

PWS

3 APR 1978

MEMORANDUM FOR: Assistant for Information, DDA

FROM: James H. McDonald
Director of Logistics

SUBJECT: Legislation Pending in Congress

REFERENCE: Official Routing Slip fr OLC via AI/DDA
dtd 8 Mar 78 and Accompanying Bills

1. We have reviewed the proposed legislative bills forwarded with the reference. All three Acts will have an impact on Agency logistics and support operations. The following comments are noted:

a. H.R. 10627 - Small Business Contracting Equity Act

This bill provides for payment of interest on overdue amounts owed to vendors. We have reviewed similar legislative proposals in the past. Among these were H.R. 454, H.R. 7590 and H.R. 8305. Our position remains virtually unchanged. Such legislation is punitive in nature; it will result in increased costs to the government; and it does not provide a positive motivation between government and industry which should be one of our objectives.

Subparagraph (7) is confusing. In the paragraph it states that interest may be paid on the amount due from the date payment is due to the date payment is made. Beginning on line 9, however, it says that interest shall not accrue if the amount due is paid within 30 days of the date on which payment is due. There appears to be a contradiction in these statements. We believe what is meant is that interest is not paid if payment is made within the 30-day period. Payments made subsequent to the 30-day period will accrue interest from the date on which payment is due.

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We suggest the Office of Finance also review this bill.

b. H.R. 10699 - Foreign Mission Solar Energy Demonstration Act

This legislation will promote the use of solar energy and other energy technologies in buildings acquired or constructed overseas under the Foreign Service Buildings Act (FSBA). Agency real property acquisitions and new construction coming under the FSBA will be included under this legislation except when the Director invokes his unique authority, or when we operate through a host government.

c. H.R. 10749 - The Federal Acquisition Act of 1977

This is a major piece of legislation which addresses government procurement operations. The Senate version of the bill, S. 1264, has already been reviewed by us. We noted nothing in the bill which would have an adverse impact on our procurement operations. However, I have referred the bill to our Procurement Management Staff for direct response to you.

2. Please contact if we can be of further assistance.

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~~CONFIDENTIAL~~

James H. McDonald

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