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

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 8, 2011

Ms. VELÁZQUEZ introduced the following bill; which was referred to the Committee on Small Business

A BILL

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

Be it enacted by the Senate and House of Representa-
tives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the “Job Creation and Urban Revitalization Act of 2011”.

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.
Sec. 2. Increased investment in job creating small business concerns.
Sec. 3. Updating definition of low-income geographic area.
Sec. 4. Expanded uses for operational assistance for small business concerns located in areas of high unemployment.
Sec. 5. Definition of area of high unemployment.
Sec. 6. Nationwide distribution of companies to generate new employment opportunities.
Sec. 7. Limitation on time for final approval.
Sec. 8. Elimination of matching requirement for areas with high unemployment and areas designated as an urban manufacturing revitalization area.
Sec. 9. Urban manufacturing revitalization areas.
Sec. 10. Simplified formula for operational assistance grants.
Sec. 11. Expanding operational assistance to conditionally approved companies.
Sec. 13. Streamlined application for New Markets Venture Capital Program.

SEC. 2. INCREASED INVESTMENT IN JOB CREATING SMALL BUSINESS CONCERNS.

(a) DEVELOPMENTAL VENTURE CAPITAL AND PARTICIPATION AGREEMENTS.—Section 351 of the Small Business Investment Act of 1958 (15 U.S.C. 689) is amended—

(1) in paragraph (1) by inserting after “geographic areas” the following: “or encouraging the growth or continuation of small business concerns located in areas of high unemployment”; and

(2) in paragraph (6)(B) by inserting after “geographic areas” the following: “or in small business concerns located in areas of high unemployment”.

(b) PURPOSES.—Section 352 of the Small Business Investment Act of 1958 (15 U.S.C. 689a) is amended—

(1) by striking paragraph (1) and inserting the following:

“(1) to promote economic development in low-income geographic areas and to create job opportunities in areas of high unemployment by encouraging
developmental venture capital investments in smaller
enterprises and small business concerns primarily lo-
cated in such areas; and’’; and

(2) in paragraph (2)—

(A) in the matter preceding subparagraph
(A) by inserting after “geographic areas” the
following: “and small business concerns located
in areas of high unemployment”; 

(B) in subparagraph (B) by inserting after
“geographic areas” the following: “or in small
business concerns located in areas of high un-
employment”; and

(C) in subparagraph (C) by inserting after
“smaller enterprises” the following: “and small
business concerns”.

(e) Eligibility, Applications, and Require-
ments for Final Approval.—Section 354 of the Small
Business Investment Act of 1958 (15 U.S.C. 689e) is
amended—

(1) in subsection (a)(3) by inserting after “geo-
graphic areas” the following: “or investing in small
business concerns located in areas of high unemploy-
ment”; 

(2) in subsection (b)—
(A) in paragraph (1) by inserting after “geographic areas” the following: “or in small business concerns located in areas of high unemployment”; and

(B) in paragraph (4) by inserting after “smaller enterprises” the following: “or small business concerns”; and

(3) in subsection (d)—

(A) in paragraph (1)—

(i) by striking “Each” and inserting the following:

“(A) IN GENERAL.—Except as provided in subparagraphs (B) and (C), each”; and

(ii) by adding at the end the following:

“(B) SMALL BUSINESS CONCERNS LOCATED IN AREAS OF HIGH UNEMPLOYMENT.—

Each conditionally approved company engaged primarily in development of and investment in small business concerns located in areas of high unemployment shall raise not less than $3,000,000 of private capital or binding capital commitments from one or more investors (other than agencies or departments of the Federal
Government) who met criteria established by
the Administrator.”; and

(B) in paragraph (2)(A) by inserting after
“smaller enterprises” the following: “or small
business concerns”.

(d) OPERATIONAL ASSISTANCE GRANTS.—Section
358 of the Small Business Investment Act of 1958 (15
U.S.C. 689g) is amended—

(1) in subsection (a)(1) by inserting after
“smaller enterprises” the following: “and small busi-
ness concerns”; and

(2) in subsection (b)(1) by inserting after
“smaller enterprises” the following: “and small busi-
ness concerns”.

SEC. 3. UPDATING DEFINITION OF LOW-INCOME GEO-
GRAPHIC AREA.

Section 351 of the Small Business Investment Act
of 1958 (15 U.S.C. 689), as amended by section 2 of this
Act, is further amended—

(1) by striking paragraphs (2) and (3);

(2) by inserting after paragraph (1) the fol-
lowing:

“(2) LOW-INCOME GEOGRAPHIC AREA.—The
term ‘low-income geographic area’ has the meaning
given the term ‘low-income community’ in section
45D(e) of the Internal Revenue Code of 1986, except that, without regard to that meaning, the term includes an area of high unemployment.”; and

(3) by redesignating paragraphs (4) through (8) as paragraphs (3) through (7), respectively.

SEC. 4. EXPANDED USES FOR OPERATIONAL ASSISTANCE FOR SMALL BUSINESS CONCERNS LOCATED IN AREAS OF HIGH UNEMPLOYMENT.

Section 351 of the Small Business Investment Act of 1958 (15 U.S.C. 689), as amended by this Act, is further amended in paragraph (4) (as so redesignated by section 3 of this Act) by inserting after “business development” the following: “and, with respect to a small business concern located in an area of high unemployment, assistance that assists the concern with retooling, updating, or replacing machinery or equipment”.

SEC. 5. DEFINITION OF AREA OF HIGH UNEMPLOYMENT.

Section 351 of the Small Business Investment Act of 1958 (15 U.S.C. 689), as amended by this Act, is further amended by adding at the end the following:

“(8) AREA OF HIGH UNEMPLOYMENT.—The term ‘area of high unemployment’ means a geographic area that the Administrator determines has an unemployment rate that exceeds the national unemployment rate.”.
SEC. 6. NATIONWIDE DISTRIBUTION OF COMPANIES TO GENERATE NEW EMPLOYMENT OPPORTUNITIES.

Paragraph (3) of section 354(c) of the Small Business Investment Act of 1958 (15 U.S.C. 689c(c)) is amended to read as follows:

“(3) GEOGRAPHIC EXPANSION.—In selecting companies under paragraph (1), the Administrator shall consider the need to promote investment nationwide and shall, to the extent practicable, select at least 1 company from each geographic region of the Small Business Administration.”.

SEC. 7. LIMITATION ON TIME FOR FINAL APPROVAL.

Section 354(d) of the Small Business Investment Act of 1958 (15 U.S.C. 689c(d)) is amended in the matter preceding paragraph (1) by striking “a period of time, not to exceed 2 years,” and inserting “2 years”.

SEC. 8. ELIMINATION OF MATCHING REQUIREMENT FOR AREAS WITH HIGH UNEMPLOYMENT AND AREAS DESIGNATED AS AN URBAN MANUFACTURING REVITALIZATION AREA.

Section 354(d)(2)(A)(i)(III) of the Small Business Investment Act of 1958 (15 U.S.C. 689c(d)(2)(A)(i)(III)) is amended by inserting after “under paragraph (1)” the following: “, except that this subclause shall not apply to a company the Administrator determines is primarily serv-
ing small business concerns located in an area of high un-
employment or in an area designated as an urban manu-
facturing revitalization area under subsection (f)’’.

SEC. 9. URBAN MANUFACTURING REVITALIZATION AREAS.

(a) IN GENERAL.—Section 354 of the Small Business
by this Act, is further amended by adding at the end the
following:

“(f) URBAN MANUFACTURING REVITALIZATION
AREAS.—

“(1) IN GENERAL.—In approving companies
under this section to participate in the New Markets
Venture Capital Program, the Administrator may
approve a company to serve, throughout all States,
solely small business concerns located in areas des-
ignated as an urban manufacturing revitalization
area under paragraph (2).

“(2) DESIGNATION.—For purposes of para-
graph (1), the Administrator may designate an area
as an urban manufacturing revitalization area if—

“(A) the area is a low-income geographic
area;

“(B) the Administrator determines the
area is an urban area; and
“(C) the Administrator determines there is, or was during the preceding 10-year period, a substantial presence of businesses in the area the primary business of which is classified in sector 31, 32, or 33 of the North American Industrial Classification System.

“(3) CONSIDERATION.—In approving a company under paragraph (1), the Administrator shall give priority to a company that demonstrates a strong commitment to and experience in revitalizing and redeveloping urban areas through investment in and the provision of management and technical assistance to small business concerns in those areas.

“(4) COORDINATION.—The Administrator shall work to coordinate and make available to small business concerns served by a company approved under paragraph (1) the resources provided under the entrepreneurial development, contracting, and financing programs of the Administration.

“(5) INCREASING PROCUREMENT OPPORTUNITIES.—The Administrator shall designate at least 1 procurement center representative or commercial market representative to identify procurement opportunities for small business concerns served by a company approved under paragraph (1).”
(b) CAPITAL REQUIREMENT.—Section 354(d)(1) of the Small Business Investment Act of 1958 (15 U.S.C. 689c(d)(1)) is amended by adding at the end the following:

“(C) SMALL BUSINESS CONCERNS LOCATED IN URBAN MANUFACTURING REVITALIZATION AREAS.—Each conditionally approved company engaged primarily in development of and investment in small business concerns located in areas designated as urban manufacturing revitalization areas under subsection (f) shall raise not less than $2,000,000 of private capital or binding capital commitments from one or more investors (other than agencies or departments of the Federal Government) who met criteria established by the Administrator.”.

SEC. 10. SIMPLIFIED FORMULA FOR OPERATIONAL ASSISTANCE GRANTS.

Subparagraph (A) of section 358(a)(4) of the Small Business Investment Act of 1958 (15 U.S.C. 689g(a)(4)) is amended—

(1) by striking “shall be equal to” and all that follows through the period at the end and inserting “shall be equal to the lesser of—”; and

(2) by adding at the end the following:
“(i) 10 percent of the resources (in cash or in kind) raised by the company under section 354(d)(2); or
“(ii) $1,000,000.”.

SEC. 11. EXPANDING OPERATIONAL ASSISTANCE TO CONDITIONALLY APPROVED COMPANIES.

Section 358(a) of the Small Business Investment Act of 1958 (15 U.S.C. 689g(a)) is amended by adding at the end the following:

“(6) GRANTS TO CONDITIONALLY APPROVED COMPANIES.—

“(A) IN GENERAL.—Subject to the provisions of this paragraph, upon the request of a company conditionally approved under section 354(c), the Administrator is authorized to make a grant to the company under this subsection.

“(B) REPAYMENT BY COMPANIES NOT APPROVED.—If a company receives a grant under this paragraph and does not receive final approval under section 354(e), the company shall repay the amount of the grant to the Administrator.

“(C) DEDUCTION FROM GRANT TO APPROVED COMPANY.—If a company receives a grant under this paragraph and receives final
approval under section 354(e), the Administrator shall deduct the amount of such grant from the amount of any immediately succeeding grant the company receives for operational assistance.

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

SEC. 12. AUTHORIZATION OF APPROPRIATIONS.

Section 368(a) of the Small Business Investment Act of 1958 (15 U.S.C. 689q(a)) is amended—

(1) in the matter preceding paragraph (1) by striking “fiscal years 2001 through 2006” and inserting “fiscal years 2012 and 2013”;

(2) in paragraph (1)—

(A) by striking “$150,000,000” and inserting “$75,000,000”; and

(B) by inserting before the period at the end the following: “, of which not less than 50 percent shall be used to guarantee debentures of companies primarily serving small business concerns located in areas of high unemployment”; and

(3) in paragraph (2)—
(A) by striking “$30,000,000” and inserting “$15,000,000”; and

(B) by inserting before the period at the end the following: “, of which not less than 50 percent shall be used to make grants to companies primarily serving small business concerns located in areas of high unemployment”.

SEC. 13. STREAMLINED APPLICATION FOR NEW MARKETS VENTURE CAPITAL PROGRAM.

Not later than 60 days after the date of enactment of this Act, the Administrator of the Small Business Administration shall prescribe standard documents for a New Markets Venture Capital company final approval application with respect to section 354(e) of the Small Business Investment Act of 1958 (15 U.S.C. 689e(e)). The Administrator shall ensure that the standard documents are designed to substantially reduce the cost burden of the application process for companies.