

116<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 1615

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## AN ACT

To transfer the responsibility of verifying small business concerns owned and controlled by veterans or service-disabled veterans to the Small Business Administration, 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,*

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

2 (a) SHORT TITLE.—This Act may be cited as the  
3 “Verification Alignment and Service-disabled Business  
4 Adjustment Act” or the “VA–SBA Act”.

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

- Sec. 1. Short title; table of contents.
- Sec. 2. Transfer date.
- Sec. 3. Amendment to and transfer of veteran-owned and service-disabled veteran-owned business database.
- Sec. 4. Additional requirements for database.
- Sec. 5. Procurement program for small business concerns owned and controlled by service-disabled veterans.
- Sec. 6. Certification for small business concerns owned and controlled by veterans.
- Sec. 7. Status of self-certified small business concerns owned and controlled by service-disabled veterans.
- Sec. 8. Transfer of the Center for Verification and Evaluation of the Department of Veterans Affairs to the Small Business Administration.
- Sec. 9. Report.
- Sec. 10. Determination of budgetary effects.

7 **SEC. 2. TRANSFER DATE.**

8 For purposes of this Act, the term “transfer date”  
9 means the date that is 2 years after the date of enactment  
10 of this Act, except that such date may be extended an un-  
11 limited number of times by a period of not more than 6  
12 months if the Administrator of the Small Business Admin-  
13 istration and the Secretary of Veterans Affairs jointly  
14 issue a notice to Congress and the Law Revision Counsel  
15 of the House of Representatives containing—

16 (1) a certification that such extension is nec-  
17 essary;

1           (2) the rationale for and the length of such ex-  
2           tension; and

3           (3) a plan to comply with the requirements of  
4           this Act within the timeframe of the extension.

5 **SEC. 3. AMENDMENT TO AND TRANSFER OF VETERAN-**  
6 **OWNED AND SERVICE-DISABLED VETERAN-**  
7 **OWNED BUSINESS DATABASE.**

8           (a) AMENDMENT OF VETERAN-OWNED AND SERV-  
9 ICE-DISABLED VETERAN-OWNED BUSINESS DATA-  
10 BASE.—Effective on the transfer date, section 8127 of  
11 title 38, United States Code, is amended—

12           (1) in subsection (e)—

13                   (A) by striking “the Secretary” and insert-  
14                   ing “the Administrator”; and

15                   (B) by striking “subsection (f)” and insert-  
16                   ing “section 36 of the Small Business Act”;

17           (2) in subsection (f)—

18                   (A) by striking “the Secretary” each place  
19                   such term appears, other than in the last place  
20                   such term appears under paragraph (2)(A), and  
21                   inserting “the Administrator”;

22                   (B) in paragraph (1), by striking “small  
23                   business concerns owned and controlled by vet-  
24                   erans with service-connected disabilities” each  
25                   place such term appears and inserting “small

1 business concerns owned and controlled by serv-  
2 ice-disabled veterans”;

3 (C) in paragraph (2)—

4 (i) in subparagraph (A), by striking  
5 “to access” and inserting “to obtain from  
6 the Secretary of Veterans Affairs”; and

7 (ii) by striking subparagraph (B) and  
8 inserting the following:

9 “(B) For purposes of this subsection—

10 “(i) the Secretary of Veterans Affairs shall—

11 “(I) verify an individual’s status as a vet-  
12 eran or a service-disabled veteran; and

13 “(II) establish a system to permit the Ad-  
14 ministrator to access, but not alter, such  
15 verification; and

16 “(ii) the Administrator shall verify—

17 “(I) the status of a business concern as a  
18 small business concern; and

19 “(II) the ownership and control of such  
20 business concern.

21 “(C) The Administrator may not certify a concern  
22 under subsection (b) or section 36A if the Secretary of  
23 Veterans Affairs cannot provide the verification described  
24 under subparagraph (B)(i)(I).”;

25 (D) by striking paragraphs (4) and (7);

1 (E) by redesignating paragraphs (5) and  
2 (6) as paragraphs (4) and (5), respectively, and  
3 redesignating paragraph (8) as paragraph (6);

4 (F) in paragraph (4), as so redesignated,  
5 by striking “The Secretary” and inserting “The  
6 Administrator”; and

7 (G) in paragraph (6), as so redesignated—  
8 (i) in subparagraph (A)—

9 (I) by striking “verify the status  
10 of the concern as a small business  
11 concern or the ownership or control of  
12 the concern” and inserting “certify  
13 the status of the concern as a small  
14 business concern owned and controlled  
15 by veterans (under section 36A) or a  
16 small business concern owned and  
17 controlled by service-disabled veterans  
18 (under section 36(g))”; and

19 (II) by striking “verification”  
20 and inserting “certification”;

21 (ii) in subparagraph (B)—

22 (I) in clause (i), by striking  
23 “small business concern owned and  
24 controlled by veterans with service-  
25 connected disabilities” and inserting

1 “small business concern owned and  
2 controlled by service-disabled vet-  
3 erans”; and

4 (II) in clause (ii)—

5 (aa) by amending subclause

6 (I) to read as follows:

7 “(I) the Secretary of Veterans Affairs or  
8 the Administrator; or”; and

9 (bb) in subclause (II), by  
10 striking “the contracting officer  
11 of the Department” and inserting  
12 “the applicable contracting offi-  
13 cer”; and

14 (iii) by striking subparagraph (C);

15 (3) by redesignating subsection (k) (relating to  
16 definitions) as subsection (l);

17 (4) by inserting after subsection (j) (relating to  
18 annual reports) the following:

19 “(k) ANNUAL TRANSFER FOR CERTIFICATION  
20 COSTS.—For each fiscal year, the Secretary of Veterans  
21 Affairs shall reimburse the Administrator in an amount  
22 necessary to cover any cost incurred by the Administrator  
23 for certifying small business concerns owned and con-  
24 trolled by veterans that do not qualify as small business  
25 concerns owned and controlled by service-disabled veterans

1 for the Secretary for purposes of this section and section  
2 8128 of this title. The Administrator is authorized to ac-  
3 cept such reimbursement. The amount of any such reim-  
4 bursement shall be determined jointly by the Secretary  
5 and the Administrator and shall be provided from fees col-  
6 lected by the Secretary under multiple-award schedule  
7 contracts. Any disagreement about the amount shall be  
8 resolved by the Director of the Office of Management and  
9 Budget.”; and

10 (5) subsection (l) (relating to definitions), as so  
11 redesignated, by adding at the end the following:

12 “(4) The term Administrator means the Admin-  
13 istrator of the Small Business Administration.”.

14 (b) TRANSFER OF REQUIREMENTS RELATING TO  
15 DATABASE TO THE SMALL BUSINESS ACT.—Effective on  
16 the transfer date, subsection (f) of section 8127 of title  
17 38, United States Code (as amended by subsection (a)),  
18 is transferred to section 36 of the Small Business Act (15  
19 U.S.C. 657f), inserted so as to appear after subsection (e).

20 (c) CONFORMING AMENDMENTS.—The following  
21 amendments shall take effect on the transfer date:

22 (1) SMALL BUSINESS ACT.—Section  
23 3(q)(2)(C)(i)(III) of the Small Business Act (15  
24 U.S.C. 632(q)(2)(C)(i)(III)) is amended by striking

1 “section 8127(f) of title 38, United States Code”  
2 and inserting “section 36”.

3 (2) TITLE 38.—Section 8128 of title 38, United  
4 States Code, is amended by striking “section  
5 8127(f) of this title” and inserting “section 36 of  
6 the Small Business Act”.

7 **SEC. 4. ADDITIONAL REQUIREMENTS FOR DATABASE.**

8 (a) ADMINISTRATION ACCESS TO DATABASE BEFORE  
9 THE TRANSFER DATE.—During the period between the  
10 date of the enactment of this Act and the transfer date,  
11 the Secretary of Veterans Affairs shall provide the Admin-  
12 istrator of the Small Business Administration with access  
13 to the contents of the database described under section  
14 8127(f) of title 38, United States Code.

15 (b) RULE OF CONSTRUCTION.—Nothing in this Act  
16 or the amendments made by this Act may be construed—

17 (1) as prohibiting the Administrator of the  
18 Small Business Administration from combining the  
19 contents of the database described under section  
20 8127(f) of title 38, United States Code, with other  
21 databases maintained by the Administration; or

22 (2) as requiring the Administrator to use any  
23 system or technology related to the database de-  
24 scribed under section 8127(f) of title 38, United  
25 States Code, on or after the transfer date to comply



1 with the requirement to maintain a database under  
2 subsection (f) of section 36 of the Small Business  
3 Act (as transferred pursuant to section 3(b) of this  
4 Act).

5 (c) RECOGNITION OF THE ISSUANCE OF JOINT REG-  
6 ULATIONS.—The date specified under section 1832(e) of  
7 the National Defense Authorization Act for Fiscal Year  
8 2017 (15 U.S.C. 632 note) shall be deemed to be October  
9 1, 2018.

10 **SEC. 5. PROCUREMENT PROGRAM FOR SMALL BUSINESS**  
11 **CONCERNS OWNED AND CONTROLLED BY**  
12 **SERVICE-DISABLED VETERANS.**

13 (a) PROCUREMENT PROGRAM FOR SMALL BUSINESS  
14 CONCERNS OWNED AND CONTROLLED BY SERVICE-DIS-  
15 ABLED VETERANS.—Section 36 of the Small Business Act  
16 (15 U.S.C. 657f) is amended—

17 (1) by striking subsections (d) and (e);

18 (2) by redesignating subsections (a), (b), and  
19 (c) as subsections (e), (d), and (e) respectively;

20 (3) by inserting before subsection (e), as so re-  
21 designated, the following:

22 “(a) CONTRACTING OFFICER DEFINED.—For pur-  
23 poses of this section, the term ‘contracting officer’ has the  
24 meaning given such term in section 2101 of title 41,  
25 United States Code.

1       “(b) CERTIFICATION OF SMALL BUSINESS CON-  
2       CERNS OWNED AND CONTROLLED BY SERVICE-DISABLED  
3       VETERANS.—With respect to a procurement program or  
4       preference established under this Act that applies to prime  
5       contractors, the Administrator shall—

6               “(1) certify the status of the concern as a  
7       ‘small business concern owned and controlled by  
8       service-disabled veterans’; and

9               “(2) require the periodic recertification of such  
10       status.”;

11              (4) in subsection (d), as so redesignated, by  
12       striking “and that the award can be made at a fair  
13       market price” and inserting “, that the award can  
14       be made at a fair market price, and if each concern  
15       is certified by the Administrator as a small business  
16       concern owned and controlled by service-disabled  
17       veterans”;

18              (5) by adding at the end the following:

19       “(g) CERTIFICATION REQUIREMENT.—Notwith-  
20       standing subsection (c), a contracting officer may only  
21       award a sole source contract to a small business concern  
22       owned and controlled by service-disabled veterans or a  
23       contract on the basis of competition restricted to small  
24       business concerns owned and controlled by service-disabled  
25       veterans if such a concern is certified by the Administrator

1 as a small business concern owned and controlled by serv-  
2 ice-disabled veterans.

3 “(h) ENFORCEMENT; PENALTIES.—

4 “(1) VERIFICATION OF ELIGIBILITY.—In car-  
5 rying out this section, the Administrator shall estab-  
6 lish procedures relating to—

7 “(A) the filing, investigation, and disposi-  
8 tion by the Administration of any challenge to  
9 the eligibility of a small business concern to re-  
10 ceive assistance under this section (including a  
11 challenge, filed by an interested party, relating  
12 to the veracity of a certification made or infor-  
13 mation provided to the Administration by a  
14 small business concern under subsection (b));  
15 and

16 “(B) verification by the Administrator of  
17 the accuracy of any certification made or infor-  
18 mation provided to the Administration by a  
19 small business concern under subsection (b).

20 “(2) EXAMINATIONS.—

21 “(A) EXAMINATION OF APPLICANTS.—The  
22 procedures established under paragraph (1)  
23 shall provide for a program of examinations by  
24 the Administrator of any small business concern  
25 making a certification or providing information

1 to the Administrator under subsection (b), to  
2 determine the veracity of any statements or in-  
3 formation provided as part of such certification  
4 or otherwise provided under subsection (b).

5 “(B) EXAMINATION OF CERTIFIED CON-  
6 CERNS.—The procedures established under  
7 paragraph (1) shall provide for the examination  
8 of risk-based samples of small business con-  
9 cerns certified under subsection (b), or of any  
10 small business concern that the Administrator  
11 believes poses a particular risk or with respect  
12 to which the Administrator receives specific and  
13 credible information alleging that the small  
14 business concern no longer meets eligibility re-  
15 quirements to be certified as a small business  
16 concern owned and controlled by service-dis-  
17 abled veterans.

18 “(3) PENALTIES.—In addition to the penalties  
19 described in section 16(d), any small business con-  
20 cern that is determined by the Administrator to have  
21 misrepresented the status of that concern as a small  
22 business concern owned and controlled by service-  
23 disabled veterans for purposes of subsection (b),  
24 shall be subject to—

1           “(A) section 1001 of title 18, United  
2 States Code;

3           “(B) sections 3729 through 3733 of title  
4 31, United States Code; and

5           “(C) section 8127(g) of title 38, United  
6 States Code.

7           “(i) PROVISION OF DATA.—Upon the request of the  
8 Administrator, the head of any Federal department or  
9 agency shall promptly provide to the Administrator such  
10 information as the Administrator determines to be nec-  
11 essary to carry out subsection (b) or to be able to certify  
12 the status of the concern as a small business concern  
13 owned and controlled by veterans under section 36A.”.

14           (b) PENALTIES FOR MISREPRESENTATION.—Section  
15 16 of the Small Business Act (15 U.S.C. 645) is amend-  
16 ed—

17           (1) in subsection (d)(1)—

18           (A) by striking “, a” and inserting “, a  
19 ‘small business concern owned and controlled by  
20 service-disabled veterans’, a ‘small business con-  
21 cern owned and controlled by veterans’, a”;

22           (B) in paragraph (A), by striking “9, 15,  
23 or 31” and inserting “8, 9, 15, 31, 36, or  
24 36A”; and

1           (2) in subsection (e), by striking “, a” and in-  
2           serting “, a ‘small business concern owned and con-  
3           trolled by service-disabled veterans’, a ‘small busi-  
4           ness concern owned and controlled by veterans’, a”.

5 **SEC. 6. CERTIFICATION FOR SMALL BUSINESS CONCERNS**  
6                                   **OWNED AND CONTROLLED BY VETERANS.**

7           The Small Business Act (15 U.S.C. 631 et seq.) is  
8           amended by inserting after section 36 the following new  
9           section:

10 **“SEC. 36A. CERTIFICATION OF SMALL BUSINESS CONCERNS**  
11                                   **OWNED AND CONTROLLED BY VETERANS.**

12           “(a) IN GENERAL.—With respect to the program es-  
13           tablished under section 8127 of title 38, United States  
14           Code, the Administrator shall—

15                   “(1) certify the status of the concern as a  
16           ‘small business concern owned and controlled by vet-  
17           erans’; and

18                   “(2) require the periodic recertification of such  
19           status.

20           “(b) ENFORCEMENT; PENALTIES.—

21                   “(1) VERIFICATION OF ELIGIBILITY.—In car-  
22           rying out this section, the Administrator shall estab-  
23           lish procedures relating to—

24                           “(A) the filing, investigation, and disposi-  
25           tion by the Administration of any challenge to

1 the eligibility of a small business concern to re-  
2 ceive assistance under this section (including a  
3 challenge, filed by an interested party, relating  
4 to the veracity of a certification made or infor-  
5 mation provided to the Administration by a  
6 small business concern under subsection (a));  
7 and

8 “(B) verification by the Administrator of  
9 the accuracy of any certification made or infor-  
10 mation provided to the Administration by a  
11 small business concern under subsection (a).

12 “(2) EXAMINATION OF APPLICANTS.—The pro-  
13 cedures established under paragraph (1) shall pro-  
14 vide for a program of examinations by the Adminis-  
15 trator of any small business concern making a cer-  
16 tification or providing information to the Adminis-  
17 trator under subsection (a), to determine the verac-  
18 ity of any statements or information provided as  
19 part of such certification or otherwise provided  
20 under subsection (a).

21 “(3) PENALTIES.—In addition to the penalties  
22 described in section 16(d), any small business con-  
23 cern that is determined by the Administrator to have  
24 misrepresented the status of that concern as a small

1 business concern owned and controlled by veterans  
2 for purposes of subsection (a), shall be subject to—

3 “(A) section 1001 of title 18, United  
4 States Code;

5 “(B) sections 3729 through 3733 of title  
6 31, United States Code; and

7 “(C) section 8127(g) of title 38, United  
8 States Code.”.

9 **SEC. 7. STATUS OF SELF-CERTIFIED SMALL BUSINESS CON-**  
10 **CERNS OWNED AND CONTROLLED BY SERV-**  
11 **ICE-DISABLED VETERANS.**

12 (a) IN GENERAL.—Notwithstanding any other provi-  
13 sion of law, any small business concern that self-certified  
14 as a small business concern owned and controlled by serv-  
15 ice-disabled veterans shall—

16 (1) if the concern files a certification applica-  
17 tion with the Administrator of the Small Business  
18 Administration before the end of the 1-year period  
19 beginning on the transfer date, maintain such self-  
20 certification until the Administrator makes a deter-  
21 mination with respect to such certification; and

22 (2) if the concern does not file such a certifi-  
23 cation application before the end of the 1-year pe-  
24 riod beginning on the transfer date, lose, at the end  
25 of such 1-year period, any self-certification of the



1 concern as a small business concern owned and con-  
2 trolled by service-disabled veterans.

3 (b) NON-APPLICABILITY TO DEPARTMENT OF VET-  
4 ERANS AFFAIRS.—Subsection (a) shall not apply to par-  
5 ticipation in contracts (including subcontracts) with the  
6 Department of Veterans Affairs.

7 (c) NOTICE.—The Administrator shall notify any  
8 small business concern that self-certified as a small busi-  
9 ness concern owned and controlled by service-disabled vet-  
10 erans about the requirements of this Act, including the  
11 transfer date and any extension of such transfer date  
12 made pursuant to section 2, and make such notice publicly  
13 available, on—

14 (1) the date of the enactment of this Act; and

15 (2) the date on which an extension described  
16 under section 2 is approved.

17 **SEC. 8. TRANSFER OF THE CENTER FOR VERIFICATION**  
18 **AND EVALUATION OF THE DEPARTMENT OF**  
19 **VETERANS AFFAIRS TO THE SMALL BUSI-**  
20 **NESS ADMINISTRATION.**

21 (a) ABOLISHMENT.—The Center for Verification and  
22 Evaluation of the Department of Veterans Affairs defined  
23 under section 74.1 of title 38, Code of Federal Regula-  
24 tions, is abolished effective on the transfer date.

1 (b) TRANSFER OF FUNCTIONS.—All functions that,  
2 immediately before the effective date of this section, were  
3 functions of the Center for Verification and Evaluation  
4 shall—

5 (1) on the date of enactment of this Act, be  
6 functions of both the Center for Verification and  
7 Evaluation and the Small Business Administration,  
8 except that the Small Business Administration shall  
9 not have any authority to carry out any verification  
10 functions of the Center for Verification and Evalua-  
11 tion; and

12 (2) on the transfer date, be functions of the  
13 Small Business Administration.

14 (c) TRANSFER OF ASSETS.—So much of the per-  
15 sonnel, property, and records employed, used, held, avail-  
16 able, or to be made available in connection with a function  
17 transferred under this section shall be available to the  
18 Small Business Administration at such time or times as  
19 the President directs for use in connection with the func-  
20 tions transferred.

21 (d) REFERENCES.—Any reference in any other Fed-  
22 eral law, Executive order, rule, regulation, or delegation  
23 of authority, or any document of or pertaining to a func-  
24 tion of the Center for Verification and Evaluation that is

1 transferred under this section is deemed, after the transfer  
2 date, to refer to the Small Business Administration.

3 **SEC. 9. REPORT.**

4 Not later than the end of the 1-year period beginning  
5 on the date of the enactment of this Act, and every 6  
6 months thereafter until the transfer date, the Adminis-  
7 trator of the Small Business Administration and Secretary  
8 of Veterans Affairs shall jointly issue a report to the Com-  
9 mittees on Appropriations, Small Business, and Veterans'  
10 Affairs of the House of Representatives and the Commit-  
11 tees on Appropriations, Small Business and Entrepreneur-  
12 ship, and Veterans' Affairs of the Senate on the planning  
13 for the transfer of functions and property required under  
14 this Act and the amendments made by this Act on the  
15 transfer date. Such report shall include—

16 (1) whether and how the verification database  
17 and operations of the Center for Verification and  
18 Evaluation of the Department of Veterans Affairs  
19 will be incorporated into the existing certification  
20 database of the Small Business Administration;

21 (2) projections for the numbers and timing, in  
22 terms of fiscal year, of—

23 (A) already verified concerns that will  
24 come up for recertification; and

1 (B) self-certified concerns that are ex-  
2 pected to apply for certification;

3 (3) an explanation of how outreach to veteran  
4 service organizations, the service-disabled veteran-  
5 owned and veteran-owned small business community,  
6 and other stakeholders will be conducted; and

7 (4) other pertinent information determined by  
8 the Administrator and the Secretary.

9 **SEC. 10. DETERMINATION OF BUDGETARY EFFECTS.**

10 The budgetary effects of this Act, for the purpose of  
11 complying with the Statutory Pay-As-You-Go-Act of 2010,  
12 shall be determined by reference to the latest statement  
13 titled “Budgetary Effects of PAYGO Legislation” for this  
14 Act, submitted for printing in the Congressional Record  
15 by the Chairman of the House Budget Committee, pro-  
16 vided that such statement has been submitted prior to the  
17 vote on passage.

Passed the House of Representatives November 13,  
2019.

Attest:

*Clerk.*



116<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

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**AN ACT**

To transfer the responsibility of verifying small business concerns owned and controlled by veterans or service-disabled veterans to the Small Business Administration, and for other purposes.