

Calendar No. 408

118TH CONGRESS
2D SESSION**S. 4414**

To improve the State Trade Expansion Program of the Small Business Administration.

IN THE SENATE OF THE UNITED STATES

MAY 23, 2024

Mrs. SHAHEEN, from the Committee on Small Business and Entrepreneurship, reported the following original bill; which was read twice and placed on the calendar

A BILL

To improve the State Trade Expansion Program of the Small Business Administration.

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 “State Trade Expansion
5 Program Modernization Act of 2024”.

6 **SEC. 2. FINDINGS.**

7 Congress finds the following:

1 (1) The State Trade Expansion Program estab-
2 lished under section 22(1) of the Small Business Act
3 (15 U.S.C. 649(1)) (in this section referred to as
4 “STEP”) was created by Congress in 2010 to grow
5 the number of small business concerns (as defined
6 under section 3 of such Act (15 U.S.C. 632) and in
7 this section referred to as a “small business con-
8 cern”) that export, increase the value of goods ex-
9 ported by the small business sector, and help busi-
10 nesses identify new markets.

11 (2) Helping small firms in the United States
12 begin to export or build upon their existing export
13 capacity generates investment in local economies and
14 spurs employment.

15 (3) Despite 95 percent of global consumers liv-
16 ing outside of the United States, less than 4 percent
17 of small business concerns in the United States ex-
18 port their products or services.

19 (4) Many small business concerns in the United
20 States that could grow by exporting lack the dedi-
21 cated staff, required technical skills, and necessary
22 budgetary resources for international expansion.

23 (5) STEP provides vital assistance to small
24 business concerns, particularly to those that have

1 never had the opportunity to sell their products or
2 services abroad.

3 (6) According to data of the Bureau of the Cen-
4 sus, there were approximately 5,900,000 employer
5 firms in the United States as of 2021, of which
6 more than 1,200,000, or approximately 22 percent,
7 were women-owned. However, according to the data,
8 of the 128,460 exporting small firms, only 21,626,
9 or 17 percent, were women-owned firms, meaning
10 that, of small firms, 5 times as many male-owned
11 firms export as women-owned firms. The data show
12 that the overall disparity in business ownership be-
13 tween men and women is even greater among ex-
14 porting businesses.

15 (7) According to research conducted by the
16 Small Business Administration, smaller firms tend
17 to produce fewer outputs and are less likely to ex-
18 port than larger firms. Data of the Bureau of the
19 Census show that women-owned firms employ 33
20 percent fewer workers on average than male-owned
21 firms and are less likely to enjoy the benefits of
22 international trade.

23 (8) Exporting is a highly effective way for busi-
24 nesses to expand their markets and increase their
25 productivity. As States expand export-enhancing ac-

1 tivities through STEP, additional small firms will
2 benefit from the higher demand for their goods and
3 services and increased profits associated with inter-
4 national trade.

5 (9) During the first 10 years of operation,
6 STEP enabled more than 12,000 small business
7 concerns to explore export opportunities, helping
8 them reach markets in 141 countries.

9 (10) Congress recognizes that STEP can be im-
10 proved to reduce the administrative burden for
11 grantees, streamline reporting and compliance re-
12 quirements, give grantees more flexibility, make
13 grant awards more transparent and consistent, and
14 set more predictable application deadlines.

15 (11) Congress also recognizes that making
16 awards under STEP more consistent and trans-
17 parent will simplify the program and incentivize
18 more States to participate so that small business
19 concerns are supported in all States.

20 **SEC. 3. STREAMLINING APPLICATION, REPORTING, AND**
21 **COMPLIANCE REQUIREMENTS.**

22 (a) REQUIREMENT FOR FUNDING INFORMATION TO
23 BE KEPT CURRENT.—Section 22(1)(3) of the Small Busi-
24 ness Act (15 U.S.C. 649(1)(3)) is amended by adding at
25 the end the following:

1 “(E) REQUIREMENT FOR FUNDING INFOR-
2 MATION TO BE KEPT CURRENT.—The Associate
3 Administrator shall—

4 “(i) maintain on the website of the
5 Administration a publicly accessible list of
6 links to documents containing the most up-
7 to-date information about program require-
8 ments and application procedures, includ-
9 ing the latest notice of funding oppor-
10 tunity, all active Director’s Memos, and
11 any determination made related to eligible
12 expenditures or the classification of ex-
13 penditures as direct or indirect; and

14 “(ii) update the list described in
15 clause (i) before any new clarification, in-
16 struction, directive, requirement, deter-
17 mination, or classification relating to the
18 program takes effect.”.

19 (b) TIMING OF FUNDING INFORMATION RELEASE.—
20 Section 22(l)(3)(D) of the Small Business Act (15 U.S.C.
21 649(l)(3)(D)) is amended by adding at the end the fol-
22 lowing:

23 “(iii) TIMING.—The Associate Admin-
24 istrator shall—

1 “(I) publish information on how
2 to apply for a grant under this sub-
3 section, including specific calculations
4 and other determinations used to
5 award such a grant, not later than
6 March 31 of each year;

7 “(II) establish a deadline for the
8 submission of applications that is—

9 “(aa) not earlier than 60
10 days after the date on which the
11 information is published under
12 subelause (I); and

13 “(bb) not later than—

14 “(AA) May 31 of each
15 year; or

16 “(BB) in the event that
17 full-year appropriations for
18 the program for a fiscal year
19 have not been enacted as of
20 February 1 of such fiscal
21 year, 120 days after full-
22 year appropriations are en-
23 acted; and

24 “(III) announce grant recipients
25 not later than—

1 “(aa) September 30 of each
2 year; or

3 “(bb) in the event that full-
4 year appropriations for the pro-
5 gram for a fiscal year have not
6 been enacted as of February 1 of
7 such fiscal year, 210 days after
8 full-year appropriations are en-
9 acted.”.

10 (c) APPLICATION STREAMLINING.—Section
11 22(l)(3)(D) of the Small Business Act (15 U.S.C.
12 649(l)(3)(D)), as amended by subsection (b) of this sec-
13 tion, is amended by adding at the end the following:

14 “(iv) APPLICATION STREAMLINING.—
15 “(I) IN GENERAL.—The Asso-
16 ciate Administrator shall establish a
17 concise application for grants under
18 the program that shall encompass all
19 necessary information, including—

20 “(aa) the proposal of the
21 State, territory, or common-
22 wealth to manage the program;

23 “(bb) an overview of the
24 trade office and staff of the

1 State, territory, or common-
2 wealth;

3 “(cc) a description of the
4 key mission and objective, key ac-
5 tivities planned, and estimated
6 key performance indicators;

7 “(dd) a detailed budget,
8 which, for a State, shall include a
9 description of the cash, indirect
10 costs, and in-kind contributions
11 the State has committed to pro-
12 vide for the non-Federal share of
13 the cost of the trade expansion
14 program of the State to be car-
15 ried out using a grant under the
16 program; and

17 “(ee) for a State, whether
18 the State is requesting to receive
19 additional funds allocated under
20 paragraph (5)(F), if applicable.

21 “(II) SCOPE.—The application
22 established under subclause (I)
23 shall—

1 “(aa) include all the infor-
2 mation required for the technical
3 proposal;

4 “(bb) eliminate any unneces-
5 sary or duplicative materials, ex-
6 cept to the extent the duplication
7 is due to the use of standard
8 forms or documents that are not
9 specific to the Administration
10 and are used by other Federal
11 grant programs; and

12 “(cc) to the extent feasible,
13 use forms common to other Fed-
14 eral trade and export pro-
15 grams.”.

16 (d) ABILITY TO REVIEW APPLICATIONS AFTER
17 AWARD.—Section 22(l)(3) of the Small Business Act (15
18 U.S.C. 649(l)(3)), as amended by subsection (a) of this
19 section, is amended by adding at the end the following:

20 “(F) APPLICATION INFORMATION.—The
21 Associate Administrator shall clearly commu-
22 nicate to applicants and grant recipients infor-
23 mation about award decisions under this sub-
24 section, including—

1 “(i) for each unsuccessful applicant
2 for a grant awarded under this subsection,
3 providing recommendations to improve a
4 subsequent application for such a grant;

5 “(ii) for each successful applicant for
6 such a grant, providing an explanation for
7 the amount awarded, if different from the
8 amount requested in the application; and

9 “(iii) upon request, offering to have
10 the program manager who reviewed the ap-
11 plication discuss with the applicant how to
12 improve a subsequent application for such
13 a grant.”.

14 (e) BUDGET PLAN SUBMISSION AND REVISIONS.—
15 Section 22(l)(3) of the Small Business Act (15 U.S.C.
16 649(l)(3)), as amended by subsection (d) of this section,
17 is amended—

18 (1) in subparagraph (D)(i), by inserting “, in-
19 cluding a budget plan for use of funds awarded
20 under this subsection” before the period at the end;
21 and

22 (2) by adding at the end the following:

23 “(G) BUDGET PLAN REVISIONS.—

24 “(i) IN GENERAL.—A State, territory,
25 or commonwealth receiving a grant under

1 this subsection may revise the budget plan
 2 of the State, territory, or commonwealth
 3 submitted under subparagraph (D) after
 4 the disbursal of grant funds if—

5 “(I) the revision complies with al-
 6 lowable uses of grant funds under this
 7 subsection; and

8 “(II) such State, territory, or
 9 commonwealth submits notification of
 10 the revision to the Associate Adminis-
 11 trator.

12 “(ii) EXCEPTION.—If a revision under
 13 clause (i) reallocates 10 percent or more of
 14 the amounts described in the budget plan
 15 of the State, territory, or commonwealth
 16 submitted under subparagraph (D), the
 17 State, territory, or commonwealth may not
 18 implement the revised budget plan without
 19 the approval of the Associate Adminis-
 20 trator, unless the Associate Administrator
 21 fails to approve or deny the revised plan
 22 within 20 days after receipt of such revised
 23 plan.”.

24 (f) REPORTING BY RECIPIENTS; PROCESSING OF RE-
 25 IMBURSEMENTS.—Section 22(1)(7) of the Small Business

1 Act (15 U.S.C. 649(l)(7)) is amended by adding at the
2 end the following:

3 “(C) REPORTING BY RECIPIENTS; PROC-
4 ESSING OF REIMBURSEMENTS.—

5 “(i) IN GENERAL.—The Associate Ad-
6 ministrator shall establish for recipients of
7 grants under the program a streamlined
8 reporting process, template, or spreadsheet
9 format to report information regarding the
10 program and key performance indicators
11 required by an Act of Congress that—

12 “(I) a State, territory, or com-
13 monwealth may use to upload re-
14 quired compliance reports relating to
15 the grants;

16 “(II) minimizes the manual entry
17 of specific data regarding eligible
18 small business concerns, including
19 performance data;

20 “(III) eliminates any duplicative
21 or unnecessary reporting requirements
22 that are not required for the Associate
23 Administrator to—

24 “(aa) report the information
25 specified in subparagraph (B);

1 “(bb) make allocations
2 under paragraph (5)(B); or

3 “(cc) conduct necessary
4 oversight of the program;

5 “(IV) to the extent feasible, ac-
6 commodates the use and uploading of
7 spreadsheets or templates generated
8 from customer relationship manage-
9 ment or spreadsheet software; and

10 “(V) may not require a State,
11 territory, or commonwealth to submit
12 information more frequently than
13 twice per year.

14 “(ii) PROCESSING OF REIMBURSE-
15 MENT REQUESTS.—The Associate Adminis-
16 trator shall—

17 “(I) process information sub-
18 mitted by a State, territory, or com-
19 monwealth for purposes of obtaining
20 reimbursement for eligible activities in
21 a timely manner, without regard to
22 whether the information is submitted
23 semiannually, as described in clause
24 (i)(V), or quarterly, if the State, terri-

1 tory, or commonwealth elects to sub-
 2 mit information quarterly;

3 “(II) notify a State, territory, or
 4 commonwealth if such information is
 5 not processed on or before the date
 6 that is 21 days after the date such in-
 7 formation is submitted; and

8 “(III) provide an estimated com-
 9 pletion timeline with any notification
 10 under subclause (II).

11 “(iii) RULE OF CONSTRUCTION.—
 12 Nothing in clause (i) shall be construed to
 13 prohibit a State, territory, or common-
 14 wealth from submitting information for
 15 purposes of obtaining reimbursement for
 16 eligible activities on a quarterly basis, at
 17 the election of the State, territory, or com-
 18 monwealth, respectively.”.

19 (g) REQUIREMENTS RELATED TO STATE EMPLOY-
 20 EES.—Section 22(1)(3) of the Small Business Act (15
 21 U.S.C. 649(1)(3)), as amended by subsection (e) of this
 22 section, is amended by adding at the end the following:

23 “(H) LIMITATION ON COLLECTION OF
 24 STATE OFFICIAL AND EMPLOYEE INFORMA-
 25 TION.—

1 “(i) IN GENERAL.—Subject to clause
2 (ii), the Associate Administrator—

3 “(I) may only require that a
4 State, territory, or commonwealth in-
5 clude with an application for a grant
6 under the program detailed informa-
7 tion, such as a position description
8 and resume, for the State, territory,
9 or commonwealth official or employee
10 that would manage the grant;

11 “(II) may only require that a
12 State, territory, or commonwealth re-
13 ceiving a grant under the program re-
14 port the salary of a State, territory, or
15 commonwealth official or employee to
16 the extent that the State, territory, or
17 commonwealth—

18 “(aa) includes such salary as
19 part of the non-Federal share of
20 the cost of the trade expansion
21 program; or

22 “(bb) uses amounts received
23 under the grant for the cost of
24 such salary, in whole or in part;
25 and

1 “(III) with respect to a State,
2 territory, or commonwealth official or
3 employee who is not directly man-
4 aging a grant under the program,
5 may only require the State, territory,
6 or commonwealth to report the name,
7 position, and contact information of
8 the official or employee.

9 “(ii) EXCEPTIONS.—The Associate
10 Administrator may require a State, terri-
11 tory, or commonwealth to provide informa-
12 tion about a State, territory, or common-
13 wealth official or employee that is relevant
14 to any investigation into suspected mis-
15 management, fraud, or malfeasance or that
16 is necessary to comply with Federal grant
17 requirements.”.

18 (h) LIMITATION ON COMPLIANCE AUDITS.—Section
19 22(l) of the Small Business Act (15 U.S.C. 649(l)) is
20 amended—

21 (1) by redesignating paragraphs (7), (8), and
22 (9) as paragraphs (10), (11), and (12), respectively;

23 (2) by redesignating paragraphs (5) and (6) as
24 paragraphs (6) and (7), respectively; and

1 (3) by inserting after paragraph (7), as so re-
2 designated, the following:

3 “(8) COMPLIANCE AUDITS.—

4 “(A) IN GENERAL.—Except as provided in
5 subparagraph (B), the Associate Administrator
6 may not conduct an audit of a State, territory,
7 or commonwealth to evaluate compliance with
8 this subsection more than once every 3 years.

9 “(B) EXCEPTIONS.—The Associate Admin-
10 istrator may conduct an audit of a State, terri-
11 tory, or commonwealth to evaluate compliance
12 with this subsection more than once every 3
13 years if—

14 “(i) the amount allocated to the State,
15 territory, or commonwealth under a grant
16 under this subsection for a fiscal year is an
17 increase of not less than 15 percent from
18 the allocation for the State, territory, or
19 commonwealth for the prior fiscal year;

20 “(ii) the Associate Administrator be-
21 lieves that amounts received by the State,
22 territory, or commonwealth under a grant
23 under this subsection are being used for
24 ineligible activities or as part of fraudulent
25 activity; or

1 “(iii) the most recent audit report
 2 shows evidence of material noncompliance
 3 with program requirements, in which case
 4 the Associate Administrator may conduct
 5 an audit annually until compliance is rees-
 6 tablished.”.

7 **SEC. 4. FUNDING TRANSPARENCY AND PREDICTABILITY.**

8 (a) CAP ON REDUCTIONS IN GRANTS.—Section 22(l)
 9 of the Small Business Act (15 U.S.C. 649(l)) is amended
 10 by striking paragraph (4) and inserting the following:

11 “(4) LIMITATIONS.—

12 “(A) DEFINITIONS.—In this paragraph—

13 “(i) the term ‘current fiscal year’
 14 means the fiscal year for which the Admin-
 15 istrator is determining the amount of a
 16 grant to be awarded to a State, territory,
 17 or commonwealth under the program; and

18 “(ii) the term ‘prior fiscal year’ means
 19 the most recent fiscal year before the cur-
 20 rent fiscal year for which a State, terri-
 21 tory, or commonwealth received a grant
 22 under the program.

23 “(B) GENERAL LIMITATION ON REDUC-
 24 TIONS IN GRANTS.—Subject to subparagraphs
 25 (C) and (D), the Administrator may not award

1 a grant to a State, territory, or commonwealth
2 under the program for the current fiscal year in
3 an amount that is less than 80 percent of the
4 amount received by the State, territory, or com-
5 monwealth under a grant under the program
6 for the prior fiscal year.

7 “(C) POTENTIAL ADDITIONAL ADJUST-
8 MENTS.—

9 “(i) EXCEPTION FOR REDUCTION IN
10 APPROPRIATIONS.—Subject to subpara-
11 graph (D), if the total amount appro-
12 priated for the program for the current fis-
13 cal year is less than the amount appro-
14 priated for the program for the prior fiscal
15 year, for purposes of applying subpara-
16 graph (B), the Administrator shall sub-
17 stitute for ‘the amount received by the
18 State, territory, or commonwealth under a
19 grant under the program for the prior fis-
20 cal year’ the product obtained by multi-
21 plying—

22 “(I) subject to clause (ii) of this
23 subparagraph, the amount received by
24 the State, territory, or commonwealth

1 under a grant under the program for
2 the prior fiscal year; by

3 “(II) the ratio of the appropria-
4 tion for the current fiscal year to the
5 appropriation for the prior fiscal year.

6 “(ii) EXCEPTION FOR GRANTEES
7 THAT USE LESS THAN 80 PERCENT OF THE
8 AMOUNT OF A GRANT.—Subject to sub-
9 paragraph (D), if a State, territory, or
10 commonwealth expends less than 80 per-
11 cent of the amount of a grant under the
12 program for the prior fiscal year before the
13 end of the period of the grant for the prior
14 fiscal year established under paragraph
15 (3)(C)(iii)(I), for purposes of applying sub-
16 paragraph (B) of this paragraph, if appro-
17 priations are not reduced, or applying
18 clause (i) of this subparagraph, if appro-
19 priations are reduced, the Administrator
20 shall substitute for ‘the amount received by
21 the State, territory, or commonwealth
22 under a grant under the program for the
23 prior fiscal year’ the difference obtained by
24 subtracting—

1 “(I) the amount equal to 50 per-
2 cent of the amount remaining avail-
3 able under the grant under the pro-
4 gram to the State, territory, or com-
5 monwealth for the prior fiscal year, as
6 of the last day of such period; from

7 “(II) the amount of the grant
8 under the program to the State, terri-
9 tory, or commonwealth for the prior
10 fiscal year.

11 “(iii) EXCEPTION FOR INCREASE IN
12 GRANTEES RESULTING IN INSUFFICIENT
13 FUNDING.—If the number of States, terri-
14 tories, or commonwealths participating in
15 the program has increased from the prior
16 fiscal year to such an extent that funding
17 is not sufficient to provide each grantee
18 the minimum amount required under this
19 paragraph (including any reductions under
20 clause (i) or (ii) of this subparagraph, if
21 applicable) the Administrator may make
22 pro rata reductions to the minimum grant
23 amount otherwise required under this
24 paragraph on a one-time basis to ensure

1 that all qualified applicants may receive
2 grants.

3 “(D) VIOLATIONS.—The amount of a
4 grant to a State, territory, or commonwealth
5 may be less than the minimum amount deter-
6 mined under subparagraph (B) (including any
7 substitution of amounts under clauses (i) and
8 (ii) of subparagraph (C), as applicable), if the
9 State, territory, or commonwealth has been
10 found to have committed a significant violation
11 of the rules or policies of the program.”.

12 (b) PERMITTING CARRYOVER OF UNUSED GRANT
13 FUNDS.—Section 22(l)(3)(C) of the Small Business Act
14 (15 U.S.C. 649(l)(3)(C)) is amended—

15 (1) in clause (ii), by striking “40 percent” and
16 inserting “30 percent”; and

17 (2) in clause (iii)—

18 (A) by striking “The Associate Adminis-
19 trator” and inserting the following:

20 “(I) IN GENERAL.—The Asso-
21 ciate Administrator”; and

22 (B) by adding at the end the following:

23 “(II) GRANTEES THAT USE LESS
24 THAN THE FULL AMOUNT OF A
25 GRANT.—

1 “(aa) IN GENERAL.—Sub-
2 ject to item (bb), for a State, ter-
3 ritory, or commonwealth that
4 does not expend the entire
5 amount of a grant under the pro-
6 gram before the end of the period
7 of the grant established under
8 subclause (I), the State, terri-
9 tory, or commonwealth may ex-
10 pend amounts remaining avail-
11 able under the grant as of the
12 last day of such period during
13 the first fiscal year after such pe-
14 riod, in an amount not to exceed
15 20 percent of the amount origi-
16 nally made available under such
17 grant.

18 “(bb) FORFEITED
19 GRANTS.—Item (aa) shall not
20 apply to a grant under the pro-
21 gram to a State, territory, or
22 commonwealth that was forfeited
23 due to a significant program vio-
24 lation by the State, territory, or
25 commonwealth.

1 “(cc) RETURN OF GRANT
2 FUNDS.—A State, territory, or
3 commonwealth shall return to the
4 Treasury—

5 “(AA) any amounts re-
6 maining available under a
7 grant under the program at
8 the end of the period of the
9 grant established under sub-
10 clause (I) that are not avail-
11 able for expenditure under
12 item (aa) of this subclause;
13 and

14 “(BB) any amounts
15 that are available for ex-
16 penditure under item (aa)
17 and are not expended on or
18 before the date that is 1
19 year after the last day of the
20 original period of the grant
21 established under subclause
22 (I).”.

23 (c) FUNDING FORMULA.—Section 22(1) of the Small
24 Business Act (15 U.S.C. 649(l)) is amended by inserting

1 after paragraph (4), as amended by subsection (a) of this
2 section, the following:

3 “(5) FUNDING FORMULA.—

4 “(A) MINIMUM ALLOCATION.—Subject to
5 paragraph (4), and except as provided otherwise
6 in this paragraph, the minimum amount of a
7 grant under the program for a fiscal year—

8 “(i) for a territory or commonwealth,
9 shall be the amount equal to 0.5 percent of
10 the total amount appropriated for the pro-
11 gram for the fiscal year; and

12 “(ii) for a State, shall be the amount
13 equal to 0.75 percent of the total amount
14 appropriated for the program for the fiscal
15 year.

16 “(B) ADDITIONAL FUNDS.—

17 “(i) IN GENERAL.—Subject to clause
18 (ii), amounts remaining for grants under
19 the program for a fiscal year after the
20 minimum allocation under subparagraph
21 (A) shall be allocated among States receiv-
22 ing a grant under the program in accord-
23 ance with the following metrics:

24 “(I) 20 percent of amounts re-
25 maining shall be proportionally allo-

1 cated based on the ratio, for the most
2 recently completed grant cycle for
3 which complete reporting data is
4 available, of the dollar value of export
5 sales reported by a State that were
6 initiated as a result of program activi-
7 ties undertaken by eligible small busi-
8 ness concerns that are located in the
9 State to the amount of the grant re-
10 ceived by the State.

11 “(II) 20 percent of amounts re-
12 maining shall be proportionally allo-
13 cated based on the ratio, for the most
14 recently completed grant cycle for
15 which complete reporting data is
16 available, of the total number of ac-
17 tivities described in paragraph (2) un-
18 dertaken by eligible small business
19 concerns participating in the program
20 that are located in the State to the
21 amount of the grant received by the
22 State.

23 “(III) 15 percent of amounts re-
24 maining shall be proportionally allo-
25 cated based on the ratio, for the most

1 recently completed grant cycle for
2 which complete reporting data is
3 available, of the number of eligible
4 small business concerns participating
5 in the program for the first time that
6 are located in the State to the amount
7 of the grant received by the State.

8 “(IV) 15 percent of amounts re-
9 maining shall be proportionally allo-
10 cated based on the ratio, for the most
11 recently completed grant cycle for
12 which complete reporting data is
13 available, of the number of eligible
14 small business concerns participating
15 in the program that are located in the
16 State and that engaged in trade out-
17 side the United States for the first
18 time to the amount of the grant re-
19 ceived by the State.

20 “(V) 15 percent of amounts re-
21 maining shall be proportionally allo-
22 cated based on the ratio, for the most
23 recently completed grant cycle for
24 which complete reporting data is
25 available, of the total number of new

1 markets reached by eligible small
2 business concerns participating in the
3 program that are located in the State
4 to the amount of the grant received by
5 the State.

6 “(VI) 15 percent of amounts re-
7 maining shall be proportionally allo-
8 cated based on the ratio, for the most
9 recently completed grant cycle, of the
10 total number of eligible small business
11 concerns participating in the program
12 that are located in the State to the
13 number of eligible small business con-
14 cerns participating in the program
15 that are located in the State and that
16 meet 1 or more of the following cri-
17 teria:

18 “(aa) Located in a low-in-
19 come or moderate-income area.

20 “(bb) Located in a rural
21 area.

22 “(cc) Located in an
23 HUBZone, as that term is de-
24 fined in section 31(b).

1 “(dd) Located in a commu-
2 nity that has been designated as
3 an empowerment zone or enter-
4 prise community under section
5 1391 of the Internal Revenue
6 Code of 1986.

7 “(ee) Located in a commu-
8 nity that has been designated as
9 a promise zone by the Secretary
10 of Housing and Urban Develop-
11 ment.

12 “(ff) Located in a commu-
13 nity that has been designated as
14 a qualified opportunity zone
15 under section 1400Z-1 of the In-
16 ternal Revenue Code of 1986.

17 “(gg) Being owned by
18 women.

19 “(ii) LIMITATION.—In allocating
20 funds under each of subclauses (I) through
21 (VI) of clause (i), the amount of funds al-
22 located under such subclause to the State
23 with the highest ratio for a metric may not
24 be more than 10 times the amount of
25 funds allocated under such subclause to

1 the State with the lowest ratio that is
2 greater than zero for that metric.

3 “(C) LIMIT ON REDUCTION BELOW GRANT
4 BEFORE ENACTMENT.—In addition to the limi-
5 tations under paragraph (4), and except to the
6 extent a State elects to return funds under sub-
7 paragraph (E), the amount of a grant to the
8 State under the program for any fiscal year
9 may not be less than the amount of the grant
10 to the State under the program for the most re-
11 cent full fiscal year before the date of enact-
12 ment of the State Trade Expansion Program
13 Modernization Act of 2024 for which the State
14 received such a grant.

15 “(D) MATCHING REQUIREMENT FOR FOR-
16 MULA FUNDS.—The Associate Administrator
17 shall provide to each State receiving a grant
18 under the program an award in the amount cal-
19 culated in accordance with the funding formula
20 under subparagraphs (A), (B), and (C) if the
21 State has committed to provide the necessary
22 cash, indirect costs, and in-kind contributions
23 for the non-Federal share of the cost of the
24 trade expansion program of the State, as re-
25 quired under paragraph (6).

1 “(E) RETURN OF GRANTS.—Not later than
2 15 days after the date on which the Associate
3 Administrator notifies a State of the amount to
4 be awarded to the State under a grant under
5 the program for a fiscal year, the State may de-
6 cline or return to the Associate Administrator,
7 in whole or in part, such amounts.

8 “(F) DISTRIBUTION OF RETURNED AND
9 REMAINING AMOUNTS.—

10 “(i) REMAINING AMOUNTS.—In this
11 subparagraph, the term ‘remaining
12 amounts’ means—

13 “(I) amounts declined or re-
14 turned under subparagraph (E) for a
15 fiscal year; or

16 “(II) amounts remaining for
17 grants under the program for a fiscal
18 year after allocating funds in accord-
19 ance with subparagraphs (A), (B),
20 and (C) due to reductions in the
21 amount of grants because of the
22 amount committed by States for the
23 non-Federal share of the cost of the
24 trade expansion program of the
25 States.

1 “(ii) DISTRIBUTION.—The Associate
2 Administrator shall distribute any remain-
3 ing amounts for a fiscal year among the
4 States receiving a grant under the program
5 that requested to receive such remaining
6 amounts, in an amount that is proportional
7 to the allocations under subparagraphs
8 (A), (B), and (C).

9 “(G) LIMITATION ON BASIS FOR REDUCING
10 AMOUNTS.—The Associate Administrator may
11 not reduce the amount determined to be allo-
12 cated or distributed to a State under any sub-
13 paragraph of this paragraph based on the pro-
14 posed use of such amount by the State, except
15 to the extent that such use is not an eligible use
16 of funds for a grant under the program.

17 “(H) ROUNDING.—The total amount of a
18 grant to a State, territory, or commonwealth
19 under the program, as determined under this
20 paragraph, shall be rounded to the nearest in-
21 crement of \$1,000.

22 “(I) APPLICATION.—

23 “(i) IN GENERAL.—The Associate Ad-
24 ministrators shall award grants under this
25 subsection based on the formula described

1 in this paragraph, and without regard to
2 paragraph (3)(B)—

3 “(I) for the second consecutive
4 fiscal year for which the amount made
5 available for the program is not less
6 than \$30,000,000; and

7 “(II) for each fiscal year after
8 the fiscal year described in subclause
9 (I) for which the amount made avail-
10 able for the program is not less than
11 \$30,000,000.

12 “(ii) AWARD WHEN NOT BASED ON
13 FORMULA.—For any fiscal year for which
14 grants are not awarded based on the for-
15 mula described in this paragraph, the As-
16 sociate Administrator shall award grants
17 under this subsection on a competitive
18 basis, taking into account the consider-
19 ations described in paragraph (3)(B).

20 “(J) TRANSITION PLAN.—

21 “(i) INITIAL PLAN.—

22 “(I) IN GENERAL.—If the
23 amount made available for the pro-
24 gram for a fiscal year is not less than
25 \$30,000,000, the Associate Adminis-

1 trator shall develop a transition plan
2 describing how the Administration in-
3 tends to begin awarding grants based
4 on the formula described in this para-
5 graph, to ensure the Administration is
6 prepared to award grants based on
7 the formula described in this para-
8 graph if the amount made available
9 for the program for the next fiscal
10 year is not less than \$30,000,000.

11 “(II) ONE-TIME REQUIRE-
12 MENT.—Subclause (I) shall not apply
13 on and after the first day of the first
14 fiscal year for which the Associate Ad-
15 ministrator awards grants based on
16 the formula described in this para-
17 graph.

18 “(III) REQUIREMENT TO USE
19 FORMULA.—The Associate Adminis-
20 trator shall award grants based on the
21 formula described in this paragraph in
22 accordance with the requirements
23 under subparagraph (I), without re-
24 gard to whether the Associate Admin-
25 istrator develops the transition plan

1 required under subclause (I) of this
2 clause.

3 “(ii) UPDATES.—If, for any fiscal
4 year after the first fiscal year for which
5 the Associate Administrator awards grants
6 based on the formula described in this
7 paragraph, the amount made available for
8 the program for the fiscal year is less than
9 \$30,000,000, the Associate Administrator
10 shall update the plan to award grants
11 based on the formula described in this
12 paragraph, to ensure the Administration is
13 prepared to award grants based on the for-
14 mula described in this paragraph if the
15 amount made available for the program for
16 the next fiscal year is not less than
17 \$30,000,000.

18 “(K) REPORTING.—Not later than 180
19 days after the end of each fiscal year for which
20 the amount of grants under this subsection is
21 determined under the formula described in this
22 paragraph, the Associate Administrator shall
23 submit to the Committee on Small Business
24 and Entrepreneurship of the Senate and the
25 Committee on Small Business of the House of

1 Representatives a report that provides the in-
2 formation used by the Associate Administrator
3 to determine the amounts of grants under the
4 formula, which shall include for the applicable
5 fiscal year—

6 “(i) the number of States that applied
7 for a grant under the program;

8 “(ii) the number of States that re-
9 ceived a grant under the program;

10 “(iii) the raw data for each factor
11 used to calculate award amounts in accord-
12 ance with subparagraph (B), broken out by
13 State;

14 “(iv) the utilization rates of each
15 grantee, broken out by grantee;

16 “(v) the amount carried over by a
17 grantee under paragraph
18 (3)(C)(iii)(II)(aa), broken out by grantee;

19 “(vi) the amount returned to Treas-
20 ury due to a failure to use the amounts
21 under paragraph (3)(C)(iii)(II)(cc), broken
22 out by grantee; and

23 “(vii) the amount returned to the As-
24 sociate Administrator during the period de-
25 scribed in subparagraph (E).”.

1 **SEC. 5. EXPANSION OF DEFINITION OF ELIGIBLE SMALL**
2 **BUSINESS CONCERN; CHANGE TO SET ASIDE;**
3 **CONFORMING CHANGES.**

4 (a) EXPANSION OF DEFINITION OF ELIGIBLE SMALL
5 BUSINESS CONCERN.—

6 (1) IN GENERAL.—Section 22(l)(1)(A) of the
7 Small Business Act (15 U.S.C. 649(l)(1)(A)) is
8 amended—

9 (A) in clause (iii)(II), by adding “and” at
10 the end;

11 (B) by striking clause (iv); and

12 (C) by redesignating clause (v) as clause
13 (iv).

14 (2) LIMITATION ON USE OF FUNDS FOR PAR-
15 TICIPATION IN FOREIGN TRADE MISSIONS.—Section
16 22(l)(2)(A) of the Small Business Act (15 U.S.C.
17 649(l)(2)(A)) is amended by inserting “by eligible
18 small business concerns that have been in operation
19 for not less than 1 year” after “trade missions”.

20 (b) CHANGE TO DEFINITIONS AND FEDERAL SHARE
21 REQUIREMENTS.—Section 22(l) of the Small Business Act
22 (15 U.S.C. 649(l)) is amended—

23 (1) in paragraph (1)—

24 (A) by redesignating subparagraphs (A)
25 through (E) as subparagraphs (B) through (F),
26 respectively;

1 (B) by inserting before subparagraph (B),
2 as so redesignated, the following:

3 “(A) the term ‘commonwealth’ means the
4 Commonwealth of Puerto Rico and the Com-
5 monwealth of the Northern Mariana Islands;”;

6 (C) in subparagraph (E), as so redesign-
7 ated, by striking “and” at the end;

8 (D) in subparagraph (F), as so redesign-
9 ated, by striking “States, the District” and all
10 that follows and inserting “States and the Dis-
11 trict of Columbia; and”; and

12 (E) by adding at the end the following:

13 “(G) the term ‘territory’ means the United
14 States Virgin Islands, Guam, and American
15 Samoa.”;

16 (2) in paragraph (2), in the matter preceding
17 subparagraph (A), by inserting “, territories, and
18 commonwealths” after “States”;

19 (3) in paragraph (3)—

20 (A) by inserting “, territory, or common-
21 wealth” after “State” each place it appears, ex-
22 cept in—

23 (i) subclause (II) of subparagraph
24 (C)(iii), as added by section 4(b) of this
25 Act;

1 (ii) clause (iv) of subparagraph (D),
2 as added by section 3(c) of this Act;

3 (iii) subparagraph (G), as added by
4 section 3(e) of this Act; and

5 (iv) subparagraph (H), as added by
6 section 3(g) of this Act; and

7 (B) by inserting “, territories, or common-
8 wealths” after “States” each place it appears;
9 (4) in paragraph (6), as so redesignated by sec-
10 tion 3(h) of this Act—

11 (A) in subparagraph (A), by striking
12 “and” at the end;

13 (B) in subparagraph (B), by striking the
14 period at the end and inserting “; and”; and

15 (C) by adding at the end the following:

16 “(C) for a territory or commonwealth, 100
17 percent.”; and

18 (5) in paragraph (10), as so redesignated by
19 section 3(h) of this Act—

20 (A) by inserting “, territory, or common-
21 wealth” after “State” each place it appears, ex-
22 cept in subparagraph (C), as added by section
23 3(f) of this Act; and

24 (B) by inserting “, territories, or common-
25 wealths” after “States” each place it appears.

1 **SEC. 6. SURVEY AND ANNUAL REPORT.**

2 (a) SURVEY.—Section 22(l) of the Small Business
3 Act (15 U.S.C. 649(l)) is amended by inserting after para-
4 graph (8), as added by section 3(h) of this Act, the fol-
5 lowing:

6 “(9) SURVEY.—The Associate Administrator
7 shall conduct an annual survey of each State, terri-
8 tory, or commonwealth that received a grant under
9 this subsection during the preceding year to solicit
10 feedback on the program and develop best practices
11 for grantees.”.

12 (b) REPORT.—Paragraph (10)(B) of section 22(l) of
13 the Small Business Act (15 U.S.C. 649(l)), as so redesign-
14 nated by section 3(h) of this Act, is amended—

15 (1) in clause (i)—

16 (A) in subclause (III), by inserting “, in-
17 cluding the total number of eligible small busi-
18 ness concerns assisted by the program
19 (disaggregated by small business concerns lo-
20 cated in a low-income or moderate-income com-
21 munity, small business concerns owned and con-
22 trolled by women, and rural small business con-
23 cerns)” before the semicolon at the end;

24 (B) in subclause (IV), by striking “and” at
25 the end;

26 (C) in subclause (V)—

1 (i) by striking “description of best
2 practices” and inserting “detailed descrip-
3 tion of best practices”; and

4 (ii) by striking the period at the end
5 and inserting a semicolon; and

6 (D) by adding at the end the following:

7 “(VI) an analysis of the perform-
8 ance metrics described in clause (iii),
9 including a determination of whether
10 or not any goals relating to such per-
11 formance metrics were met, and an
12 analysis of the survey described in
13 paragraph (9); and

14 “(VII) a description of lessons
15 learned by grant recipients under this
16 subsection that may apply to other as-
17 sistance provided by the Administra-
18 tion.”; and

19 (2) by adding at the end the following:

20 “(iii) PERFORMANCE METRICS.—An-
21 nually, the Associate Administrator shall
22 collect data on eligible small business con-
23 cerns assisted by the program for the fol-
24 lowing performance metrics:

1 “(I) Total number of such con-
2 cerns, disaggregated by eligible small
3 business concerns that meet 1 or more
4 of the following criteria:

5 “(aa) Located in a low-in-
6 come or moderate-income area.

7 “(bb) Located in a rural
8 area.

9 “(cc) Located in an
10 HUBZone, as that term is de-
11 fined in section 31(b).

12 “(dd) Located in a commu-
13 nity that has been designated as
14 an empowerment zone or enter-
15 prise community under section
16 1391 of the Internal Revenue
17 Code of 1986.

18 “(ee) Located in a commu-
19 nity that has been designated as
20 a promise zone by the Secretary
21 of Housing and Urban Develop-
22 ment.

23 “(ff) Located in a commu-
24 nity that has been designated as
25 a qualified opportunity zone

1 under section 1400Z–1 of the In-
2 ternal Revenue Code of 1986.

3 “(gg) Being owned by
4 women.

5 “(II) Total dollar amount of ex-
6 port sales by eligible small business
7 concerns assisted by the program.

8 “(III) Number of such concerns
9 that have not previously participated
10 in an activity described in paragraph
11 (2).

12 “(IV) Number of such concerns
13 that, because of participation in the
14 program, have become a first-time ex-
15 porter.

16 “(V) Number of such concerns
17 that, because of participation in the
18 program, have accessed a new market.

19 “(VI) Number of such concerns
20 that have begun exporting to each
21 new market.”.

22 **SEC. 7. AUTHORIZATION OF APPROPRIATIONS.**

23 Paragraph (12) of section 22(l) of the Small Business
24 Act (15 U.S.C. 649(l)), as so redesignated by section 3(h)
25 of this Act, is amended by striking “fiscal years 2016

1 through 2020” and inserting “fiscal years 2025 through
2 2029”.

3 **SEC. 8. REPORT TO CONGRESS.**

4 Not later than 1 year after the date of enactment
5 of this Act, the Associate Administrator for International
6 Trade of the Small Business Administration shall submit
7 to Congress a report on the State Trade Expansion Pro-
8 gram established under section 22(l) of the Small Busi-
9 ness Act (15 U.S.C. 649(l)), as amended by this Act, that
10 includes a description of—

11 (1) the process developed for review of revised
12 budget plans submitted under subparagraph (G) of
13 section 22(l)(3) of the Small Business Act (15
14 U.S.C. 649(l)(3)), as added by section 3(e) of this
15 Act;

16 (2) any changes made to streamline the applica-
17 tion process under the State Trade Expansion Pro-
18 gram to remove duplicative requirements and create
19 a more transparent process;

20 (3) the process developed to share best prac-
21 tices by States, territories, and commonwealths de-
22 scribed in paragraph (10)(B)(i)(V) of section 22(l)
23 of the Small Business Act (15 U.S.C. 649(l)), as so
24 redesignated by section 3(h) of this Act, particularly
25 for first-time grant recipients under the State Trade

1 Expansion Program or grant recipients that are fac-
2 ing problems using grant funds; and

3 (4) the process developed to communicate, both
4 verbally and in writing, relevant information about
5 the State Trade Expansion Program to all grant re-
6 cipients in a timely manner.

7 **SEC. 9. SEVERABILITY.**

8 If any provision of this Act, an amendment made by
9 this Act, or the application of such provision or amend-
10 ment to any person or circumstance is held to be unconsti-
11 tutional, the remainder of this Act and the amendments
12 made by this Act, and the application of the provision or
13 amendment to any other person or circumstance, shall not
14 be affected.

Calendar No. 408

118TH CONGRESS
2^D SESSION

S. 4414

A BILL

To improve the State Trade Expansion Program of
the Small Business Administration.

MAY 23, 2024

Read twice and placed on the calendar