



Strategy and Legislative Update August 2022



Welcome to the August 2022 edition of the **NVSBC Strategy and Legislative Update**, the award-winning source of **Federal Insights for Veteran Small Business GovCons**. This publication is distributed to all NVSBC Members mid-month to provide updates on NVSBC legislative initiatives. In each monthly edition, we provide a detailed review of the current legislative actions, our insights on the potential impacts of this legislation on Veteran small businesses, and our federal advocacy activities.

Overview of NVSBC Legislative Priorities - 2022

NVSBC serves as the leading advocate for the 50,000+ Veteran owned small businesses serving as federal contractors. Working with the highly regarded advisory firm Van Scoyoc Associates, we are developing and implementing a focused engagement plan with both congress and federal agencies on behalf of our members and Veteran owned small businesses throughout the nation. Here is a summary of our priorities:

Priority #1: CVE Verification Across All Federal Agencies. Monitor the transition of the CVE verification program from VA to SBA as directed by the FY 2020 National Defense Authorization Act (NDAA) to ensure compliance and service levels.

Priority #2: Parity of Veteran Small Business Set-Asides. Advocate for an increase of the government-wide set-aside contracting award goal for Service-Disabled Veteran Owned Small Businesses (SDVOSB) from the current 3% level to 5%. Additionally, ensure that Veteran owned small businesses benefit from any future set aside program increases.

Priority #3: Addressing the Challenges of Category Management. Engage Congress and the lead agencies that are advancing Category Management as a federal acquisition policy (GSA, OMB, DoD) to mitigate and reverse its devastating impact on small businesses.

Priority #4: Addressing the Challenges of Unfunded Mandates. Relieve the burden of unfunded mandates (i.e., CMMC, vaccinations, etc.) through requirement guideline exemptions and/or SBA support programs.

Priority #5: Veterans First. Monitor VA adherence to Vets First acquisition policies for SD/VOSB acquisition awards. Leverage VA best practices to advocate for a DoD Vets First Program.

Priority #6: Access to New Contracting Opportunities. Promote, advance, and advocate for new and expanded Veteran small business opportunities at all federal agencies.

Upcoming Congressional Schedule and Key Dates

■ Both chambers in session ■ House only in session ■ Senate only in session □ House committee work

August

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August Outlook

- The House and Senate are on recess in August.
- 7 August 2022: The Senate passed the \$700 billion-plus Inflation Reduction Act of 2022 (IRA) with Vice President Kamala Harris breaking the tie.
- 12 August 2022: The House passed the Inflation Reduction Act.

September

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September Outlook

- 6 September: Senate returns from recess.
- 13 September: House returns from recess.
- The Fiscal Year 2022 ends 30 September 2022.
- Several programs and authorizations expire at the end of the month, including SBIR/STTR, Temporary Assistance for Needy Families (TANF) authorization, National Flood Insurance Program authorization, FDA user fee programs, and mental health programs covered by the 21st Century Cares Act.

2022 Congressional Priorities

FY23 Appropriations

- The House passed a 6-bill minibus appropriations package in a party-line vote on 20 July, approving \$405 billion in government spending for Transportation, Housing and Urban Development; Energy and Water Development; MILCON/VA; Agriculture; Interior and Environment; and Financial Services & General Govt.
- Defense; Homeland Security; Commerce/Justice/Science; and Legislative Branch Appropriations bills will not be brought to the floor until the House has the votes for these more controversial spending priorities.
- The Senate Appropriations Committee released the Chairman's mark of all 12 appropriations bills on 28 July.
- Funding talks are expected to pick up after midterm elections, meaning Congress will have to pass a continuing resolution by 30 September to prevent a government shutdown at the end of the fiscal year.

Impact to Veteran Owned Small Businesses

- Under a CR, the U.S. Government can only spend at the previous Fiscal Year levels, and no new programs are allowed to start. Program offices cautiously spend as it is unclear when the final appropriations measures will be completed.
- We anticipate FY23 Appropriations work to be complete in November or December 2022, before the start of the new Congress in January 2023.
- Both the House-passed Financial Services and General Government (FSGG) and Senate FSGG posted appropriations bills included \$20 million in the SBA budget for the Center for Verification and Evaluation, supporting the President's Budget Request.





FY23 National Defense Authorization Act (NDAA)

- On 14 July, the House passed its version of the FY23 NDAA. The Senate Armed Services Full Committee (SASC) FY23 NDAA text was released to the public on 18 July.
- Provisions in the two versions contain significant differences, including R&D allocations, health care changes, Space Force structural adjustments, and more.
- Senate unlikely to have the NDAA on the Senate Floor in September. Means most likely there will be an informal “conference” where the House-passed bill will be reconciled with the SASC-passed bill.

Impact to Veteran Owned Small Businesses

- Negotiations will resume quickly after the summer recess; lawmakers hope to pass a final version by the end of the year (November/December 2022).



Reconciliation bill / Inflation Reduction Act

- Senate Democrats passed the Inflation Reduction Act of 2022 (IRA) along party lines on 7 August following negotiations between Sens. Chuck Schumer (D-NY), Joe Manchin (D-WV), and Kyrsten Sinema (D-AZ).
- While Senate Parliamentarian Elizabeth MacDonough stripped one provision of the bill regarding inflation caps on prescription drug prices, Democrats hail the legislation as a significant victory.
- The House passed the bill on 12 August.

Impact to Veteran Owned Small Businesses

The Inflation Reduction Act contains two Small Business Provisions

- [Section 10301 Enhancement of Internal Revenue Service Resources](#) includes a provision that nothing in this section is intended to increase taxes on any taxpayer or small business with a taxable income below \$400k.
- [Section 13902. Increase in Research Credit Against Pay-Roll Tax for Small Businesses](#) allows an additional credit of up to \$250k against Medicare Hospital Insurance tax for small businesses based on their qualified research expenses in all taxable years beginning after 31 December 2022.

Key Provisions in the Inflation Reduction Act of 2022

Inflation Reduction

- Invest \$80 billion in the IRS to increase collections and prevent higher taxes for taxpayers with income below \$400,000
- Impose a 15% minimum tax on corporations with earnings over \$1 billion, to ensure tax loopholes are avoided

Climate & Clean Energy

- Tax credits to manufacture clean energy products including electric vehicles, wind turbines, solar panels, batteries, and critical mineral processing
- Funding to cut emissions and reduce air pollution at ports
- Provides funding for clean energy research and development
- Addresses environmental justice initiatives

Health Care Provisions

- Negotiates lower drug prices for senior citizens
- Sets a cap on prescription drug price increases corresponding with inflation
- Limits prescription drug costs to \$2,000 per year for those on Medicare
- Extends enhanced premium tax credits Affordable Care Act

Creating Helpful Incentives to Produce Semiconductors for America Act (CHIPS for America Act)

- On 9 August, President Biden signed the \$280 billion CHIPS Act into law.
- The bill provides \$52.7 billion to help boost the US chip development industry and \$200 billion to increase scientific research.
- The bill aims to increase domestic semiconductor production and bolster competition with China.
- Commerce Committee Chairwoman Maria Cantwell (D-WA) is calling for states to prepare a workforce with the skillset to make the US a global leader in chip design and manufacturing.

Impact to Veteran Owned Small Businesses

The CHIPS Act contains [Section 10718 Small Business Voucher program](#), a provision that revises section 1003 of the Energy Policy Act of 2005 (42 U.S.C. 16393), which authorizes a program for the Secretary of Energy, in consultation with the Directors of the National Laboratories, to provide small businesses with vouchers to perform research, development, demonstration, technology transfer, skills training and workforce development, or commercial application activities at the national laboratories. It authorizes \$25,000,000 for each of fiscal years 2023 through 2027.

Response to war in Ukraine

- USAID sent \$1.3B and \$1.7B in June and July, respectively, to support the Ukrainian government.
- On 8 August, USAID announced another \$4.5B budgetary grant, which exceeds all previous fiscal aid combined
- In addition, on 8 August, the Pentagon announces that it will be sending Ukraine an additional \$1B in military assistance. It pushes the total U.S. military support for Ukraine past \$9B since the war began. Capabilities include:
 - Additional ammunition for High Mobility Artillery Rocket Systems (HIMARS);
 - 75,000 rounds of 155mm artillery ammunition;
 - 20x 120mm mortar systems and 20,000 rounds of 120mm mortar ammunition;
 - Munitions for National Advanced Surface-to-Air Missile Systems (NASAMS);
 - 1,000 Javelin and hundreds of AT4 anti-armor systems;
 - 50 armored medical treatment vehicles;
 - Claymore anti-personnel munitions;
 - C-4 explosives, demolition munitions, and demolition equipment;
 - Medical supplies, to include first aid kits, bandages, monitors, and other equipment.

SBIR and STTR Extension Act of 2022

- On 8 August, VSA receives draft SBIR reauthorization text from staff leads on the Small Business Committee.
- Press reports that lawmakers proposed changes to the SBIR program would reduce the re-authorization period, restrict eligibility to the SBIR/STTR programs based on the total number of awards received from the inception of the program, restrict eligibility based on the number of awards received over a five-year period, or restrict eligibility based on enhanced requirements associated with existing Phase I to Phase II transition rate and Phase III commercialization benchmarks. Read more [here](#).
- This remains an ongoing issue that Senate Republicans and Democrats are working out. It is possible Congress will work to extend the SBIR/STTR reauthorization during September, perhaps as part of the Continuing Resolution package.

The Honoring our PACT Act of 2022

On 10 August, President Biden signed the bipartisan Sergeant First Class Heath Robinson Honoring our Promise to Address Comprehensive Toxics (PACT) Act. The PACT Act is the most significant expansion of benefits and services for toxic-exposed veterans in more than 30 years.

The PACT Act will establish a presumption of service connection for 23 respiratory illnesses and cancers related to the smoke from burn pits, which were used extensively in post-9/11 war zones to dispose of various types of waste, many of them toxic. The legislation makes it easier for veterans to receive disability benefits and medical

care for their illnesses. The bill also provides for new benefits for veterans who faced radiation exposure during deployments throughout the Cold War, adds hypertension and monoclonal gammopathy to the list of illnesses linked to Agent Orange exposure in the Vietnam War, and requires new medical exams for all veterans with toxic exposure claims. Finally, the measure also includes significant extra funding for VA staff and facilities, including 31 new major medical facilities.

NVSBC Outreach & Planning Sessions Led by VSA

- VSA met with NVSBC on 20 July to start planning for Fiscal Year 2024 initiatives.
- VSA has followed up with Senate offices on the FY23 legislative request to increase SDVOSB set-asides (from 3% to 5%) and the FY23 appropriations request to support \$20 million included in the FY23 President's Budget for the proper transfer of verification responsibilities to the SBA.
- On 12 and 15 August, VSA contacted 15 Congressional offices on behalf of NVSBC to share a letter of support for the Program for Transitioning Small Business in Construction or Engineering (PILOT) to be included in the FY23 NDAA.

NVSBC is the Lifeline for the Veteran Small Business Community

Facing the challenges of the COVID crisis and new funding initiatives, and the opportunities to support one another as Veterans always do, **NOW** is the time to **ACT**.

NVSBC needs **YOUR HELP** and **YOUR INVOLVEMENT!** Please **REACH OUT** to your fellow veteran business owners. Let them know that **HELP IS OUT THERE**. Let them know what we are doing to help them.

ASK THEM TO JOIN NVSBC today to be part of this great expansion!