  
12 graph is not a multiple of \$1,000, such amount  
13 shall be rounded to the nearest multiple of  
14 \$1,000.”.

15 (b) EXPANSION OF PHASE-OUT OF LIMITATION.—

16 Section 179(b)(2) is amended to read as follows:

17 “(2) REDUCTION IN LIMITATION.—

18 “(A) IN GENERAL.—The limitation under  
19 paragraph (1) for any taxable year shall be re-  
20 duced (but not below zero) by the amount by  
21 which the cost of section 179 property for  
22 which a deduction is allowable (without regard  
23 to this subsection) under subsection (a) for  
24 such taxable year exceeds \$500,000.”

1           “(B) INFLATION ADJUSTMENT.—In the  
2 case of any taxable year beginning in a calendar  
3 year after 2001, the dollar amount contained in  
4 subparagraph (A) shall be increased by an  
5 amount equal to—

6                   “(i) such dollar amount, multiplied by

7                   “(ii) the cost-of-living adjustment de-  
8 termined under section 1(f)(3) for the cal-  
9 endar year in which the taxable year be-  
10 gins, by substituting “calendar year 2000”  
11 for “calendar year 1992” in subparagraph  
12 (B) thereof.

13           If any amount as adjusted under this subpara-  
14 graph is not a multiple of \$10,000, such  
15 amount shall be rounded to the nearest multiple  
16 of \$10,000.”.

17           (c) TIME OF DEDUCTION.—The second sentence of  
18 section 179(a) (relating to election to expense certain de-  
19 preciable business assets) is amended by inserting “(or,  
20 if the taxpayer elects, the preceding taxable year if the  
21 property was purchased in such preceding year)” after  
22 “service”.

23           (d) EFFECTIVE DATE.—The amendments made by  
24 this section shall apply to taxable years beginning after  
25 December 31, 2000.

1 **SEC. 203. EXPENSING OF COMPUTER SOFTWARE.**

2 (a) COMPUTER SOFTWARE ELIGIBLE FOR EXPENS-  
 3 ING.—The heading and first sentence of section 179(d)(1)  
 4 (relating to section 179 property) are amended to read as  
 5 follows:

6 “(1) SECTION 179 PROPERTY.—For purposes of  
 7 this section, the term ‘section 179 property’ means  
 8 property—

9 “(A) which is—

10 “(i) tangible property to which section  
 11 168 applies, or

12 “(ii) computer software (as defined in  
 13 section 197(e)(3)(B)) to which section 167  
 14 applies,

15 “(B) which is section 1245 property (as  
 16 defined in section 1245(a)(3)), and

17 “(C) which is acquired by purchase for use  
 18 in the active conduct of a trade or business.”.

19 (b) NO COMPUTER SOFTWARE INCLUDED AS SEC-  
 20 TION 197 INTANGIBLE.—

21 (1) IN GENERAL.—Section 197(e)(3)(A) is  
 22 amended to read as follows:

23 “(A) IN GENERAL.—Any computer soft-  
 24 ware.”.

25 (2) CONFORMING AMENDMENT.—Section  
 26 167(f)(1)(B) is amended by striking “; except that

1 such term shall not include any such software which  
 2 is an amortizable section 197 intangible”.

3 (c) EFFECTIVE DATE.—The amendments made by  
 4 this section shall apply to property placed in service after  
 5 December 31, 2000.

6 **SEC. 204. MODIFICATION OF DEPRECIATION RULES FOR**  
 7 **COMPUTERS AND SOFTWARE.**

8 (a) 2-YEAR APPLICABLE RECOVERY PERIOD FOR  
 9 DEPRECIATION OF COMPUTERS AND PERIPHERAL EQUIP-  
 10 MENT.—

11 (1) IN GENERAL.—Section 168(c) (relating to  
 12 applicable recovery period) is amended by adding at  
 13 the end the following flush sentence:

14 “In the case of 5-year property which is a computer or  
 15 peripheral equipment, the applicable recovery period shall  
 16 be 2 years.”.

17 (2) CONFORMING AMENDMENTS.—

18 (A) Section 168(g)(3)(C) (relating to alter-  
 19 native depreciation system for certain property)  
 20 is amended to read as follows:

21 “(C) QUALIFIED TECHNOLOGICAL EQUIP-  
 22 MENT.—

23 “(i) IN GENERAL.—Except as pro-  
 24 vided in clause (ii), in the case of any  
 25 qualified technological equipment, the re-

1 recovery period used for purposes of para-  
2 graph (2) shall be 5 years.

3 “(ii) COMPUTERS OR PERIPHERAL  
4 EQUIPMENT.—In the case of any computer  
5 or peripheral equipment, the recovery pe-  
6 riod used for purposes of paragraph (2)  
7 shall be 2 years.”.

8 (B) Section 168(j)(2) (relating to deprecia-  
9 tion of property on Indian reservations) is  
10 amended by adding at the end the following  
11 flush sentence:

12 “In the case of 5-year property which is a computer or  
13 peripheral equipment, the applicable recovery period shall  
14 be 1 year.”.

15 (C) Section 467(e)(3)(A) (relating to cer-  
16 tain payments for the use of property or serv-  
17 ices) is amended by adding at the end the fol-  
18 lowing flush sentence:

19 “In the case of 5-year property which is a computer or  
20 peripheral equipment, the applicable recovery period shall  
21 be 2 years.”.

22 (b) 2-YEAR DEPRECIATION PERIOD FOR COMPUTER  
23 SOFTWARE.—Section 167(f)(1)(A) of the Internal Rev-  
24 enue Code of 1986 is amended by striking “36 months”  
25 and inserting “24 months”.

1 (c) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to property placed in service after  
3 December 31, 2000.

4 **SEC. 205. ADJUSTMENTS TO DEPRECIATION LIMITS FOR**  
5 **BUSINESS VEHICLES.**

6 (a) IN GENERAL.—

7 (1) INCREASE IN LIMITATION.—Section  
8 280F(a)(1)(A) (relating to limitation on amount of  
9 depreciation for luxury automobiles) is amended—

10 (A) by striking “\$2,560” in clause (i) and  
11 inserting “\$5,400”;

12 (B) by striking “\$4,100” in clause (ii) and  
13 inserting “\$8,500”;

14 (C) by striking “\$2,450” in clause (iii) and  
15 inserting “\$5,100”; and

16 (D) by striking “\$1,475” in clause (iv) and  
17 inserting “\$3,000”.

18 (2) CONFORMING AMENDMENT.—Section  
19 280F(a)(1)(B)(ii) (relating to disallowed deductions  
20 allowed for years after recovery period) is amended  
21 by striking “\$1,475” each place that it appears and  
22 inserting “\$3,000”.

23 (b) EFFECTIVE DATE.—The amendments made by  
24 this section shall apply to property placed in service after  
25 December 31, 2000.

1 **SEC. 206. INCREASED DEDUCTION FOR BUSINESS MEAL EX-**  
 2 **PENSES.**

3 (a) IN GENERAL.—Section 274(n)(1) (relating to  
 4 only 50 percent of meal and entertainment expenses al-  
 5 lowed as deduction) is amended by striking “50 percent”  
 6 in the text and inserting “the allowable percentage”.

7 (b) ALLOWABLE PERCENTAGE.—Section 274(n) is  
 8 amended by redesignating paragraphs (2) and (3) as para-  
 9 graphs (3) and (4), respectively, and by inserting after  
 10 paragraph (1) the following new paragraph:

11 “(2) ALLOWABLE PERCENTAGE.—For purposes  
 12 of paragraph (1), the allowable percentage is—

13 “(A) in the case of amounts for items de-  
 14 scribed in paragraph (1)(B), 50 percent, and

15 “(B) in the case of expenses for food or  
 16 beverages, 100 percent.”.

17 (c) CLARIFICATION OF SPECIAL RULE FOR INDIVID-  
 18 UALS SUBJECT TO FEDERAL HOURS OF SERVICE.—Sec-  
 19 tion 274(n)(4) (relating to limited percentages of meal and  
 20 entertainment expenses allowed as deduction), as redesign-  
 21 ated by subsection (b), is amended to read as follows:

22 “(4) SPECIAL RULE FOR INDIVIDUALS SUBJECT  
 23 TO FEDERAL HOURS OF SERVICE.—In the case of  
 24 any expenses for food or beverages consumed while  
 25 away from home (within the meaning of section  
 26 162(a)(2)) by an individual during, or incident to,

1 the period of duty subject to the hours of service  
 2 limitations of the Department of Transportation,  
 3 paragraph (2)(B) shall apply to such expenses.”.

4 (d) CONFORMING AMENDMENT.—The heading for  
 5 subsection (n) of section 274 is amended by striking “50  
 6 PERCENT” and inserting “LIMITED PERCENTAGES”.

7 (e) EFFECTIVE DATE.—The amendments made by  
 8 this section shall apply to taxable years beginning after  
 9 December 31, 2000.

10 **SEC. 207. MODIFICATION OF UNRELATED BUSINESS IN-**  
 11 **COME LIMITATION ON INVESTMENT IN CER-**  
 12 **TAIN DEBT-FINANCED PROPERTIES.**

13 (a) IN GENERAL.—Section 514(c)(6) (relating to ac-  
 14 quisition indebtedness) is amended—

15 (1) by striking “include an obligation” and in-  
 16 serting “include—

17 “(A) an obligation”,

18 (2) by striking the period at the end and insert-  
 19 ing “, or”, and

20 (3) by adding at the end the following:

21 “(B) indebtedness incurred by a small  
 22 business investment company licensed under the  
 23 Small Business Investment Act of 1958 which  
 24 is evidenced by a debenture—

1 “(i) issued by such company under  
2 section 303(a) of such Act, or

3 “(ii) held or guaranteed by the Small  
4 Business Administration.”.

5 (b) EFFECTIVE DATE.—The amendments made by  
6 subsection (a) shall apply to acquisitions made on or after  
7 the date of the enactment of this Act.

8 **SEC. 208. REPEAL OF ALTERNATIVE MINIMUM TAX ON INDI-**  
9 **VIDUALS.**

10 (a) IN GENERAL.—

11 (1) REPEAL.—Section 55(a) (relating to alter-  
12 native minimum tax) is amended by adding at the  
13 end the following new flush sentence:

14 “For purposes of this title, the tentative minimum tax on  
15 any taxpayer other than a corporation for any taxable year  
16 beginning after December 31, 2000, shall be zero.”.

17 (2) NONREFUNDABLE PERSONAL CREDITS  
18 FULLY ALLOWED AGAINST REGULAR TAX LIABIL-  
19 ITY.—

20 (A) IN GENERAL.—Section 26(a) (relating  
21 to limitation based on amount of tax) is amend-  
22 ed to read as follows:

23 “(a) LIMITATION BASED ON AMOUNT OF TAX.—The  
24 aggregate amount of credits allowed by this subpart for

1 the taxable year shall not exceed the taxpayer's regular  
2 tax liability for the taxable year.”.

3 (B) CHILD CREDIT.—Section 24(d) is  
4 amended by striking paragraph (2) and by re-  
5 designating paragraph (3) as paragraph (2).

6 (b) EFFECTIVE DATE.—The amendments made by  
7 this section shall apply to taxable years beginning after  
8 December 31, 2000.

9 **SEC. 209. EXEMPTION FROM ALTERNATIVE MINIMUM TAX**  
10 **FOR SMALL CORPORATIONS.**

11 (a) IN GENERAL.—Section 55(e)(1)(A) (relating to  
12 exemption for small corporations) is amended to read as  
13 follows:

14 “(A) \$10,000,000 GROSS RECEIPTS  
15 TEST.—The tentative minimum tax of a cor-  
16 poration shall be zero for any taxable year if  
17 the corporation's average annual gross receipts  
18 for all 3-taxable-year periods ending before such  
19 taxable year does not exceed \$10,000,000. For  
20 purposes of the preceding sentence, only taxable  
21 years beginning after December 31, 1997, shall  
22 be taken into account.”.

23 (b) GROSS RECEIPTS TEST FOR FIRST 3-YEAR PE-  
24 RIOD.—Section 55(e)(1)(B) is amended to read as follows:

1           “(B) \$7,500,000 GROSS RECEIPTS TEST  
2           FOR FIRST 3-YEAR PERIOD.—Subparagraph (A)  
3           shall be applied by substituting ‘\$7,500,000’ for  
4           ‘\$10,000,000’ for the first 3-taxable-year period  
5           (or portion thereof) of the corporation which is  
6           taken into account under subparagraph (A).”.

7           (c) EFFECTIVE DATE.—The amendments made by  
8           this section shall apply to taxable years beginning after  
9           December 31, 2000.

## 10           **TITLE III—SMALL BUSINESS** 11           **PROCUREMENTS**

### 12           **SEC. 301. EXPANSION OF OPPORTUNITY FOR SMALL BUSI-** 13           **NESSES TO BE AWARDED DEPARTMENT OF** 14           **DEFENSE CONTRACTS FOR ARCHITECTURAL** 15           **AND ENGINEERING SERVICES AND CON-** 16           **STRUCTION DESIGN.**

17           Section 2855(b)(2) of title 10, United States Code,  
18           is amended by striking “\$85,000” and inserting  
19           “\$300,000”.

### 20           **SEC. 302. PROCUREMENTS OF PROPERTY AND SERVICES IN** 21           **AMOUNTS NOT IN EXCESS OF \$100,000 FROM** 22           **SMALL BUSINESSES.**

23           (a) SMALL BUSINESS SET-ASIDES.—Section 15 of  
24           the Small Business Act (15 U.S.C. 644) is amended by  
25           adding at the end the following:

1       “(q) PROCUREMENTS OF PROPERTY AND SERVICES  
2 NOT IN EXCESS OF \$100,000.—

3           “(1) FEDERAL SUPPLY SCHEDULE ITEMS.—

4       The head of an agency procuring items listed on a  
5       Federal Supply Schedule in a total amount not in  
6       excess of \$100,000 shall procure the items from a  
7       small business.

8           “(2) OTHER PROPERTY AND SERVICES.—The  
9       head of an agency procuring property or services not  
10      listed on a Federal Supply Schedule in a total  
11      amount not in excess of \$100,000 shall procure the  
12      property or services from a small business registered  
13      on PRO-Net or the Centralized Contractor Registra-  
14      tion System. Competitive procedures shall be used in  
15      the selection of sources for procurements from small  
16      businesses under this subsection.”.

17      (b) PHASED IMPLEMENTATION.—

18           (1) FIRST 2 YEARS.—During the 2-year period  
19      beginning on the effective date determined under  
20      subsection (c), the requirement of subsection (q)(1)  
21      of section 15 of the Small Business Act (as added  
22      by subsection (a) of this section) shall apply with re-  
23      spect to 25 percent of the procurements described in  
24      that subsection (determined on the basis of amount),  
25      and the requirement in subsection (q)(2) of that sec-

1       tion shall apply with respect to 25 percent of the  
2       procurements described in subsection (q)(2) (deter-  
3       mined on the basis of amount).

4               (2) ENSUING 2 YEARS.—During the 2-year pe-  
5       riod beginning on the day after the expiration of the  
6       period described in paragraph (1), the requirement  
7       of subsection (q)(1) of section 15 of the Small Busi-  
8       ness Act (as added by subsection (a) of this section)  
9       shall apply with respect to 50 percent of the pro-  
10      curements described in that subsection (determined  
11      on the basis of amount), and the requirement in  
12      subsection (q)(2) of that section shall apply with re-  
13      spect to 50 percent of the procurements described in  
14      subsection (q)(2) (determined on the basis of  
15      amount).

16           (c) EFFECTIVE DATE.—Section 15(q) of the Small  
17      Business Act (as added by subsection (a) of this section)  
18      shall take effect on the first day of the first month that  
19      begins not less than 180 days after the date of enactment  
20      of this Act.

1 **SEC. 303. SOLE SOURCE PROCUREMENTS OF PROPERTY**  
2 **AND SERVICES UNDER THE 2001 EMERGENCY**  
3 **SUPPLEMENTAL APPROPRIATIONS ACT FOR**  
4 **RECOVERY FROM AND RESPONSE TO TER-**  
5 **RORIST ATTACKS ON THE UNITED STATES.**

6 Notwithstanding the provisions of sections  
7 8(a)(1)(D)(i)(II) and subclauses (I) and (II) of section  
8 31(b)(2)(A)(ii)( of the Small Business Act (15 U.S.C.  
9 637(a)(1)(D)(i)(II), 658(b)(2)(A)(ii)(I), and 658  
10 (b)(2)(A)(ii)(II), respectively), a contracting officer may  
11 award non-competitive contracts with the budget authority  
12 provided by the 2001 Emergency Supplemental Appro-  
13 priations Act for Recovery From and Response To Ter-  
14 rorist Attacks on the United States (Public Law 107–38)  
15 or by subsequent emergency appropriations bill adopted  
16 pursuant thereto, if—

17 (1) such contracts are to be awarded to an eli-  
18 gible Program Participant under section 8(a) or to  
19 a qualified HUBZone small business concern under  
20 section 3(p)(5) of the Small Business Act (15  
21 U.S.C. 637(a) and 632(p)(5)), and

22 (2) the head of the procuring agency certifies  
23 that the property or services needed by the agency  
24 are of such an unusual and compelling urgency that  
25 the United States would be seriously harmed by use  
26 of competitive procedures, pursuant to—

1 (A) section 2304(c)(2) of title 10, United  
2 States Code, or

3 (B) section 303(c)(2) of the Federal Prop-  
4 erty and Administrative Services Act of 1949  
5 (41 U.S.C. 253(c)(2)).

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