Congress of the United States
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Contacts: Ed Amorosi (GREGG) - 202-224-3324
Craig Orfield (BOND) - 202-224-5175

GREGG/BOND OFFER SMALL BUSINESS AMENDMENT TO Y2K BILL

(Washington, D.C.) - Senators Judd Gregg (R-NH) and Christopher (Kit) Bond (R-MO) today joined forces to offer an amendment to protect small businesses from civil penalties when they have made good faith efforts to fix their Y2K computer problems. The Senate is expected to vote on this amendment today, during consideration of S. 96, the Y2K Reform Act.

Sen. Gregg stated, "Despite a small business' best efforts to fix its Y2K problems in advance, there may be some cases where a Y2K failure will still result. Given the fact that there are multitudes of federal paperwork and reporting requirements that small businesses must comply with, a Y2K failure might cause a small business to miss one of these federal requirements. My view is that small businesses should not be penalized under this scenario for first-time offenses if they have made a good faith effort to become Y2K compliant. It is simply beyond the capacity of many small businesses to control every Y2K problem.

"This amendment is separate from the contest of liability for manufacturers over Y2K failures. Rather it is intended to address the small business who is an innocent bystander that gets hit with a Y2K problem. This amendment applies only to civil money penalties, not areas where a business is required to remedy a problem by taking action, such as a workplace safety violation or compliance with environmental standards."

Sen. Bond stated, "Women-owned and family-owned businesses are clearly the most vulnerable sector of our economy. Many of them already will have had their operations disrupted and may be in danger of going out of business. The last thing our government should do is levy fines on such innocent small businesses that find themselves, through no fault of their own, confronted with Y2K problems.

"The protections provided by the Gregg/Bond Amendment will ensure that the government does not push them into financial peril because of Y2K-related problems. It is a needed measure to ensure that small business remains the engine of our economy, " added Bond, Chairman of the Senate Committee on Small Business.

A summary of the amendment is attached.

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SUMMARY OF GREGG/BOND AMENDMENT TO S. 96
"Small Business Regulatory Amnesty"

This amendment exempts small businesses from civil penalties if they violate a federal regulation for the first time as a direct result of a Y2K system failure.

In order to receive a waiver from civil penalties for a first-time violation, a small business must demonstrate:

- the small business previously made a good faith effort to effectively remediate the Y2K problems;
- the first-time violation occurred as a result of the Y2K system failure which affects their ability to comply with federal regulations;
- the first time violation was unavoidable or occurred as a result of efforts to prevent the disruption of critical functions for services;
- upon identification of the first time violation, the small business began immediate actions to remediate the violation; and
- the small business submitted notice to the appropriate agency within a reasonable time that they became aware of the first time violation.

Exception: An agency may impose civil penalties for a first time violation if:

1) the small business's failure to comply with federal rules or regs constitutes or creates an imminent threat to public health, safety or the environment; or

2) the small business fails to correct the violation within 3 months after notifying the agency.

Agency Liaison: Each federal agency is directed to establish a point of contact within the agency to serve as a liaison between the agency and small businesses for compliance problems arising out of Y2K failures.