

Extract From P.L. 109-461 (enacted 12/22/2006)  
VA Procurement Procedures

**SEC. 502. DEPARTMENT OF VETERANS AFFAIRS GOALS FOR PARTICIPATION BY SMALL BUSINESSES OWNED AND CONTROLLED BY VETERANS IN PROCUREMENT CONTRACTS.**

(a) Goals-

(1) IN GENERAL- Subchapter II of chapter 81 is amended by adding at the end the following new section:

**Sec. 8127. Small business concerns owned and controlled by veterans: contracting goals and preferences**

(a) Contracting Goals- (1) In order to increase contracting opportunities for small business concerns owned and controlled by veterans and small business concerns owned and controlled by veterans with service-connected disabilities, the Secretary shall--

(A) establish a goal for each fiscal year for participation in Department contracts (including subcontracts) by small business concerns owned and controlled by veterans who are not veterans with service-connected disabilities in accordance with paragraph (2); and

(B) establish a goal for each fiscal year for participation in Department contracts (including subcontracts) by small business concerns owned and controlled by veterans with service-connected disabilities in accordance with paragraph (3).

(2) The goal for a fiscal year for participation under paragraph (1)(A) shall be determined by the Secretary.

(3) The goal for a fiscal year for participation under paragraph (1)(B) shall be not less than the Government-wide goal for that fiscal year for participation by small business concerns owned and controlled by veterans with service-connected disabilities under section 15(g)(1) of the Small Business Act (15 U.S.C. 644(g)(1)).

(4) The Secretary shall establish a review mechanism to ensure that, in the case of a subcontract of a Department contract that is counted for purposes of meeting a goal established pursuant to this section, the subcontract was actually awarded to a business concern that may be counted for purposes of meeting that goal.

(b) Use of Noncompetitive Procedures for Certain Small Contracts- For purposes of meeting the goals under subsection (a), and in accordance with this section, in entering into a contract with a small business concern owned and controlled by veterans for an amount less than the simplified acquisition threshold (as defined in section 4 of the Office of Federal Procurement Policy Act (41 U.S.C. 403)), a contracting officer of the Department may use procedures other than competitive procedures.

(c) Sole Source Contracts for Contracts Above Simplified Acquisition Threshold- For purposes of meeting the goals under subsection (a), and in accordance with this section, a contracting officer of the Department may award a contract to a small business concern owned and controlled by veterans using procedures other than competitive procedures if--

` (1) such concern is determined to be a responsible source with respect to performance of such contract opportunity;

` (2) the anticipated award price of the contract (including options) will exceed the simplified acquisition threshold (as defined in section 4 of the Office of Federal Procurement Policy Act (41 U.S.C. 403)) but will not exceed \$5,000,000; and

` (3) in the estimation of the contracting officer, the contract award can be made at a fair and reasonable price that offers best value to the United States.

` (d) Use of Restricted Competition- Except as provided in subsections (b) and (c), for purposes of meeting the goals under subsection (a), and in accordance with this section, a contracting officer of the Department shall award contracts on the basis of competition restricted to small business concerns owned and controlled by veterans if the contracting officer has a reasonable expectation that two or more small business concerns owned and controlled by veterans will submit offers and that the award can be made at a fair and reasonable price that offers best value to the United States.

` (e) Eligibility of Small Business Concerns- A small business concern may be awarded a contract under this section only if the small business concern and the veteran owner of the small business concern are listed in the database of veteran-owned businesses maintained by the Secretary under subsection (f).

` (f) Database of Veteran-Owned Businesses- (1) Subject to paragraphs (2) through (6), the Secretary shall maintain a database of small business concerns owned and controlled by veterans and the veteran owners of such business concerns.

` (2) To be eligible for inclusion in the database, such a veteran shall submit to the Secretary such information as the Secretary may require with respect to the small business concern or the veteran.

` (3) Information maintained in the database shall be submitted on a voluntary basis by such veterans.

` (4) In maintaining the database, the Secretary shall carry out at least the following two verification functions:

` (A) Verification that each small business concern listed in the database is owned and controlled by veterans.

` (B) In the case of a veteran who indicates a service-connected disability, verification of the service-disabled status of such veteran.

` (5) The Secretary shall make the database available to all Federal departments and agencies and shall notify each such department and agency of the availability of the database.

` (6) If the Secretary determines that the public dissemination of certain types of information maintained in the database is inappropriate, the Secretary shall take such steps as are necessary to maintain such types of information in a secure and confidential manner.

` (g) Enforcement Penalties for Misrepresentation- Any business concern that is determined by the Secretary to have misrepresented the status of that concern as a small business concern owned and controlled by veterans or as a small business concern owned and controlled by service-disabled veterans for purposes of this subsection shall be debarred from contracting with the Department for a reasonable period of time, as determined by the Secretary.

` (h) Treatment of Businesses After Death of Veteran-Owner- (1) Subject to paragraph (3), if the death of a veteran causes a small business concern to be less than 51 percent owned by one or more veterans, the surviving spouse of such

veteran who acquires ownership rights in such small business concern shall, for the period described in paragraph (2), be treated as if the surviving spouse were that veteran for the purpose of maintaining the status of the small business concern as a small business concern owned and controlled by veterans.

`(2) The period referred to in paragraph (1) is the period beginning on the date on which the veteran dies and ending on the earliest of the following dates:

`(A) The date on which the surviving spouse remarries.

`(B) The date on which the surviving spouse relinquishes an ownership interest in the small business concern.

`(C) The date that is ten years after the date of the veteran's death.

`(3) Paragraph (1) only applies to a surviving spouse of a veteran with a service-connected disability rated as 100 percent disabling or who dies as a result of a service-connected disability.

`(i) Priority for Contracting Preferences- Preferences for awarding contracts to small business concerns shall be applied in the following order of priority:

`(1) Contracts awarded pursuant to subsection (b), (c), or (d) to small business concerns owned and controlled by veterans with service-connected disabilities.

`(2) Contracts awarded pursuant to subsection (b), (c), or (d) to small business concerns owned and controlled by veterans that are not covered by paragraph (1).

`(3) Contracts awarded pursuant to--

`(A) section 8(a) of the Small Business Act (15 U.S.C. 637(a)); or

`(B) section 31 of such Act (15 U.S.C. 657a).

`(4) Contracts awarded pursuant to any other small business contracting preference.

`(j) Annual Reports- Not later than December 31 each year, the Secretary shall submit to Congress a report on small business contracting during the fiscal year ending in such year. Each report shall include, for the fiscal year covered by such report, the following:

`(1) The percentage of the total amount of all contracts awarded by the Department during that fiscal year that were awarded to small business concerns owned and controlled by veterans.

`(2) The percentage of the total amount of all such contracts awarded to small business concerns owned and controlled by veterans with service-connected disabilities.

`(3) The percentage of the total amount of all contracts awarded by each Administration of the Department during that fiscal year that were awarded to small business concerns owned and controlled by veterans.

`(4) The percentage of the total amount of all contracts awarded by each such Administration during that fiscal year that were awarded to small business concerns owned and controlled by veterans with service-connected disabilities.

`(k) Definitions- In this section:

`(1) The term `small business concern' has the meaning given that term under section 3 of the Small Business Act (15 U.S.C. 632).

`(2) The term `small business concern owned and controlled by veterans' means a small business concern--

`(A)(i) not less than 51 percent of which is owned by one or more veterans or, in the case of a publicly owned business, not less than 51 percent of the stock of which is owned by one or more veterans; and

(ii) the management and daily business operations of which are controlled by one or more veterans; or

(B) not less than 51 percent of which is owned by one or more veterans with service-connected disabilities that are permanent and total who are unable to manage the daily business operations of such concern or, in the case of a publicly owned business, not less than 51 percent of the stock of which is owned by one or more such veterans.'

(2) CLERICAL AMENDMENT- The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 8126 the following new item:

'8127. Small business concerns owned and controlled by veterans: contracting goals and preferences.'

(b) Transition Rule- A small business concern that is listed in any small business database maintained by the Secretary of Veterans Affairs on the date of the enactment of this Act shall be presumed to be eligible for inclusion in the database under subsection (f) of section 8127 of title 38, United States Code, as added by subsection (a), during the period beginning on the effective date of that section and ending one year after such effective date. Such a small business concern may be removed from the database during that period if it is found not to be a small business concern owned and controlled by veterans (as defined in subsection (k) of such section).

(c) Comptroller General Study and Report-

(1) STUDY REQUIRED- During the first three fiscal years for which this section is in effect, the Comptroller General shall conduct a study on the efforts made by the Secretary of Veterans Affairs to meet the contracting goals established pursuant to section 8127 of title 38, United States Code, as added by subsection (a).

(2) INFORMATION TO CONGRESS ON STUDY- On or before January 31 of each year during which the Comptroller General conducts the study under paragraph (1), the Comptroller General shall brief Congress on such study, placing special emphasis on any structural or organizational issues within the Department of Veterans Affairs that might act as an impediment to reaching such contracting goals.

(3) REPORT- Not later than 180 days after the end of the three-year period during which the Comptroller General conducts the study under paragraph (1), the Comptroller General shall submit to Congress a report on the findings of such study.

(d) Effective Date- This section and the amendments made by this section shall take effect on the date that is 180 days after the date of the enactment of this Act.

## **SEC. 503. DEPARTMENT OF VETERANS AFFAIRS CONTRACTING PRIORITY FOR VETERAN-OWNED SMALL BUSINESSES.**

(a) Priority for Veteran-Owned Small Businesses-

(1) IN GENERAL- Subchapter II of chapter 81, as amended by section 502 of this Act, is further amended by adding at the end the following new section:

### **'Sec. 8128. Small business concerns owned and controlled by veterans: contracting priority**

`(a) Contracting Priority- In procuring goods and services pursuant to a contracting preference under this title or any other provision of law, the Secretary shall give priority to a small business concern owned and controlled by veterans, if such business concern also meets the requirements of that contracting preference.

`(b) Definition- For purposes of this section, the term `small business concern owned and controlled by veterans' means a small business concern that is included in the small business database maintained by the Secretary under section 8127(f) of this title.'

(2) CLERICAL AMENDMENT- The table of sections at the beginning of such chapter, as so amended, is further amended by inserting after the item relating to section 8127 the following new item:

`8128. Small business concerns owned and controlled by veterans:  
contracting priority.'

(b) Effective Date- This section and the amendments made by this section shall take effect on the date that is 180 days after the date of the enactment of this Act.