Public Law 95-89
95th Congress

An Act

To amend the Small Business Act and the Small Business Investment Act of 1958 to increase loan authorization and surety bond guarantee authority; and to improve the disaster assistance, certificate of competency and Small Business set-aside programs, and for other purposes.

Aug. 4, 1977
[H.R. 692]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Small Business Act and Small Business Investment Act of 1958, amendments.
15 USC 633.

TITLE I—AUTHORIZATIONS AND LIMITATIONS

SEC. 101. (a) Section 4(c)(1) of the Small Business Act is amended by striking out ", including administrative expenses in connection with such functions" following "7(g) of this Act" and by striking out ", including administrative expenses in connection with such functions" following "Small Business Investment Act of 1958".

(b) Section 4(c)(3) of such Act is amended by striking the last sentence.

(c) Section 4(c)(4) of such Act is repealed.

(d) Section 7(a)(8) of such Act is repealed.

(e) Section 7(g)(4) of such Act is repealed.

Repeals.
15 USC 636.

SEC. 102. Section 20 of the Small Business Act is amended to read as follows:

Appropriation authorization.
15 USC 631 note.

"SEC. 20. (a) There are hereby authorized to be appropriated such sums as may be necessary and appropriate to carry out the provisions and purposes of this Act other than those for which appropriations are specifically authorized.

"(b) The following program levels are authorized for fiscal year 1978:

"(1) For the programs authorized by section 7(a) of this Act, the Administration is authorized to make $400,000,000 in direct loans, $15,000,000 in immediate participation loans, and $3,000,000,000 in deferred participation loans.

"(2) For the programs authorized by section 7(h) of this Act, the Administration is authorized to make $30,000,000 in direct and immediate participation loans and $20,000,000 in guaranteed loans.

"(3) For the programs authorized by section 7(i) of this Act, the Administration is authorized to make $60,000,000 in direct and immediate participation loans and $81,000,000 in guaranteed loans.

"(4) For the programs authorized by sections 501 and 502 of the Small Business Investment Act of 1958, the Administration is authorized to make $45,000,000 in direct and immediate participation loans and $41,000,000 in guaranteed loans.

15 USC 695, 696.

"(5) For the programs authorized by title III of the Small Business Investment Act of 1958, the Administration is authorized to make $20,000,000 in direct purchase of debentures and preferred securities and to make $180,000,000 in guarantees of debentures.

15 USC 681.

"(6) For the programs authorized by part B of title IV of the Small Business Investment Act of 1958, the Administration is authorized to enter into guarantees not to exceed $2,000,000,000.

15 USC 694a.

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15 USC 636.

"(7) For the programs authorized by sections 7(b)(3), 7(b)(4) 7(b)(5), 7(b)(6), 7(b)(7), 7(b)(8), 7(b)(9), and 7(g) of this Act, the Administration is authorized to enter into $300,000,000 in loans, guarantees, and other obligations or commitments.

15 USC 694-1, 694-2.

"(8) For the programs authorized in sections 404 and 405 of the Small Business Investment Act of 1958, the Administration is authorized to enter into guarantees not to exceed $150,000,000.

"(9) There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes, except for administrative expenses, of sections 7(b)(1) and 7(b)(2) of this Act.

"(c) There are authorized to be appropriated to the Administration for fiscal year 1978, $1,400,000,000 to carry out the programs referred to in subsection (b), paragraphs (1) through (9). Of such sum, $47,100,000 shall be available for the purpose of carrying out the provisions of section 412 of the Small Business Investment Act of 1958, $4,000,000 shall be available for the purpose of carrying out the provisions of section 403 of the Small Business Investment Act of 1958, and $171,000,000 shall be available for salaries and expenses of the Administration, of which amount—

15 USC 694c.

15 USC 694.

"(1) $13,000,000 shall be available for procurement assistance, with priority given to developing a small business procurement source data bank and to employing additional procurement officers to increase the number and total value of set-asides, including those under section 8(a) of this Act;

15 USC 637.

"(2) $32,000,000 shall be available for management and technical assistance, with priority given to development of effective training programs and counseling services, development of small business development centers and development of an effective small business technology transfer program;

"(3) $6,000,000 shall be available for research and advocacy, with priority given to developing a small business economic data base, evaluating the required resources for a major small business economic research and analysis unit in the Administration, undertaking such economic research and analysis, representing the interests of small business within the Federal Government, and developing a small business ombudsman function to help solve small business problems that are caused by programs, regulations, or general activities of the Federal Government and of which no more than $60,000 can be used for the payment of travel and transportation of persons for the national, regional, and Small Business Investment Companies advisory council meetings;

"(4) $4,000,000 shall be available for the office of minority small business; and

"(5) $3,900,000 shall be available for data management with priority given to more effective and efficient utilization of existing data management resources of the Administration.

"(d) The Administrator may transfer no more than 10 percent of program levels for salaries and expenses authorized in paragraphs (1) through (5) of section 20(c) of this Act: *Provided, however*, That no program level authorized in such paragraphs may be increased more than 20 percent by any such transfers.

Ante, p. 553.

"(e) The following program levels are authorized for fiscal year 1979:

"(1) For the programs authorized by section 7(a) of this Act, the Administration is authorized to make $440,000,000 in direct loans, $17,000,000 in immediate participation loans, and $3,300,000,000 in deferred participation loans. 15 USC 636.

"(2) For the programs authorized by section 7(h) of this Act, the Administration is authorized to make $33,000,000 in direct and immediate participation loans and $22,000,000 in guaranteed loans.

"(3) For the programs authorized by section 7(i) of this Act, the Administration is authorized to make $66,000,000 in direct and immediate participation loans and $89,000,000 in guaranteed loans.

"(4) For the programs authorized by sections 501 and 502 of the Small Business Investment Act of 1958, the Administration is authorized to make $49,000,000 in direct and immediate participation loans and $45,000,000 in guaranteed loans. 15 USC 695, 696.

"(5) For the programs authorized by title III of the Small Business Investment Act of 1958, the Administration is authorized to make $22,000,000 in direct purchase of debentures and preferred securities and to make $198,000,000 in guarantees of debentures. 15 USC 681.

"(6) For the programs authorized by part B of title IV of the Small Business Investment Act of 1958, the Administration is authorized to enter into guarantees not to exceed $2,200,000,000. 15 USC 694a.

"(7) For the programs authorized by sections 7(b)(3), 7(b)(4), 7(b)(5), 7(b)(6), 7(b)(7), 7(b)(8), 7(b)(9), and 7(g) of this Act, the Administration is authorized to enter into $330,000,000 in loans, guarantees, and other obligations or commitments.

"(8) For the programs authorized in sections 404 and 405 of the Small Business Investment Act of 1958, the Administration is authorized to enter into guarantees not to exceed $300,000,000. 15 USC 694-1, 694-2.

"(9) There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes, except for administrative expenses, of sections 7(b)(1) and 7(b)(2) of this Act.

"(f) There are authorized to be appropriated to the Administration for fiscal year 1979, $1,565,000,000 to carry out the programs referred to in subsection (e), paragraphs (1) through (9). Of such sum, $52,100,000 shall be available for the purpose of carrying out the provisions of section 412 of the Small Business Investment Act of 1958, 15 USC 694c. $4,400,000 shall be available for the purpose of carrying out the provisions of section 403 of the Small Business Investment Act of 1958, 15 USC 694. and $188,000,000 shall be available for salaries and expenses of the Administration, of which amount—

"(1) $14,300,000 shall be available for procurement assistance, with priority given to developing a small business procurement source data bank and to employing additional procurement officers to increase the number and total value of set-asides, including those under section 8(a) of this Act; 15 USC 637.

"(2) $35,200,000 shall be available for management and technical assistance, with priority given to development of effective training programs and counseling services, development of small business development centers, and development of an effective small business technology transfer program;

"(3) $6,600,000 shall be available for research and advocacy, with priority given to developing a small business economic data base, evaluating the required resources for a major small business economic research and analysis unit in the Administration, under-

taking such economic research and analysis, representing the interests of small business within the Federal Government, and developing a small business ombudsman function to help solve small business problems that are caused by programs, regulations, or general activities of the Federal Government and of which no more that $66,000 can be used for the payment of travel and transportation of persons for the national, regional, and Small Business Investment Companies advisory council meetings;

"(4) $4,400,000 shall be available for the office of minority small business; and

"(5) $4,290,000 shall be available for data management with priority given to more effective and efficient utilization of existing data management resources of the Administration.

"(g) The Administrator may transfer no more than 10 percent of program levels for salaries and expenses authorized in paragraphs (1) through (5) of section 20(f) of this Act: *Provided, however*, That no program level authorized in such paragraphs may be increased more than 20 percent by any such transfers.".

Ante, p. 553.

Lease guarantees.
15 USC 694.

SEC. 103. Section 403 of the Small Business Investment Act of 1958 is amended to read as follows:

"FUND

"SEC. 403. There is hereby created within the Treasury a separate fund for guarantees which shall be available to the Administrator without fiscal year limitations as a revolving fund for the purposes of section 401. All amounts received by the Administrator, including any moneys, property, or assets derived by him from his operations in connection with section 401, shall be deposited in the fund. All expenses, excluding administrative expenses, pursuant to operations of the Administrator under section 401 shall be paid from the fund.".

15 USC 692.

15 USC 694-2.

SEC. 104. Section 405 of the Small Business Investment Act of 1958 is amended to read as follows:

"FUND

"SEC. 405. There is hereby created within the Treasury a separate fund for guarantees which shall be available to the Administrator without fiscal year limitations as a revolving fund for the purpose of section 404. All amounts received by the Administrator, including any moneys, property, or assets derived by him from his operations in connection with section 404 shall be deposited in the fund. All expenses and payments, excluding administrative expenses, pursuant to operations of the Administrator under section 404 shall be paid from the fund.".

15 USC 694-1.

15 USC 694c.

SEC. 105. Section 412 of the Small Business Investment Act of 1958 is amended to read as follows:

"FUND

"SEC. 412. There is hereby created within the Treasury a separate fund for guarantees which shall be available to the Administrator without fiscal year limitation as a revolving fund for the purposes of this part. All amounts received by the Administrator, including any moneys, property, or assets derived by him from his operations in connection with this part, shall be deposited in the fund. All expenses and payments, excluding administrative expenses, pursuant to operations of the Administrator under this part shall be paid from

the fund. Moneys in the fund not needed for the payment of current operating expenses or for the payment of claims arising under this part may be invested in bonds or other obligations of, or bonds or other obligations guaranteed as to principal and interest by, the United States; except that moneys provided as capital for the fund shall not be so invested.".

SEC. 106. This title shall become effective on October 1, 1977.

Effective date. 15 USC 633 note.

TITLE II—MISCELLANEOUS CONFORMING AND TECHNICAL AMENDMENTS

SEC. 201. Section 4(c)(2) of the Small Business Act is amended by striking out "and 7(c)(2)" and by inserting in lieu thereof "7(c)(2), and 7(g)".

15 USC 633.

SEC. 202. Sections 4(c)(5) and 4(c)(6) of the Small Business Act are redesignated as sections 4(c)(4) and 4(c)(5), respectively, and the new section 4(c)(4) is amended to read as follows:

"(4) The Administration shall submit to the Committees on Appropriations, Senate Select Committee on Small Business, and the Committee on Small Business of the House of Representatives, as soon as possible after the beginning of each calendar quarter, a full and complete report on the status of each of the funds established by paragraph (1). Business-type budgets for each of the funds established by paragraph (1) shall be prepared, transmitted to the Committees on Appropriations, the Senate Select Committee on Small Business, and the Committee on Small Business of the House of Representatives, and considered, and enacted in the manner prescribed by law (sections 102, 103, and 104 of the Government Corporation Control Act (31 U.S.C. 847-849)) for wholly owned Government corporations.".

Report to congressional committees.

Budgets, transmittal to congressional committees.

SEC. 203. Section 10(a) of the Small Business Act is amended by inserting "the Senate Select Committee on Small Business," after the clause "the President of the Senate,".

15 USC 639.

SEC. 204. Section 10(b) of the Small Business Act is amended by striking out "House Select Committee to Conduct a Study and Investigation of the Problems of Small Business" and by inserting in lieu thereof "Committee on Small Business of the House of Representatives".

Reporting requirements and agency cooperation.

SEC. 205. Section 10(c)(2) of the Small Business Act is amended by inserting ", the Senate Select Committee on Small Business" after the word "Congress".

SEC. 206. Section 10(d) of the Small Business Act is amended by inserting "the Senate Select Committee on Small Business," after the clause "the President of the Senate,".

SEC. 207. Section 10(e) of the Small Business Act is amended by striking out "House Select Committee To Conduct a Study and Investigation of the Problems of Small Business" and by inserting in lieu thereof "Committee on Small Business of the House of Representatives".

SEC. 208. Section 10(g) of the Small Business Act is amended by striking out "Committee on Banking, Housing and Urban Affairs of the Senate and the Committee on Banking and Currency of the House of Representatives" and inserting in lieu thereof "Senate Select Committee on Small Business and Committee on Small Business of the House of Representatives."

SEC. 209. Section 5316 of title 5, United States Code, is amended by striking from paragraph (11) the figure "(3)" and by inserting the figure "(4)".

15 USC 682.

SEC. 210. Section 302(b) of the Small Business Investment Act of 1958 is amended by inserting the word "and" between the words "capital" and "surplus".

SEC. 211. Section 10(a) of the Small Business Act (15 U.S.C. 639(a)) is amended by adding at the end thereof the following new sentence: "With respect to minority small business concerns, the report shall include the proportion of loans and other assistance under this Act provided to such concerns, the goals of the Administration for the next fiscal year with respect to such concerns, and recommendations for improving assistance to minority small business concerns under this Act.".

TITLE III—AMENDMENTS TO SMALL BUSINESS ADMINISTRATION LOAN AUTHORITY

SEC. 301. Section 7(a) of the Small Business Act (15 U.S.C. 636(a)) is amended after "the acquisition of land;" by inserting "or to finance residential or commercial construction or rehabilitation for sale: *Provided, however*, That such loans shall not be used primarily for the acquisition of land;".

15 USC 636.

SEC. 302. Section 7(b)(5) of the Small Business Act is amended by inserting immediately after "any Federal law" the words "heretofore or hereafter enacted".

Payment obligation, undertaking or suspension.
15 USC 634.

SEC. 303. Section 5 of the Small Business Act is amended by adding at the end thereof the following new subsection:

"(e)(1) Subject to the requirements and conditions contained in this subsection, upon application by a small business concern which is the recipient of a loan made under this Act, the Administration may undertake the small business concern's obligation to make the required payments under such loan or may suspend such obligation if the loan was a direct loan made by the Administration. While such payments are being made by the Administration pursuant to the undertaking of such obligation or while such obligation is suspended, no such payment with respect to the loan may be required from the small business concern.

"(2) The Administration may undertake or suspend for a period of not to exceed 5 years any small business concern's obligation under this subsection only if—

"(A) without such undertaking or suspension of the obligation, the small business concern would, in the sole discretion of the Administration, become insolvent or remain insolvent;

"(B) with the undertaking or suspension of the obligation, the small business concern would, in the sole discretion of the Administration, become or remain a viable small business entity; and

"(C) the small business concern executes an agreement in writing satisfactory to the Administration as provided by paragraph (4).

Loan maturity, extension.

"(3) Notwithstanding the provisions of sections 7(a)(4)(C) and 7(i)(1) of this Act, the Administration may extend the maturity of any loan on which the Administration undertakes or suspends the obligation pursuant to this subsection for a corresponding period of time.

Repayment agreement.

"(4)(A) Prior to the undertaking or suspension by the Administra-

tion of any small business concern's obligation under this subsection, the Administration, consistent with the purposes sought to be achieved herein, shall require the small business concern to agree in writing to repay to it the aggregate amount of the payments which were required under the loan during the period for which such obligation was undertaken or suspended, either—

"(i) by periodic payments not less in amount or less frequently falling due than those which were due under the loan during such period, or

"(ii) pursuant to a repayment schedule agreed upon by the Administration and the small business concern, or

"(iii) by a combination of the payments described in clause (i) and clause (ii).

"(B) In addition to requiring the small business concern to execute the agreement described in subparagraph (A), the Administration shall, prior to the undertaking or suspension of the obligation, take such action, and require the small business concern to take such action as the Administration deems appropriate in the circumstances, including the provision of such security as the Administration deems necessary or appropriate to insure that the rights and interests of the lender (Small Business Administration or participant) will be safeguarded adequately during and after the period in which such obligation is so undertaken or suspended.

"(5) The term 'required payments' with respect to any loan means payments of principal and interest under the loan.". "Required payments."

SEC. 304. Section 4(c) of the Small Business Act is amended by inserting in paragraphs (1)(A) and (2)(A) thereof "5(e)," after the word "sections". 15 USC 633.

TITLE IV—AMENDMENTS TO SMALL BUSINESS ADMINISTRATION DISASTER LOAN AUTHORITY

SEC. 401. Section 4(c) of the Small Business Act is amended as follows:

(1) by inserting in paragraph (1)(A) after the figure "7(b)(2)," the figure "7(b)(3)," and by striking from paragraph (1)(B) thereof the figure "7(b)(3),"; and

(2) by inserting in paragraph (2)(A) after the figure "7(b)(2)," the figure "7(b)(3)," and by striking from paragraph (2)(B) thereof the figure "7(b)(3),".

SEC. 402. Section 7(b)(3) of the Small Business Act is amended by striking "federally aided urban renewal program or a highway project or any other construction constructed by or with funds provided in whole or in part by the Federal Government" and by inserting in lieu thereof "program or project constructed by or with funds provided in whole or in part by the Federal Government or by a program or project by a State or local government or public service entity, providing such government or public service entity has the authority to exercise the right of eminent domain on such program or project". 15 USC 636.

SEC. 403. Section 7(b)(2) of the Small Business Act is amended by adding "or" after the semicolon at the end of section 7(b)(2)(B) and by adding the following:

"(C) a disaster, as determined by the Administrator of the Small Business Administration pursuant to the Disaster Relief Act of 1970; or 42 USC 4401 note.

Certification by State Governor.

"(D) if no disaster declaration has been issued pursuant to subparagraph (A), (B), or (C), the Governor of a State in which a disaster has occurred may certify to the Small Business Administration that small business concerns (1) have suffered economic injury as a result of such disaster, and (2) are in need of financial assistance which is not available on reasonable terms in the disaster stricken area. Upon receipt of such certification, the Administration may then make such loans as would have been available under this paragraph if a disaster declaration had been issued.

Loans.

Interest rate.

"(E) Notwithstanding any other provision of law, the interest rate on the Administration's share of any loan made under this paragraph in connection with a disaster occurring on or after July 1, 1976, and prior to October 1, 1978, shall be 3 percent on the amount of such loan not exceeding $25,000.".

Economic dislocation.
15 USC 636.

SEC. 404. Section 7(b) of the Small Business Act is amended by striking out "and" at the end of paragraph (7), by striking out the period at the end of paragraph (8) and inserting in lieu thereof "; and" and by inserting after paragraph (8) the following new paragraph:

Loans.

"(9) to make such loans (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis) as the Administration may determine to be necessary to assist, or refinance the existing indebtedness of, any small business concern located in an area of economic dislocation. The Governor of a State may certify to the Administration (A) that small business concerns within the State have suffered substantial economic injury as a result of an economic dislocation, and (B) that such concerns are in need of financial assistance which is not available on reasonable terms. For the purposes of this paragraph, economic dislocation includes extraordinary, severe, and temporary natural conditions or other economic dislocations as determined by the Administration. Such economic dislocations must be of such magnitude that without the benefit of loans provided hereunder a significant number of otherwise financially sound small businesses in the impacted regions or business sectors would either become insolvent or be unable to return quickly to their former level of operation. No loan made hereunder shall exceed $100,000, nor shall the proceeds thereof be used to reduce the exposure of any other lender. The Administration shall permit deferral of payment of principal and interests for one year on loans made hereunder.".

Certification by State Governor.

Deferral of payment.

Disaster loans, interest rate.

SEC. 405. Section 7(b) of the Small Business Act is amended by inserting at the end of the first undesignated paragraph the following: "Notwithstanding any other provision of law, the interest rate on the Administration's share of any loan made pursuant to paragraph (1) of this subsection to repair or replace a primary residence and/or replace or repair damaged or destroyed personal property, less the amount of compensation by insurance or otherwise, with respect to a disaster occurring on or after July 1, 1976, and prior to October 1, 1978, shall be: 1 per centum on the amount of such loan not exceeding $10,000, and 3 per centum on the amount of such loan over $10,000 but not exceeding $40,000. The interest rate on the Administration's share of the first $250,000 of all other loans made pursuant to paragraph (1) of this subsection, with respect to a disaster occurring on or after July 1, 1976, and prior to October 1, 1978, shall be 3 per centum. All

repayments of principal on the Administration's share of any loan made under the above provisions shall first be applied to reduce the principal sum of such loan which bears interest at the lower rates provided in this paragraph. The principal amount of any loan made pursuant to paragraph (1) in connection with a disaster which occurs on or after April 1, 1977, but prior to January 1, 1978, may be increased by such amount, but not more than $2,000, as the Administration determines to be reasonable in light of the amount and nature of loss, damage, or injury sustained in order to finance the installation of insulation in the property which was lost, damaged, or injured, if the uninsured, damaged portion of the property is 10 per centum or more of the market value of the property at the time of the disaster. Not later than June 1, 1978, the Administration shall prepare and transmit to the Select Committee on Small Business of the Senate, the Committee on Small Business of the House of Representatives, and the Committees of the Senate and House of Representatives having jurisdiction over measures relating to energy conservation, a report on its activities under this paragraph, including therein an evaluation of the effect of such activities on encouraging the installation of insulation in property which is repaired or replaced after a disaster which is subject to this paragraph, and its recommendations with respect to the continuation, modification, or termination of such activities.".

Principal, increase.

Report, transmittal to congressional committees.

SEC. 406. Section 324 of the Consolidated Farm and Rural Development Act is amended as follows:

7 USC 1964.

(a) by inserting "(a)" at the beginning thereof and by striking the proviso at the end thereof; and

(b) by inserting the following at the end thereof:

"(b) Notwithstanding the provisions of any other law, during any period in which the Small Business Administration is making loans under sections 7(b)(1) and 7(b)(2) of the Small Business Act to businesses at a rate of interest below the average annual interest rate on all interest-bearing obligations of the United States, loans made hereunder shall bear interest at a rate not to exceed such lower interest rates in amounts not to exceed $250,000 to businesses and $40,000 to homeowners.

Interest rate.

15 USC 636.

"(c) Any political subdivision of a State with a population of less than 10,000 which, if such subdivision had a population of 10,000 or more, would be eligible for a grant under the first title of the Community Emergency Drought Relief Act of 1977 shall be eligible for a grant under the Consolidated Farm and Rural Development Act during any period in which such Community Relief Act of 1977 is or has been in effect.".

Grant eligibility.

42 USC 5184 note.

7 USC 1921 note.

TITLE V—PROCUREMENT ASSISTANCE

SEC. 501. Section 8(b) of the Small Business Act is amended by striking paragraph (7) and by inserting in lieu thereof the following:

Contracts.

15 USC 637.

"(7)(A) To certify to Government procurement officers, and officers engaged in the sale and disposal of Federal property, with respect to all elements of responsibility, including, but not limited to, capability, competency, capacity, credit, integrity, perseverance, and tenacity, of any small business concern or group of such concerns to receive and perform a specific Government contract. A Government procure-

Referral for final disposition.

ment officer or an officer engaged in the sale and disposal of Federal property may not, for any reason specified in the preceding sentence, preclude any small business concern or group of such concerns from being awarded such contract without referring the matter for a final disposition to the Administration.

Ineligibility, notification.

"(B) If a Government procurement officer finds that an otherwise qualified small business concern may be ineligible due to the provisions of section 35(a) of title 41, United States Code (the Walsh-Healey Public Contracts Act), he shall notify the Administration in writing of such finding. The Administration shall review such finding and shall either dismiss it and certify the small business concern to be an eligible Government contractor for a specific Government contract or if it concurs in the finding, forward the matter to the Secretary of Labor for final disposition, in which case the Administration may certify the small business concern only if the Secretary of Labor finds the small business concern not to be in violation.

Review.

"(C) In any case in which a small business concern or group of such concerns has been certified by the Administration pursuant to (A) or (B) to be a responsible or eligible Government contractor as to a specific Government contract, the officers of the Government having procurement or property disposal powers are directed to accept such certification as conclusive, and shall let such Government contract to such concern or group of concerns without requiring it to meet any other requirement of responsibility or eligibility.".

Awards or contracts, determination. 15 USC 644.

SEC. 502. Section 15 of the Small Business Act is amended by inserting "(a)" immediately after "SEC. 15." and by inserting the following at the end thereof:

"(b) With respect to any work to be performed the amount of which would exceed the maximum amount of any contract for which a surety may be guaranteed against loss under section 411 of the Small Business Investment Act of 1958 (15 U.S.C. 694(b)), the contracting procurement agency shall, to the extent practicable, place contracts so as to allow more than one small business concern to perform such work.

"(c) During fiscal year 1978, public and private organizations and individuals eligible for assistance under section 7(h) of this Act shall be eligible to participate in such contracts or any part thereof in an aggregate amount not to exceed $100,000,000: *Provided, however*, That the Administration, not later than March 1, 1979, shall prepare and transmit to the Select Committee on Small Business of the Senate and the Committee on Small Business of the House of Representatives, a report on the impact of contracts awarded to such organizations and individuals on small business.

Report to congressional committees.

Contract awards, priority.

"(d) For purposes of this section priority shall be given to the awarding of contracts and the placement of subcontracts to concerns which shall perform a substantial proportion of the production on those contracts and subcontracts within areas of concentrated unemployment or underemployment or within labor surplus areas. Notwithstanding any other provision of law, total labor surplus area set-asides pursuant to Defense Manpower Policy Number 4 (32A C.F.R. Chapter 1) or any successor policy shall be authorized if the Secretary or his designee specifically determines that there is a reasonable expectation that offers will be obtained from a sufficient number of eligible concerns so that awards will be made at reasonable prices. As soon as practicable and to the extent possible, in determining labor surplus areas, consideration shall be given to those persons

who would be available for employment were suitable employment available. Until such definition reflects such number, the present criteria of such policy shall govern.

"(e) In carrying out labor surplus areas and small business set-aside programs, departments, agencies, and instrumentalities of the executive branch shall award contracts, and encourage the placement of subcontracts for procurement to the following in the manner and in the order stated:

"(1) Concerns which are located in labor surplus areas, and which are also small business concerns, on the basis of a total set-aside.

"(2) Concerns which are small business concerns on the basis of a total set-aside.

"(3) Concerns which are small business concerns, on the basis of a partial set-aside.

"(4) Concerns which are located in labor surplus areas on the basis of a total set-aside.

"(f) The provisions of subsections (d) and (e) shall cease to be effective subsequent to September 30, 1979, unless renewed prior to such date.". Termination.

Approved August 4, 1977.

LEGISLATIVE HISTORY:

HOUSE REPORTS: No. 95-1 (Comm. on Small Business) and No. 95-535 (Comm. of Conference).
SENATE REPORT No. 95-184 accompanying S. 1442 (Comm. on Small Business).
CONGRESSIONAL RECORD, Vol. 123 (1977):
Feb. 9, considered and passed House.
May 19, considered and passed Senate, amended, in lieu of S. 1442.
July 26, House agreed to conference report.
July 27, Senate agreed to conference report.
WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 13, No. 32:
Aug. 4, Presidential statement.