

SMALL BUSINESS ADVOCACY IMPROVEMENTS ACT OF 2018

SEPTEMBER 12, 2018.—Committed to the Committee of the Whole House on the
State of the Union and ordered to be printed

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

R E P O R T

[To accompany H.R. 6316]

The Committee on Small Business, to whom was referred the bill (H.R. 6316) to clarify the primary functions and duties of the Office of Advocacy of the Small Business Administration, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

CONTENTS

	Page
I. Purpose and Bill Summary	1
II. Need for Legislation	2
III. Hearings	2
IV. Committee Consideration	2
V. Committee Votes	2
VI. Section-by-Section of H.R. 6316	3
VII. Congressional Budget Office Cost Estimate	3
VIII. Unfunded Mandates	3
IX. New Budget Authority, Entitlement Authority, and Tax Expenditures	3
X. Oversight Findings	3
XI. Statement of Constitutional Authority	4
XII. Congressional Accountability Act	4
XIII. Federal Advisory Committee Act Statement	4
XIV. Statement of No Earmarks	4
XV. Statement of Duplication of Federal Programs	4
XVI. Disclosure of Directed Rule Makings	4
XVII. Performance Goals and Objectives	4
XVIII. Changes in Existing Law, Made by the Bill, As Reported	4

I. PURPOSE AND BILL SUMMARY

The purpose of H.R. 6316, the “Small Business Advocacy Improvements Act of 2018,” is to explicitly permit the Office of Advocacy of the United States Small Business Administration to exam-

ine the role of small business in international economies and to represent small business views and interests before foreign governments and international entities. The bill also corrects two spelling errors in Section 202 of Public Law 94–305.

II. NEED FOR LEGISLATION

H.R. 6316 was introduced by Rep. James Comer (R–KY) and Rep. Alma Adams (D–NC) on July 6, 2018. Public Law 94–305 established the Office of Advocacy and its statutory authority. Section 202 of the law sets forth the primary functions of the Office of Advocacy relating to the study of small business. Currently, it directs the Office of Advocacy to “examine the role of small business in the American economy and the contribution which small business can make in improving competition.” It is silent regarding the Office of Advocacy’s ability to study the role of small business in international economies, which is an important avenue for small businesses as more businesses seek opportunities to export and to expand overseas. This bill would clarify that the Office of Advocacy should include international economies as part of its research functions.

Similarly, Section 203 of the law sets forth the duties of the Office of Advocacy that shall be performed on a continuing basis. One of these duties is to “represent the views and interests of small businesses before other Federal agencies whose policies and activities may affect small business.” It is silent regarding the Office of Advocacy’s authority to represent small business views and interests before foreign governments and international entities. It is important for small businesses to have their views and interests on regulatory and trade initiatives represented in the international space. This bill adds a new paragraph to Section 203 of the law to clarify the Office of Advocacy’s ability to represent small business views and interests before foreign governments and other international entities for the purpose of contributing to regulatory and trade initiatives.

Finally, this bill corrects two spelling errors in Section 202 of the law. The first corrects paragraph (9) of Section 202, which should be “compete” instead of “complete.” The second corrects paragraph (12) of Section 202, which should be “service-disabled” instead of “serviced-disabled.”

III. HEARINGS

In the 115th Congress, the Committee did not hold any hearings examining the issues covered in H.R. 6316.

IV. COMMITTEE CONSIDERATION

The Committee on Small Business met in open session, with a quorum being present, on July 18, 2018 and ordered H.R. 6316 favorably reported to the House. During the markup, no amendments were offered.

V. COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee to list the recorded votes on the mo-

tion to report legislation and amendments thereto. The Committee voted by voice vote to favorably report H.R. 6316 to the House at 12:04 p.m.

VI. SECTION-BY-SECTION OF H.R. 6316

Sec. 1. Short title

This section designates the bill as the “Small Business Advocacy Improvements Act of 2018.”

Sec. 2. Amendment to primary functions and duties of the Office of Advocacy of the small business administration

This section permits the Office of Advocacy to examine the role of small business in international economies, in addition to American economies, as part of its primary functions. The section also corrects two spelling errors in Section 202 of Public Law 94–305. In addition, this section clarifies the Office of Advocacy’s duties by explicitly permitting it to represent small business views and interests before foreign governments and international entities for the purpose of contributing to regulatory and trade initiatives which may affect small businesses.

VII. CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

At the time H.R. 6316 was reported to the House, the Congressional Budget Office had not provided a cost estimate.

VIII. UNFUNDED MANDATES

H.R. 6316 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act, Public Law 104–4, and would impose no costs on state, local, or tribal governments.

IX. NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX EXPENDITURES

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House, the Committee provides the following opinion and estimate with respect to new budget authority, entitlement authority, and tax expenditures. While the Committee has not received an estimate of new budget authority contained in the cost estimate prepared by the Director of the Congressional Budget Office pursuant to § 402 of the Congressional Budget Act of 1974, the Committee does not believe that there will be any additional costs attributable to this legislation. H.R. 6316 does not direct new spending, but instead reallocates funding independently authorized and appropriated.

X. OVERSIGHT FINDINGS

In accordance with clause 2(b)(1) of rule X of the Rules of the House, the oversight findings and recommendations of the Committee on Small Business with respect to the subject matter contained in H.R. 6316 are incorporated into the descriptive portions of this report.

XI. STATEMENT OF CONSTITUTIONAL AUTHORITY

Pursuant to clause 7 of rule XII of the Rules of the House, the Committee finds the authority for this legislation in Art. I, § 1, cl.1 and Art. I, § 8, cl.18.

XII. CONGRESSIONAL ACCOUNTABILITY ACT

H.R. 6316 does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of § 102(b)(3) of Public Law 104–1.

XIII. FEDERAL ADVISORY COMMITTEE ACT STATEMENT

H.R. 6316 does not establish or authorize the establishment of any new advisory committees as that term is defined in the Federal Advisory Committee Act, 5 U.S.C. App.2.

XIV. STATEMENT OF NO EARMARKS

Pursuant to clause 9 of rule XXI, H.R. 6316 does not contain any congressional earmarks, limited tax benefits, or limited tariff benefits as defined in subsections (d), (e), or (f) of clause 9 of rule XXI of the Rules of the House.

XV. STATEMENT OF DUPLICATION OF FEDERAL PROGRAMS

Pursuant to clause 3(c) of the rule XIII of the Rules of the House, no provision of H.R. 6316 establishes or reauthorizes a program of the federal government known to be duplicative of another federal program, a program that was included in any report from the United States Government Accountability Office pursuant to § 21 of Public Law 111–139, or a program related to a program identified in the most recent catalog of federal domestic assistance.

XVI. DISCLOSURE OF DIRECTED RULE MAKINGS

Pursuant to clause 3(c) of rule XIII of the Rules of the House, H.R. 6316 does not direct any rulemaking.

XVII. PERFORMANCE GOALS AND OBJECTIVES

Pursuant to clause 3(c)(4) of rule XIII of the Rules of the House, the Committee establishes the following performance-related goals and objectives for this legislation:

H.R. 6316 includes a number of provisions designed to improve the opportunities for small business concerns in international economies to be studied and to improve the representation of small business views and interests on regulatory and trade initiatives.

XVIII. CHANGES IN EXISTING LAW

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

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

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

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

PUBLIC LAW 94-305

AN ACT To amend the Small Business Act and Small Business Investment Act of 1958 to provide additional assistance under such Acts, to create a pollution control financing program for small business, and for other purposes.

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TITLE II—STUDY OF SMALL BUSINESS

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STUDY

SEC. 202. The primary functions of the Office of Advocacy shall be to—

(1) examine the role of small business in the American economy *and the international economy* and the contribution which small business can make in improving competition, encouraging economic and social mobility for all citizens, restraining inflation, spurring production, expanding employment opportunities, increasing productivity, promoting exports, stimulating innovation and entrepreneurship, and providing an avenue through which new and untested products and services can be brought to the marketplace;

(2) assess the effectiveness of existing Federal subsidy and assistance programs for small business and the desirability of reducing the emphasis on such existing programs and increasing the emphasis on general assistance programs designed to benefit all small businesses;

(3) measure the direct costs and other effects of government regulation on small business; and make legislative and non-legislative proposals for eliminating excessive or unnecessary regulations of small businesses;

(4) determine the impact of the tax structure on small businesses and make legislative and other proposals for altering the tax structure to enable all small businesses to realize their potential for contributing to the improvement of the Nation's economic well-being;

(5) study the ability of financial markets and institutions to meet small business credit needs and determine the impact of government demands for credit on small businesses;

(6) determine financial resource availability and to recommend methods for delivery of financial assistance to minority enterprises, including methods for securing equity capital, for generating markets for goods and services, for providing effective business education, more effective management and technical assistance, and training, and for assistance in complying with Federal, State, and local law;

(7) evaluate the efforts of Federal agencies, business and industry to assist minority enterprises;

(8) make such other recommendations as may be appropriate to assist the development and strengthening of minority and other small business enterprises;

(9) recommend specific measures for creating an environment in which all businesses will have the opportunity to **complete** *compete* effectively and expand to their full potential, and to ascertain the common reasons, if any, for small business successes and failures;

(10) determine the desirability of developing a set of rational, objective criteria to be used to define small business, and to develop such criteria, if appropriate.

(11) advise, cooperate with, and consult with, the Chairman of the Administrative Conference of the United States with respect to section 504(e) of title 5 of the United States Code; and

(12) evaluate the efforts of each department and agency of the United States, and of private industry, to assist small business concerns owned and controlled by veterans, as defined in section 3(q) of the Small Business Act (15 U.S.C. 632(q)), and small business concerns owned and controlled by **service-disabled** *service-disabled* veterans, as defined in such section 3(q), and to provide statistical information on the utilization of such programs by such small business concerns, and to make appropriate recommendations to the Administrator of the Small Business Administration and to the Congress in order to promote the establishment and growth of those small business concerns.

DUTIES

SEC. 203.

(a) **IN GENERAL.**—The Office of Advocacy shall also perform the following duties on a continuing basis:

(1) serve as a focal point for the receipt of complaints, criticisms, and suggestions concerning the policies and activities of the Administration and any other Federal agency which affects small businesses;

(2) counsel small businesses on how to resolve questions and problems concerning the relationship of the small business to the Federal Government;

(3) develop proposals for changes in the policies and activities of any agency of the Federal Government which will better fulfill the purposes of the Small Business Act and communicate such proposals to the appropriate Federal agencies;

(4) represent the views and interests of small businesses before other Federal agencies whose policies and activities may affect small business;

(5) enlist the cooperation and assistance of public and private agencies, businesses, and other organizations in disseminating information about the programs and services provided by the Federal Government which are of benefit to small businesses, and information on how small businesses can participate in or make use of such programs and services; **and**

(6) carry out the responsibilities of the Office of Advocacy under chapter 6 of title 5, United States Code~~...~~; and

(7) represent the views and interests of small businesses before foreign governments and international entities for the purpose of contributing to regulatory and trade initiatives which may affect small businesses.

(b) OUTREACH AND INPUT FROM SMALL BUSINESSES ON TRADE PROMOTION AUTHORITY.—

(1) DEFINITIONS.—In this subsection—

(A) the term “agency” has the meaning given the term in section 551 of title 5, United States Code;

(B) the term “Chief Counsel for Advocacy” means the Chief Counsel for Advocacy of the Small Business Administration;

(C) the term “covered trade agreement” means a trade agreement being negotiated pursuant to section 103(b) of the Bipartisan Congressional Trade Priorities and Accountability Act of 2015 (Public Law 114–26; 19 U.S.C. 4202(b)); and

(D) the term “Working Group” means the Interagency Working Group convened under paragraph (2)(A).

(2) WORKING GROUP.—

(A) IN GENERAL.—Not later than 30 days after the date on which the President submits the notification required under section 105(a) of the Bipartisan Congressional Trade Priorities and Accountability Act of 2015 (Public Law 114–26; 19 U.S.C. 4204(a)), the Chief Counsel for Advocacy shall convene an Interagency Working Group, which shall consist of an employee from each of the following agencies, as selected by the head of the agency or an official delegated by the head of the agency:

(i) The Office of the United States Trade Representative.

(ii) The Department of Commerce.

(iii) The Department of Agriculture.

(iv) Any other agency that the Chief Counsel for Advocacy, in consultation with the United States Trade Representative, determines to be relevant with respect to the subject of the covered trade agreement.

(B) VIEWS OF SMALL BUSINESSES.—Not later than 30 days after the date on which the Chief Counsel for Advocacy convenes the Working Group under subparagraph (A), the Chief Counsel for Advocacy shall identify a diverse group of small businesses, representatives of small businesses, or a combination thereof, to provide to the Working Group the views of small businesses in the manufacturing, services, and agriculture industries on the potential economic effects of the covered trade agreement.

(3) REPORT.—

(A) IN GENERAL.—Not later than 180 days after the date on which the Chief Counsel for Advocacy convenes the Working Group under paragraph (2)(A), the Chief Counsel for Advocacy shall submit to the Committee on Small Business and Entrepreneurship and the Committee on Finance of the Senate and the Committee on Small Business and the Committee on Ways and Means of the House of Rep-

representatives a report on the economic impacts of the covered trade agreement on small businesses, which shall—

(i) identify the most important priorities, opportunities, and challenges to various industries from the covered trade agreement;

(ii) assess the impact for new small businesses to start exporting, or increase their exports, to markets in countries that are parties to the covered trade agreement;

(iii) analyze the competitive position of industries likely to be significantly affected by the covered trade agreement;

(iv) identify—

(I) any State-owned enterprises in each country participating in negotiations for the covered trade agreement that could pose a threat to small businesses; and

(II) any steps to take to create a level playing field for those small businesses;

(v) identify any rule of an agency that should be modified to become compliant with the covered trade agreement; and

(vi) include an overview of the methodology used to develop the report, including the number of small business participants by industry, how those small businesses were selected, and any other factors that the Chief Counsel for Advocacy may determine appropriate.

(B) DELAYED SUBMISSION.—To ensure that negotiations for the covered trade agreement are not disrupted, the President may require that the Chief Counsel for Advocacy delay submission of the report under subparagraph (A) until after the negotiations for the covered trade agreement are concluded, provided that the delay allows the Chief Counsel for Advocacy to submit the report to Congress not later than 45 days before the Senate or the House of Representatives acts to approve or disapprove the covered trade agreement.

(C) AVOIDANCE OF DUPLICATION.—The Chief Counsel for Advocacy shall, to the extent practicable, coordinate the submission of the report under this paragraph with the United States International Trade Commission, the United States Trade Representative, other agencies, and trade advisory committees to avoid unnecessary duplication of reporting requirements.

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