

110TH CONGRESS  
1ST SESSION

# H. R. 1719

To amend the Small Business Investment Act of 1958 to reauthorize and expand the New Markets Venture Capital Program, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 27, 2007

Ms. MOORE of Wisconsin (for herself and Mr. ROGERS of Kentucky) introduced the following bill; which was referred to the Committee on Small Business

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## A BILL

To amend the Small Business Investment Act of 1958 to reauthorize and expand the New Markets Venture Capital Program, and for other purposes.

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 “Securing Equity for  
5 the Economic Development of Low Income Areas Act of  
6 2007”.

1 **SEC. 2. EXPANSION OF NEW MARKETS VENTURE CAPITAL**  
2 **PROGRAM.**

3 (a) SELECTION OF COMPANIES IN EACH GEO-  
4 GRAPHIC REGION.—Section 354 of the Small Business In-  
5 vestment Act of 1958 (15 U.S.C. 689b) is amended by  
6 adding at the end the following new subsection:

7 “(f) GEOGRAPHIC REQUIREMENT.—In selecting com-  
8 panies to participate as New Markets Venture Capital  
9 companies in the program established under this part, the  
10 Administrator shall select, to the extent practicable, from  
11 among companies submitting applications under sub-  
12 section (b), at least one company from each geographic  
13 region of the Small Business Administration.”

14 (b) PARTICIPATION IN NEW MARKETS VENTURE  
15 CAPITAL PROGRAM.—

16 (1) ADMINISTRATION PARTICIPATION RE-  
17 QUIRED.—Section 353 of the Small Business Invest-  
18 ment Act of 1958 (15 U.S.C. 689b) is amended by  
19 striking “under which the Administrator may” and  
20 inserting “under which the Administrator shall”.

21 (2) SMALL MANUFACTURER PARTICIPATION  
22 AGREEMENTS REQUIRED.—Such section, as amend-  
23 ed by paragraph (1), is further amended, by insert-  
24 ing after “section 352” the following: “(with at least  
25 one such agreement to be with a company engaged

1 primarily in development of and investment in small  
2 manufacturers, to the extent practicable)”.  
3

4 (c) REPORT TO CONGRESS.—Not later than 1 year  
5 after the date of the enactment of this Act, the Adminis-  
6 trator of the Small Business Administration shall submit  
7 to Congress a report evaluating the success of the expan-  
8 sion of the New Markets Venture Capital Program under  
9 this section.

10 **SEC. 3. ESTABLISHMENT OF OFFICE OF NEW MARKETS**  
**VENTURE CAPITAL.**

11 (a) IN GENERAL.—Title II of the Small Business In-  
12 vestment Act of 1958 (15 U.S.C. 671 et seq.) is amended  
13 by adding at the end the following new section:

14 **“SEC. 202. OFFICE OF NEW MARKETS VENTURE CAPITAL.**

15 “(a) ESTABLISHMENT.—There is hereby established  
16 in the Investment Division of the Small Business Adminis-  
17 tration an office to be known as the ‘Office of New Mar-  
18 kets Venture Capital’.

19 “(b) DIRECTOR.—The Office of New Markets Ven-  
20 ture Capital shall be headed by a Director who shall be  
21 appointed by the Administrator.

22 “(c) RESPONSIBILITIES OF DIRECTOR.—Subject to  
23 the direction and control of the Administrator, the respon-  
24 sibilities of the Director of the Office of New Markets Ven-  
25 ture Capital are as follows:

1           “(1) To administer the New Markets Venture  
2           Capital Program.

3           “(2) To periodically assess the nature and scope  
4           of the New Markets Venture Capital Program and  
5           to advise the Administrator on recommended  
6           changes to the program based on such assessment.

7           “(3) To work to expand the number of small  
8           business concerns participating in the New Markets  
9           Venture Capital Program.

10           “(4) To encourage investment in small manu-  
11           facturing.

12           “(5) To perform such other duties relating to  
13           such responsibilities as the Administrator may pro-  
14           vide.”.

15           (b) AUTHORIZATION OF APPROPRIATIONS.—There is  
16           authorized to be appropriated \$1,000,000 to carry out this  
17           section.

18           **SEC. 4. LOW-INCOME GEOGRAPHIC AREAS.**

19           (a) MODIFICATION OF DEFINITION OF LOW-INCOME  
20           GEOGRAPHIC AREA FOR PURPOSES OF NEW MARKETS  
21           VENTURE CAPITAL PROGRAM.—

22           (1) IN GENERAL.—Section 351(3)(A)(ii)(I) of  
23           the Small Business Investment Act of 1958 (15  
24           U.S.C. 689(3)(A)(ii)(I)) is amended by striking “50  
25           percent” and all that follows through the end and

1 inserting “the median family income in that tract  
2 does not exceed 80 percent of the greater of the  
3 statewide median family income or the metropolitan  
4 area median family income; or”.

5 (2) APPLICATION OF AMENDED DEFINITION TO  
6 CAPITAL REQUIREMENT.—The definition of low-in-  
7 come geographic area in section 351(3) of the Small  
8 Business Investment Act of 1958 (15 U.S.C.  
9 689(3)), as amended by subsection (a), shall apply  
10 to private capital raised under section 354(d)(1) of  
11 the Small Business Investment Act of 1958 (15  
12 U.S.C. 689c(d)(1)) before, on, or after the effective  
13 date of the amendment made by subsection (a).

14 (b) STUDY ON AVAILABILITY OF EQUITY CAPITAL.—

15 (1) STUDY REQUIRED.—Before the expiration  
16 of the 180-day period that begins on the date of the  
17 enactment of this Act, the Chief Counsel for Advo-  
18 cacy of the Small Business Administration shall con-  
19 duct a study on the availability of equity capital in  
20 low-income urban and rural areas.

21 (2) REPORT.—Not later than 90 days after the  
22 completion of the study under paragraph (1) the Ad-  
23 ministrators shall submit to Congress a report con-  
24 taining the findings of the study required under

1 paragraph (1) and any recommendations of the Ad-  
2 ministrator based on such study.

3 **SEC. 5. CONDITIONALLY APPROVED COMPANIES.**

4 (a) OPERATIONAL ASSISTANCE GRANTS TO CONDI-  
5 TIONALLY APPROVED COMPANIES.—Section 358(a) of the  
6 Small Business Investment Act of 1958 (15 U.S.C.  
7 689(a)) is amended by adding at the end the following  
8 new paragraph:

9 “(6) GRANTS TO CONDITIONALLY APPROVED  
10 COMPANIES.—

11 “(A) IN GENERAL.—Subject to subpara-  
12 graphs (A) and (B), upon the request of a com-  
13 pany conditionally-approved under section  
14 354(c), the Administrator shall make a grant to  
15 the company under this subsection.

16 “(B) REPAYMENT BY COMPANIES NOT AP-  
17 PROVED.—If a company receives a grant under  
18 paragraph (6) and does not enter into a partici-  
19 pation agreement for final approval, the com-  
20 pany shall repay the amount of the grant to the  
21 Administrator.

22 “(C) DEDUCTION FROM GRANT TO AP-  
23 PROVED COMPANY.—If a company receives a  
24 grant under paragraph (6) and receives final  
25 approval under section 354(e), the Adminis-

1           trator shall deduct the amount of the grant  
2           under that paragraph from the total grant  
3           amount that the company receives for oper-  
4           ational assistance.

5                   “(D) AMOUNT OF GRANT.—No company  
6           may receive a grant of more than \$50,000  
7           under this paragraph.”.

8           (b) LIMITATION ON TIME FOR FINAL APPROVAL.—  
9           Section 354(d) of the Small Business Investment Act of  
10          1958 (15 U.S.C. 689c(d)) is amended by striking “a pe-  
11          riod of time, not to exceed 2 years,” and inserting “2  
12          years”.

13          **SEC. 6. APPLICATIONS FOR NEW MARKETS VENTURE CAP-**  
14                                   **ITAL PROGRAM.**

15          Not later than 60 days after the date of the enact-  
16          ment of this section, the Administrator shall prescribe  
17          standard documents for final New Markets Venture Cap-  
18          ital Company approval application under section 354(e) of  
19          the Small Business Investment Act of 1958 (15 U.S.C.  
20          689c(e)). The Administrator shall assure that the stand-  
21          ard documents shall be designed to substantially reduce  
22          the cost burden of the application process on the compa-  
23          nies involved.

1 **SEC. 7. ELIMINATION OF MATCHING REQUIREMENT.**

2 Section 354(d)(2)(A)(i) of the Small Business Invest-  
3 ment Act of 1958 (15 U.S.C. 689c(d)(2)(A)(i)) is amend-  
4 ed—

5 (1) in subclause (I) by adding “and” at the  
6 end;

7 (2) in subclause (II) by striking “and” at the  
8 end; and

9 (3) by striking subclause (III).

10 **SEC. 8. OPERATIONAL ASSISTANCE GRANTS.**

11 Section 358(a)(4)(A) of the Small Business Invest-  
12 ment Act of 1958 (15 U.S.C. 689g(a)(4)(A)) is amend-  
13 ed—

14 (1) by striking “shall be equal to” and all that  
15 follows through the period at the end and by insert-  
16 ing “shall be equal to the lesser of—”; and

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

18 “(i) 10 percent of the resources (in  
19 cash or in kind) raised by the company  
20 under section 354(d)(2); or

21 “(ii) \$1,000,000.”.

22 **SEC. 9. AUTHORIZATION OF APPROPRIATIONS.**

23 (a) REAUTHORIZATION OF NEW MARKETS VENTURE  
24 CAPITAL PROGRAM.—Section 368(a) of the Small Busi-  
25 ness Investment Act of 1958 (15 U.S.C. 689q(a)) is  
26 amended—

1           (1) by striking “fiscal years 2001 through  
2           2006” and inserting “fiscal years 2007 through  
3           2009”;

4           (2) in paragraph (1), by striking  
5           “\$150,000,000” and inserting “\$100,000,000”; and

6           (3) in paragraph (2), by striking  
7           “\$30,000,000” and inserting “\$25,000,000”.

8           (b) AUTHORIZATION FOR MANUFACTURING AND RE-  
9 REGIONAL NEW MARKETS VENTURE CAPITAL COMPA-  
10 NIES.—There is authorized to be appropriated  
11 \$1,000,000, to be available until expended, to carry out  
12 section 354(f) of the Small Business Investment Act of  
13 1958, as added by section 2, and to enter into participa-  
14 tion agreements with companies engaged primarily in de-  
15 velopment of and investment in small manufacturers  
16 under section 353(1) of such Act, as amended by section  
17 2.

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