

111TH CONGRESS  
1ST SESSION

# H. R. 294

To amend title 38, United States Code, to provide for the reauthorization of the Department of Veterans Affairs small business loan program, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 8, 2009

Mr. BUYER (for himself, Mr. BILIRAKIS, Mr. BOOZMAN, Mr. ROONEY, Mr. BUCHANAN, and Ms. GINNY BROWN-WAITE of Florida) introduced the following bill; which was referred to the Committee on Veterans' Affairs

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## A BILL

To amend title 38, United States Code, to provide for the reauthorization of the Department of Veterans Affairs small business loan program, 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.**

4 This Act may be cited as the “Veteran-Owned Small  
5 Business Promotion Act of 2009”.

6 **SEC. 2. REAUTHORIZATION AND IMPROVEMENT OF DE-**  
7 **PARTMENT OF VETERANS AFFAIRS SMALL**  
8 **BUSINESS LOAN PROGRAM.**

9 (a) REAUTHORIZATION.—

1           (1) IN GENERAL.—Chapter 37 of title 38,  
2           United States Code, is amended by striking section  
3           3751.

4           (2) CLERICAL AMENDMENT.—The table of sec-  
5           tions at the beginning of such chapter is amended  
6           by striking the item relating to section 3751.

7           (3) CONFORMING AMENDMENT.—Section 3749  
8           of such title is amended by striking subsection (e).

9           (b) EXPANSION OF ELIGIBILITY FOR SMALL BUSI-  
10          NESS LOANS.—Chapter 37 of such title is further amend-  
11          ed—

12                 (1) in section 3741—

13                         (A) by striking paragraph (2);

14                         (B) by striking “this subchapter—” and  
15                         all that follows through “‘disabled veteran’”  
16                         and inserting “this subchapter, the term ‘dis-  
17                         abled veteran’”; and

18                         (C) by striking “30 percent” and inserting  
19                         “10 percent”; and

20                 (2) in section 3742(a)(3)(A), by striking “of the  
21                 Vietnam era or disabled veterans”.

22           (c) REPEAL OF AUTHORITY TO MAKE DIRECT  
23          LOANS.—Chapter 37 of such title, as amended by sub-  
24          sections (a) and (b), is further amended—

25                 (1) in section 3742—

1 (A) in subsection (a)—

2 (i) in paragraph (2), by striking “(A)  
3 loan guaranties, or (B) direct loans” and  
4 inserting “loan guarantees”; and

5 (ii) in paragraph (3)(A), by striking  
6 “and that at least 51 percent of a business  
7 concern must be owned by disabled vet-  
8 erans in order for such concern to qualify  
9 for a direct loan”;

10 (B) in subsection (b)—

11 (i) by striking paragraph (1) and re-  
12 designating paragraphs (2) through (4) as  
13 paragraphs (1) through (3), respectively;  
14 and

15 (ii) in paragraph (2), as so redesign-  
16 ated, by striking “make or”;

17 (C) in subsection (c), by striking “made  
18 or”;

19 (D) in subsection (d)—

20 (i) by striking paragraph (2);

21 (ii) by striking “(1) Except as pro-  
22 vided in paragraph (2) of this subsection,  
23 the” and inserting “The”; and

24 (iii) by striking “make or”; and

25 (E) in subsection (e)—

1 (i) in paragraph (1)—

2 (I) in the first sentence, by strik-  
3 ing “or, if the loan was a direct loan  
4 made by the Secretary, may suspend  
5 such obligation”; and

6 (II) in the second sentence, by  
7 striking “or while such obligation is  
8 suspended”;

9 (ii) by striking “or suspend” each  
10 place it appears;

11 (iii) by striking “or suspension” each  
12 place it appears

13 (iv) by striking “or suspends” each  
14 place it appears; and

15 (v) in paragraph (4)(B), by striking  
16 “or suspended”;

17 (2) in section 3743—

18 (A) by striking “that is provided a direct  
19 loan under this subchapter, or”;

20 (B) by striking the comma between “sub-  
21 chapter” and “shall”;

22 (C) by striking “direct or”; and

23 (D) by striking “for the amount of such  
24 direct loan or, in the case of a guaranteed  
25 loan,”;

1           (3) in section 3746, by striking “made or” both  
2 places it appears;

3           (4) in section 3749(b), by striking “and direct  
4 loan”; and

5           (5) in section 3750, by striking “made or”.

6           (d) INCREASE OF MAXIMUM GUARANTY AMOUNT.—  
7 Section 3742(b)(2), as redesignated by subsection  
8 (c)(1)(B)(i), is amended by striking “\$200,000” and in-  
9 serting “\$500,000”.

10          (e) AUTHORITY TO ENTER INTO A CONTRACT.—Sec-  
11 tion 3742 of such title, as amended by subsection (c), is  
12 further amended by adding at the end the following new  
13 subsection:

14           “(f) The Secretary shall enter into a contract with  
15 an appropriate entity for the purpose of carrying out the  
16 program under this subchapter.”.

17          (f) AUTHORITY OF SECRETARY TO SUBSIDIZE IN-  
18 TEREST RATES OF GUARANTEED LOAN.—Section 3745 of  
19 such title is amended by striking subsection (b) and insert-  
20 ing the following new subsection (b):

21           “(b) For any loan guaranteed under this subchapter,  
22 the Secretary may pay to the lender such amounts as may  
23 be required to reduce the rate of interest payable by the  
24 veterans’ small business concern by up to one-half of one

1 percent, except that the rate of interest payable by such  
2 concern shall not be less than one-half of one percent.”.

3 (g) PREFERENCE FOR MEMBERS OF NATIONAL  
4 GUARD AND RESERVES ACTIVATED IN SUPPORT OF  
5 GLOBAL WAR ON TERRORISM.—Section 3748 of such title  
6 is amended—

7 (1) by striking “and, second” and inserting  
8 “second”; and

9 (2) by inserting before the period at the end “,  
10 and, third, to veterans’ small business concern in  
11 which veterans who, as members of a reserve compo-  
12 nent, are activated in support of the Global War on  
13 Terrorism have a significant ownership interest”.

14 (h) AUTHORIZATION OF APPROPRIATIONS.—Section  
15 3749(e)(1) of such title is amended by striking “a total  
16 of \$25,000,000” and inserting “\$1,000,000,000 for each  
17 fiscal year”.

18 **SEC. 3. LIMITATION ON REQUIREMENT OF SMALL BUSI-**  
19 **NESS CONCERNS OWNED AND CONTROLLED**  
20 **BY VETERANS TO FURNISH CERTAIN BONDS.**

21 (a) LIMITATION.—Subchapter II of chapter 81 of  
22 title 38, United States Code, is amended by adding at the  
23 end the following new section:

1 **“§ 8129. Small business concerns owned and con-**  
2 **trolled by veterans: contractor bonds**

3 “(a) BONDS REQUIRED.—Notwithstanding sub-  
4 chapter II of chapter 31 of title 40, in entering into a  
5 contract with a small business concern owned and con-  
6 trolled by veterans for the construction, alteration, or re-  
7 pair of any public building or public work of the Depart-  
8 ment the Secretary—

9 “(1) may not require the concern to furnish a  
10 performance or payment bond in an amount that ex-  
11 ceeds 50 percent of the amount of the contract; and

12 “(2) shall ensure that the concern does not re-  
13 quire any subcontractor that is a small business con-  
14 cern owned and controlled by veterans to furnish a  
15 performance or payment bond in an amount that ex-  
16 ceeds 50 percent of the amount of the subcontract.

17 “(b) PAYMENT OF SUBCONTRACTOR BONDS.—In en-  
18 tering into a contract described in subsection (a) with the  
19 Secretary, a prime contractor may furnish a performance  
20 or payment bond on behalf of a subcontractor that is a  
21 small business concern owned and controlled by veterans.

22 “(c) DEFINITION.—For purposes of this section, the  
23 term ‘small business concern owned and controlled by vet-  
24 erans’ means a small business concern that is included in  
25 the small business database maintained by the Secretary  
26 under section 8127(f) of this title.”

1 (b) CLERICAL AMENDMENT.—The table of sections  
 2 at the beginning of such chapter is amended by adding  
 3 at the end of the items relating to such subchapter the  
 4 following new item:

“8129. Small business concerns owned and controlled by veterans: contractor  
 bonds.”.

5 **SEC. 4. TREATMENT OF SMALL BUSINESS CONCERNS**  
 6 **OWNED AND CONTROLLED BY VETERANS A**  
 7 **SOCIALLY AND ECONOMICALLY DISADVAN-**  
 8 **TAGED.**

9 Section 8128 of such title is amended—

10 (1) by redesignating subsection (b) as sub-  
 11 section (c); and

12 (2) by inserting after subsection (a) the fol-  
 13 lowing new subsection:

14 “(b) TREATMENT AS SOCIALLY AND ECONOMICALLY  
 15 DISADVANTAGED.—The Secretary may evaluate a bid sub-  
 16 mitted by a small business concern owned and controlled  
 17 by veterans and award a contract to such a concern on  
 18 the same basis as the Administrator of the Small Business  
 19 Administration may evaluate a bid submitted by a socially  
 20 and economically disadvantaged small business concern  
 21 and award a contract to such a concern under section 8(a)  
 22 of the Small Business Act (15 U.S.C. 637(a)).”.

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