

115TH CONGRESS  
1ST SESSION

# H. R. 4071

To amend the Small Business Act to create a program to provide funding for organizations that support startup businesses in formation and early growth stages by providing entrepreneurs with resources and services to produce viable businesses, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

OCTOBER 16, 2017

Ms. BLUNT ROCHESTER (for herself and Mr. FITZPATRICK) introduced the following bill; which was referred to the Committee on Small Business

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## A BILL

To amend the Small Business Act to create a program to provide funding for organizations that support startup businesses in formation and early growth stages by providing entrepreneurs with resources and services to produce viable businesses, 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 “Startup Opportunity  
5 Accelerator Act of 2017” or the “SOAR Act”.

6 **SEC. 2. FINDINGS.**

7 Congress finds that—

1           (1) startups face common challenges as they  
2 seek to transform their ideas into successful, high-  
3 growth businesses;

4           (2) incubators and accelerators are new models  
5 of growth that drive innovation by connecting entre-  
6 preneurial individuals and teams to create viable  
7 business ventures and social initiatives;

8           (3) startups have contributed greatly to the  
9 United States economy, with research showing that  
10 between 1982 and 2011, businesses 5 years or  
11 younger were responsible for nearly every net new  
12 job created;

13           (4) incubators and accelerators support prom-  
14 ising startups through partnerships, mentoring, and  
15 resources connecting them with seasoned entre-  
16 preneurs;

17           (5) the goal of an incubator or an accelerator  
18 is to help create and grow young businesses by pro-  
19 viding them with necessary financial, technical, and  
20 industry support and financial and technical serv-  
21 ices; and

22           (6) startups offer unique opportunities for  
23 growth and development for women, minority, and  
24 veterans to become successful entrepreneurs and  
25 leaders in new and developed fields.

1 **SEC. 3. FUNDING FOR ORGANIZATIONS THAT SUPPORT**  
2 **STARTUP BUSINESSES.**

3 The Small Business Act (15 U.S.C. 631 et seq.) is  
4 amended—

5 (1) by redesignating section 47 (15 U.S.C. 631  
6 note) as section 48; and

7 (2) by inserting after section 46 the following:

8 **“SEC. 47. FUNDING FOR ORGANIZATIONS THAT SUPPORT**  
9 **STARTUP BUSINESSES.**

10 “(a) DEFINITIONS.—In this section—

11 “(1) the term ‘accelerator’ means an organiza-  
12 tion that—

13 “(A) frequently provides, but is not exclu-  
14 sively designed to provide, seed investment in  
15 exchange for a small amount of equity;

16 “(B) works with a startup for a predeter-  
17 mined amount of time;

18 “(C) provides mentorship and instruction  
19 to scale businesses; or

20 “(D) offers startup capital or the oppor-  
21 tunity to raise capital from outside investors;

22 “(2) the term ‘eligible entity’ means an organi-  
23 zation—

24 “(A) that is located in the United States;

25 “(B) the primary purpose of which is to  
26 support new small business concerns; and

1           “(C) that is often classified as an accel-  
2           erator;

3           “(3) the term ‘new small business concern’  
4           means a small business concern that has been in op-  
5           eration for not more than 5 years;

6           “(4) the term ‘small business concern owned  
7           and controlled by socially and economically disadvan-  
8           taged individuals’ has the meaning given the term in  
9           section 8(d)(3)(C); and

10          “(5) the term ‘State’ means any State of the  
11          United States, the District of Columbia, the Com-  
12          monwealth of Puerto Rico, and any territory or pos-  
13          session of the United States.

14          “(b) FUNDING.—

15                 “(1) IN GENERAL.—Not later than 1 year after  
16                 the date of enactment of this section, the Adminis-  
17                 trator shall develop and begin implementing a pro-  
18                 gram to award cash prizes or grants of not more  
19                 than \$50,000 to eligible entities to support new  
20                 small business concerns.

21                 “(2) USE OF FUNDS.—A prize or grant under  
22                 this section—

23                         “(A) may be used for construction costs,  
24                         space acquisition, and programmatic purposes;  
25                         and

1           “(B) may not be used to provide capital or  
2           professional services to new small business con-  
3           cerns directly or through the subaward of  
4           funds.

5           “(3) DISBURSAL OF FUNDS.—In disbursing  
6           funds under this section, the Administrator may use  
7           incremental or scheduled payments.

8           “(c) APPLICATION.—

9           “(1) IN GENERAL.—An eligible entity desiring a  
10          prize or grant under this section shall demonstrate  
11          that the eligible entity will use the prize or grant to  
12          provide assistance to not less than 10 new small  
13          business concerns per year.

14          “(2) REQUIREMENTS.—In soliciting applica-  
15          tions and awarding prizes or grants to eligible enti-  
16          ties under this section, the Administrator shall em-  
17          ploy a streamlined and inclusive approach that—

18                 “(A) widely publicizes funding opportuni-  
19                 ties to a broad audience;

20                 “(B) utilizes an easily accessible submis-  
21                 sion process or platform;

22                 “(C) does not mandate the use of forms,  
23                 detailed budgets, supporting documentation, or  
24                 written submissions or impose other burden-  
25                 some requirements;

1           “(D) focuses on solution-based approaches  
2           and results-based outcomes;

3           “(E) encourages innovation; and

4           “(F) allows proposals or pitches to be pre-  
5           sented using various formats or media.

6           “(d) CRITERIA.—The Administrator shall establish  
7           criteria for a prize or grant under this section that shall  
8           give priority to eligible entities that are providing or plan  
9           to provide to new small business concerns—

10           “(1) office, manufacturing, or warehouse space,  
11           including appropriate operations infrastructure;

12           “(2) access to capital either directly from the  
13           eligible entity (using amounts other than the  
14           amounts provided under the prize or grant) or  
15           through guidance and contacts for acquiring capital  
16           from outside investors;

17           “(3) access to professional services either di-  
18           rectly from the eligible entity (using amounts other  
19           than the amounts provided under the prize or grant)  
20           or through guidance and contacts for acquiring pro-  
21           fessional services, including accounting and legal  
22           services; or

23           “(4) a formal structured mentorship or develop-  
24           mental program that assists new small business con-  
25           cerns with building business skills and competencies.

1       “(e) CONSIDERATIONS IN CHOOSING RECIPIENTS.—

2 In determining whether to award a prize or grant under  
3 this section to an eligible entity, the Administrator shall  
4 take into account—

5           “(1) for eligible entities that have in operation  
6 a program to support new small business concerns,  
7 the record of the eligible entity in assisting new  
8 small business concerns, including, for each of the 3  
9 full years before the date on which the eligible entity  
10 applies for a prize or grant under this section—

11           “(A) the retention rate of new small busi-  
12 ness concerns in the program of the eligible en-  
13 tity;

14           “(B) the average period of participation by  
15 new small business concerns in the program of  
16 the eligible entity;

17           “(C) the total, average, and median capital  
18 raised by new small business concerns partici-  
19 pating in the program of the eligible entity; and

20           “(D) the total, average, and median num-  
21 ber of employees of new small business concerns  
22 participating in the program of the eligible enti-  
23 ty;

24           “(2) for all eligible entities—

1           “(A) the number of new small business  
2 concerns assisted or anticipated to be assisted  
3 by the eligible entity;

4           “(B) the number of new small business  
5 concerns applying or anticipated to apply for  
6 assistance from the eligible entity;

7           “(C) whether the program of the eligible  
8 entity provides or would provide assistance to  
9 individuals in gender, racial, or ethnic groups  
10 underrepresented by existing programs to assist  
11 new small business concerns; and

12           “(D) other metrics determined appropriate  
13 by the Administrator;

14           “(3) the need in the geographic area to be  
15 served by the program to be carried out using the  
16 prize or grant for additional assistance for new small  
17 business concerns, if the area has sufficient popu-  
18 lation density, as determined by the Administrator;

19           “(4) the level of experience of the entrepre-  
20 neurial leadership of the eligible entity;

21           “(5) the ability of the eligible entity to use and  
22 leverage local strengths, including human resources,  
23 infrastructure, and educational institutions; and

1           “(6) the desire to promote diversity in entrepre-  
2           neurship by ensuring that not less than 50 percent  
3           of prizes or grants shall be awarded annually to—

4                   “(A) accelerators located in geographically  
5                   underserved areas; or

6                   “(B) accelerators serving—

7                           “(i) Native Americans;

8                           “(ii) small business concerns owned  
9                           and controlled by socially and economically  
10                          disadvantaged individuals;

11                          “(iii) individuals participating in the  
12                          Transition Assistance Program of the De-  
13                          partment of Defense;

14                          “(iv) individuals who—

15                                  “(I) served on active duty in any  
16                                  branch of the Armed Forces, includ-  
17                                  ing the National Guard and Reserves;  
18                                  and

19                                  “(II) were discharged or released  
20                                  from such service under conditions  
21                                  other than dishonorable;

22                                  “(v) individuals with disabilities;

23                                  “(vi) women; and

24                                  “(vii) formerly incarcerated individ-  
25                          uals.

1       “(f) MATCHING NONPUBLIC FUNDING REQUIRE-  
2 MENT.—

3           “(1) IN GENERAL.—An eligible entity receiving  
4 a prize or grant under this section shall obtain funds  
5 from a private individual or entity (including a for-  
6 profit or nonprofit entity) that are—

7           “(A) for the same purposes as a prize or  
8 grant may be made under this section;

9           “(B) used to carry out the program of the  
10 eligible entity carried out using the prize or  
11 grant under this section; and

12           “(C) in an amount that is not to be less  
13 than 50 percent of the amount of the prize or  
14 grant under this section.

15       “(2) FORM OF NON-FEDERAL SHARE.—Not  
16 more than 25 percent of the funds obtained under  
17 paragraph (1) may be in the form of in-kind con-  
18 tributions.

19       “(g) CONSEQUENCES OF FAILURE TO ABIDE BY  
20 TERMS AND CONDITIONS OF PRIZE OR GRANT REQUIRE-  
21 MENTS OF THIS SECTION.—The Administrator shall no-  
22 tify each eligible entity receiving a prize or grant under  
23 this section that failure to abide by the terms and condi-  
24 tions of the prize or grant or the requirements of this sec-  
25 tion may, in the discretion of the Administrator and in

1 addition to any other civil or criminal consequences, result  
2 in the Administrator withholding payments or ordering  
3 the eligible entity to return the prize or grant funds.

4 “(h) ANNUAL PROGRESS REPORTING BY RECIPIENTS  
5 OF PRIZE OR GRANT.—Each eligible entity receiving a  
6 prize or grant under this section shall submit to the Ad-  
7 ministrator an annual report on the progress of the pro-  
8 gram carried out using the amounts received under the  
9 prize or grant, including—

10 “(1) the number of new small business concerns  
11 participating in the program during each of the pre-  
12 vious 3 years;

13 “(2) the number of new small business concerns  
14 applying to participate in the program during each  
15 of the previous 3 years;

16 “(3) the retention rate of new small business  
17 concerns in the program;

18 “(4) the average period of participation in the  
19 program by new small business concerns;

20 “(5) the total, average, and median capital  
21 raised by new small business concerns participating  
22 in the program;

23 “(6) the total, average, and median number of  
24 employees of new small business concerns partici-  
25 pating in the program;

1           “(7) the number of new small business concerns  
2 owned and controlled by—

3           “(A) Native Americans;

4           “(B) socially and economically disadvan-  
5 taged individuals;

6           “(C) individuals participating in the Tran-  
7 sition Assistance Program of the Department of  
8 Defense;

9           “(D) individuals who—

10           “(i) served on active duty in any  
11 branch of the Armed Forces, including the  
12 National Guard and Reserves; and

13           “(ii) were discharged or released from  
14 such service under conditions other than  
15 dishonorable;

16           “(E) women; and

17           “(F) formerly incarcerated individuals; and

18           “(8) other metrics determined appropriate by  
19 the Administrator.

20           “(i) REPORT TO CONGRESS.—The Administrator  
21 shall submit to Congress an annual report on the program  
22 under this section, which shall include an assessment of  
23 the effectiveness of the program, including an assessment  
24 based on the metrics listed in subsection (h).

1       “(j) COORDINATION WITH OTHER SMALL BUSINESS  
2 ADMINISTRATION PROGRAMS.—The Administrator shall  
3 take appropriate action to encourage eligible entities re-  
4 ceiving a prize or grant under this section to use and in-  
5 corporate other programs of the Administration, such as  
6 small business development centers, small business invest-  
7 ment companies, loans under section 7(a), and assistance  
8 under title V of the Small Business Investment Act of  
9 1958 (15 U.S.C. 695 et seq.).

10       “(k) COORDINATION WITH THE DEPARTMENT OF  
11 VETERANS AFFAIRS.—In consultation with the Secretary  
12 of Veteran Affairs, the Administrator shall make available  
13 outreach materials regarding the opportunities for vet-  
14 erans within the program under this section for distribu-  
15 tion and display at local facilities of the Department of  
16 Veterans Affairs.

17       “(l) LISTING ON WEBSITE.—The Administrator shall  
18 include a list of eligible entities receiving a prize or grant  
19 under this section on the website of the Administration.

20       “(m) AUTHORIZATION OF APPROPRIATIONS.—There  
21 are authorized to be appropriated to carry out this section  
22 \$6,000,000 for each of the first 5 fiscal years beginning  
23 after the date of enactment of this section.”.

○