

TO AMEND THE SMALL BUSINESS ACT TO ENHANCE THE
OFFICE OF RURAL AFFAIRS, AND FOR OTHER PURPOSES

SEPTEMBER 26, 2023.—Committed to the Committee of the Whole House on the
State of the Union and ordered to be printed

Mr. WILLIAMS of Texas, from the Committee on Small Business,
submitted the following

R E P O R T

together with

MINORITY VIEWS

[To accompany H.R. 5425]

The Committee on Small Business, to whom was referred the bill
(H.R. 5425) to amend the Small Business Act to enhance the Office
of Rural Affairs, and for other purposes, having considered the
same, reports favorably thereon without amendment and rec-
ommends that the bill do pass.

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I. PURPOSE AND BILL SUMMARY

On September 13, 2023, Rep. Golden, along with Representatives Mann, Pappas, and Tenney, introduced H.R. 5425. The purpose of H.R. 5425 is to enhance the activities of the SBA Office of Rural Affairs. This bill seeks to increase the activities of the SBA Office of Rural Affairs (the Office). Congress authorized the Office in 1990. However, the Office remained largely vacant until the Trump Administration. This bill would elevate the head of the Office from “director” to “assistant administrator.” It would require the Office to promote information to rural small business concerns and require the Office to host webinars and outreach events for those businesses. The Office would be required to invite representatives from SBA District Offices, resource partners, Federal and State agencies, and other interested parties to participate. An annual activity report would be required to be submitted to Congress and be available online.

II. NEED FOR LEGISLATION

The Office of Rural Affairs has been historically underutilized by the SBA, with its leading position remaining generally vacant. Rural entrepreneurs face unique challenges such as fewer federal resources being directed to them. While SBA already performs outreach to the small business community, rural entrepreneurs can often be more difficult to reach in favor of urban or more centralized partners. SBA can more effectively reach these entrepreneurs by dedicating outreach tailored to them.

This bill encourages greater outreach to rural communities. This is a newly introduced bill. Mr. Golden expressed interest in this legislation based on a hearing on July 13, 2021, where he discussed that rural entrepreneurs do not know much about SBA’s services, such as Small Business Development Centers or SCORE partnership, or believe that their SBA loans aren’t competitive or come with too many bureaucratic strings attached.

III. HEARINGS

In the 118th Congress, the Committee held one hearing examining the issues covered in H.R. 5425. On July 26, 2023, the Committee held a hearing titled “Rural Entrepreneurship: Examining the Challenges and State of Rural Small Business.” Witnesses described challenges rural entrepreneurs face including a lack of awareness of existing resources.

IV. COMMITTEE CONSIDERATION

The Committee on Small Business met in open session, with a quorum being present, on September 14, 2023, and ordered H.R. 5425 reported favorably to the House of Representatives. 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 motion to report legislation and amendments thereto. The Committee

voted to favorably report H.R. 5425 to the House of Representatives
at 11:40 AM.

118th Congress House Committee on Small Business Vote Record

Date: 9.14.23 Bill: H.R. 5425

Vote Time: 11:40

Republicans	Aye	Nay	Present
Mr. Luetkemeyer (MO-03)	✓		
Mr. Stauber (MN-08)	✓		
Mr. Meuser (PA-09)	✓		
Ms. Van Duyne (TX-24)	✓		
Ms. Salazar (FL-27)	✓		
Mr. Mann (KS-01)	✓		
Mr. Ellzey (TX-06)			
Mr. Molinaro (NY-19)	✓		
Mr. Alford (MO-04)	✓		
Mr. Crane (AZ-02)	✓		
Mr. Bean (FL-04)	✓		
Mr. Hunt (TX-38)			
Mr. (La-Low-ta) Lalota (NY-01)			
Chairman Williams (TX-25)	✓		
TOTALS:	11		

Mr. Chairman _____ Votes _____

Mr. Chairman _____ Off _____, Votes _____

Mr. Chairman on that vote 22 Ayes 0 Nays and 0 Present

118th Congress House Committee on Small Business Vote Record

Date: 9.14.23 Bill: H.R. 5425

Vote Time:

Democrats	Aye	Nay	Present
Mr. Golden (ME-02)	✓		
Mr. M-fume (MD-07)			
Mr. Phillips (MN-03)	✓		
Mr. Landsman (OH-01)	✓		
Mr. Mc-Gar-vey (KY-03)	✓		
Ms. Glue-sen-kamp Perez (WA-03)	✓		
Ms. (Skull- ton) Scholten (MI-03)	✓		
Mr. (Tan-a-dar) Thanedar (MI-13)	✓		
Ms. (Chew) Chu (CA-28)	✓		
Ms. Davids (KS-03)	✓		
Mr. Pappas (NH-01)	✓		
Ranking Member Nydia Velazquez (NY-07)	✓		
TOTALS:	22		

VI. SECTION-BY-SECTION OF H.R. 5425

Section 1—Office of Rural Affairs of the Small Business Administration

This section rewrites the existing statute to appoint an Assistant Administrator as the head of the Office of Rural Affairs. The Assistant Administrator shall have education or professional experience with, or knowledge of, rural affairs and issues facing small businesses and have experience providing development assistance to rural small business concerns.

The definition of rural small businesses is changed to rural small business concerns. The section changes the Office's responsibilities to include promoting policies and programs of the Administration and Federal departments for assisting rural small business concerns. United States Tourism and Travel Administration is updated to the National Travel and Tourism Office of the Department of Commerce. The Office will be responsible for hosting outreach events for rural small business concerns.

The outreach shall be through hosting webinars and outreach events inviting various stakeholders including district offices, resource partners, and state and local governments.

A report is due within 180 days on the activities, and annually thereafter. The report will include the name of the Assistant Administrator, the budget of the Office, and the number of full-time employees of the Office. It will include a summary of outreach activities, analysis of gaps in lending programs of the Administration, and information gathered from webinars and outreach events.

This section defines Assistant Administrator as the head of the Office, Resource Partners as a Small Business Development Center, Women's Business Centers, SCORE Chapters, and Veterans Business Outreach Centers. It also defines rural small business concern as the meaning that is given by the Assistant Administrator.

VII. CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

Pursuant to clause 3(d)(1) of House rule XIII, the Committee adopts as its own the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974. The Committee has requested but not received from the Director of the Congressional Budget Office a cost estimate for the Committee's provisions. Once available, the cost estimate will be published in the Congressional Record.

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

Pursuant to clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section 308(a)(I) of the Congressional Budget Act of 1974, 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 Sec. 402 of the Congressional Budget Act of 1974, the Committee does not believe that there will be any additional costs at-

tributable to this legislation. H.R. 5425 does not direct new spending, but instead reallocates funding independently authorized and appropriated.

IX. OVERSIGHT FINDINGS & RECOMMENDATIONS

In accordance with clause 3(c)(1) of rule XIII and clause 2(b)(1) of rule X of the Rules of the House of Representatives, the oversight findings and recommendations of the Committee on Small Business with respect to the subject matter contained in H.R. 5425 are incorporated into the descriptive portions of this report.

X. PERFORMANCE GOALS AND OBJECTIVES

With respect to the requirements of clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the performance goals and objectives of H.R. 5425 are to require additional reporting requirements in the annual Congressional Budget Justification that include appointment to the Interagency Task Force on Veterans Small Business Development and a plan for outreach to veterans. The GAO must report on credit availability to veterans, default rates, Federal lending programs available, gaps in access to capital, obstacles faced by veterans, impact of deployments, and awareness of programs available to veterans.

XI. STATEMENT OF DUPLICATION OF FEDERAL PROGRAMS

Pursuant to clause 3(c)(5) of rule XIII of the Rules of the House of Representatives, no provision of H.R. 5425 is known to be duplicative of another Federal program, including any program that was included in a report to Congress pursuant to section 21 of Public Law 111–139 or the most recent Catalog of Federal Domestic Assistance.

XII. CONGRESSIONAL EARMARKS, LIMITED TAX BENEFITS, AND LIMITED TARIFF BENEFITS

With respect to clause 9 of rule XXI of the Rules of the House of Representatives, the Committee finds that the bill does not contain any congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9(e), 9(f), or 9(g) of rule XXI of the Rules of the House of Representatives.

XIII. FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act.

XIV. FEDERAL ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

XV. APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or

accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

XVI. STATEMENT OF CONSTITUTIONAL AUTHORITY

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

XVII. 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 italics, 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 italics, and existing law in which no change is proposed is shown in roman):

SMALL BUSINESS ACT

* * * * *

SEC. 26. OFFICE OF RURAL AFFAIRS.

(a) There is hereby established in the Small Business Administration an Office of Rural Affairs (hereafter in this section referred to as the "Office").

[(b) The Office shall be headed by a director who shall be appointed by the Administrator not later than 90 days after the date of the enactment of this section.]

(b) *APPOINTMENT OF ASSISTANT ADMINISTRATOR.—*

(1) *IN GENERAL.—The Office shall be administered by an Assistant Administrator, who shall be an employee in the competitive service.*

(2) *QUALIFICATIONS.—The Assistant Administrator shall—*

(A) *have education or professional experience with, or knowledge of, rural affairs and issues relating to small business concerns; and*

(B) *have experience providing development assistance to rural small business concerns.*

(c) The Office shall—

(1) *strive to achieve an equitable distribution of the financial assistance available from the Administration for [small business concerns located in rural areas] rural small business concerns;*

(2) *to the extent practicable, compile annual statistics on rural areas, including statistics concerning the population, poverty, job creation and retention, unemployment, business failures, and business startups;*

(3) ~~provide information~~ *promote* to industries, organizations, and State and local governments ~~concerning the assistance available to rural small business concerns through the Administration and through other Federal departments and agencies;~~ *policies and programs of the Administration and of other Federal departments and agencies for assisting rural small business concerns;*

(4) provide information to industries, organizations, educational institutions, and State and local governments concerning programs administered by private organizations, educational institutions, and Federal, State, and local governments which improve the economic opportunities of rural citizens~~;~~ and~~];~~

(5) work with ~~the United States Tourism and Travel Administration~~ *the National Travel and Tourism Office of the Department of Commerce* to assist ~~small businesses in rural areas~~ *rural small business concerns* with tourism promotion and development~~];~~ and

(6) *host webinars and outreach events for rural small business concerns as described in subsection (d).*

(d) *OUTREACH.—The Assistant Administrator shall—*

(1) host webinars and outreach events in various regions of the United States for rural small business concerns; and

(2) invite representatives from district offices of the Administration, resource partners, Federal and State agencies, and other interested persons to participate in such webinars and outreach events.

(e) *REPORT.—*

(1) IN GENERAL.—Not later than 180 days after the date of the enactment of this subsection, and annually thereafter, the Administrator shall submit to the Committee on Small Business of the House of Representatives and the Committee on Small Business and Entrepreneurship of the Senate, and make publicly make available on a website of the Administration, a report on the activities of the Office during the one-year period immediately preceding the date of submission of the report.

(2) CONTENTS.—Each report required under paragraph (1) shall include the following:

(A) The operational details of the Office, including the name of the Assistant Administrator, the budget of the Office, and the number of full-time employees employed by or detailed to the Office.

(B) A summary of the activities conducted under subsection (c).

(C) The number of webinars and outreach events conducted by the Administration to promote policies and programs described in paragraphs (3) of subsection (c) and to provide information described in (4) of such subsection.

(D) An analysis of gaps in lending programs of the Administration in serving the needs of rural small business concerns.

(E) Information gathered from any webinars and outreach events conducted by the Administration during the period covered by the report.

(f) *DEFINITIONS.—In this section:*

(1) *ASSISTANT ADMINISTRATOR.*—The term “Assistant Administrator” means the Assistant Administrator of the Office of Rural Affairs appointed under subsection (b).

(2) *RESOURCE PARTNERS.*—The term “resource partners” means—

(A) *small business development centers;*

(B) *women’s business centers (described under section 29);*

(C) *chapters of the Service Corps of Retired Executives (established under section 8(b)(1)(B)); and*

(D) *Veteran Business Outreach Centers (described under section 32).*

(3) *RURAL SMALL BUSINESS CONCERN.*—The term “rural small business concern” means a small business concern located in a rural area.

* * * * *

XVIII. MINORITY VIEWS

BACKGROUND

Small businesses are powerful drivers of economic growth across the United States, employing 46 percent of the U.S. workforce and generating two-thirds of new jobs. In rural areas, self-employment tends to be higher than in urban and suburban areas. However, rural small businesses face greater challenges, including access to affordable capital, unreliable internet access, and labor shortages.

The Small Business Administration (SBA) Office of Rural Affairs (the Office) can play a key role in helping rural small businesses overcome these challenges. The Office was created in 1990 to provide information and assistance to rural small businesses. The responsibilities of the Office include compiling statistics on rural areas and small business concerns, distributing SBA financial assistance programs equitably, providing information to stakeholders, and working with the National Travel and Tourism Office to assist small businesses in rural areas. Unfortunately, the Office has either been dormant or the collateral duty of a Regional Administrator for a vast majority of the time since its establishment.

In the 116th and 117th Congresses, the Committee ensured numerous hearings were held to assess the state of economy in rural America. On July 13, 2021, Representative Jared Golden (D-ME), the Chairman of the Subcommittee on Underserved, Agricultural, and Rural Business Development, held a hearing entitled, the Rural American Recovery: The Role of Small Businesses and Entrepreneurship. At that hearing, Mr. Golden said that most of the rural small businesses owners in his district did not know much about SBA services, such as the Small Business Development Centers or SCORE, and he sought feedback from witnesses on how to strengthen the Office of Rural Affairs in order to support rural businesses.

Moreover, Committee Democrats discussed concerns with Administrator Linda McMahon and urged the Administration to stand up the Office. Committee Democrats were encouraged that the previous Administration hired additional staff in 2020 through funding from the CARES Act. The Office of Rural Affairs is also a priority for the current Administration, and in 2021, the SBA Administrator appointed a permanent, full-time career deputy director to stand up the Office and recently named a director to lead the office.

Committee Democrats have long been committed to a fully functioning Office of Rural Affairs. It is important for the Office to actively help rural small businesses deal with the challenges facing them today. With clear lines of communication and the additional outreach that will come from the Office, small businesses will be able to access resources that should readily be available to them. Furthermore, the Office will provide a role in being able to receive

feedback from the small business community that will allow the Federal Government insight into how to best use resources to support small businesses.

Sincerely,

NYDIA M. VELÁZQUEZ,
Ranking Member.

