

117TH CONGRESS
2^D SESSION

S. 2521

AN ACT

To require the Administrator of the Small Business Administration to establish an SBIC Advisory Committee, 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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “SBIC Advisory Com-
3 mittee Act of 2022”.

4 **SEC. 2. SBIC ADVISORY COMMITTEE.**

5 (a) DEFINITIONS.—In this section—

6 (1) the terms “Administration” and “Adminis-
7 trator” mean the Small Business Administration
8 and the Administrator thereof, respectively;

9 (2) the term “covered Members” means the
10 Chair and Ranking Member of—

11 (A) the Committee on Small Business and
12 Entrepreneurship of the Senate; and

13 (B) the Committee on Small Business of
14 the House of Representatives;

15 (3) the terms “licensee”, “small business in-
16 vestment company”, and “underlicensed State” have
17 the meanings given those terms in section 301 of the
18 Small Business Investment Act of 1958 (15 U.S.C.
19 662);

20 (4) the term “low-income community” has the
21 meaning given the term in section 45D(e) of the In-
22 ternal Revenue Code of 1986;

23 (5) the term “rural area” has the meaning
24 given the term by the Bureau of the Census;

25 (6) the terms “small business concern”, “small
26 business concern owned and controlled by veterans”,

1 and “small business concern owned and controlled
2 by women” have the meanings given those terms in
3 section 3 of the Small Business Act (15 U.S.C.
4 632);

5 (7) the term “socially or economically disadvan-
6 taged individual” means a socially disadvantaged in-
7 dividual or economically disadvantaged individual, as
8 described in paragraphs (5) and (6)(A), respectively,
9 of section 8(a) of the Small Business Act (15 U.S.C.
10 637(a));

11 (8) the term “underfinanced State” means a
12 State that has below median financing, as deter-
13 mined by the Administrator; and

14 (9) the term “underserved community”
15 means—

16 (A) a HUBZone, as defined in section
17 31(b) of the Small Business Act (15 U.S.C.
18 657a(b));

19 (B) a community that has been designated
20 as an empowerment zone or an enterprise com-
21 munity under section 1391 of the Internal Rev-
22 enue Code of 1986;

23 (C) a community that has been designated
24 as a promise zone by the Secretary of Housing
25 and Urban Development; and

1 (D) a community that has been designated
2 as a qualified opportunity zone under section
3 1400Z-1 of the Internal Revenue Code of 1986.

4 (b) ESTABLISHMENT.—The Administrator shall es-
5 tablish an SBIC Advisory Committee (referred to in this
6 section as the “Advisory Committee”) to convene outside
7 experts to advise on the small business investment pro-
8 gram under title III of the Small Business Investment Act
9 of 1958 (15 U.S.C. 681 et seq.).

10 (c) COMPOSITION.—

11 (1) MEMBERSHIP.—The Advisory Committee
12 shall be composed of 16 members appointed by the
13 Administrator as follows:

14 (A) The Associate Administrator of the Of-
15 fice of Investment and Innovation of the Small
16 Business Administration, or another designee of
17 the Administrator as determined by the Admin-
18 istrator.

19 (B) 7 members with competence, interest,
20 or knowledge of the small business investment
21 program under title III of the Small Business
22 Investment Act of 1958 (15 U.S.C. 681 et
23 seq.), of whom—

1 (i) not fewer than 3 shall have a dem-
2 onstrated record of expertise in investing
3 in—

4 (I) low-income communities;

5 (II) communities that have been
6 designated as qualified opportunity
7 zones under section 1400Z-1 of the
8 Internal Revenue Code of 1986;

9 (III) businesses primarily en-
10 gaged in research and development;

11 (IV) manufacturers;

12 (V) businesses primarily owned
13 or controlled by individuals in under-
14 served communities before receiving
15 capital from the licensee;

16 (VI) rural areas; or

17 (VII) underfinanced States; and

18 (ii) not fewer than 1 member shall be
19 a representative from a trade association
20 for the small business investment program
21 under title III of the Small Business In-
22 vestment Act of 1958 (15 U.S.C. 681 et
23 seq.).

24 (C) 8 members appointed by the Adminis-
25 trator as follows:

1 (i) 2 members shall be selected from
2 among the individuals in the list submitted
3 by the Chair of the Committee on Small
4 Business and Entrepreneurship of the Sen-
5 ate under paragraph (2).

6 (ii) 2 members shall be selected from
7 among the individuals in the list submitted
8 by the Ranking Member of the Committee
9 on Small Business and Entrepreneurship
10 of the Senate under paragraph (2).

11 (iii) 2 members shall be selected from
12 among the individuals in the list submitted
13 by the Chair of the Committee on Small
14 Business of the House of Representatives
15 under paragraph (2).

16 (iv) 2 members shall be selected from
17 among the individuals in the list submitted
18 by the Ranking Member of the Committee
19 on Small Business of the House of Rep-
20 resentatives under paragraph (2).

21 (2) RECOMMENDATIONS.—Not later than 30
22 days after the date of enactment of this Act, each
23 of the covered Members shall provide to the Admin-
24 istrator a list of 3 candidates for membership on the
25 Advisory Committee, who shall be individuals who

1 hold a high-ranking position or senior leadership
2 role, and have no conflict of interest in the small
3 business investment program under title III of the
4 Small Business Investment Act of 1958 (15 U.S.C.
5 681 et seq.), in—

6 (A) a relevant industry trade association;

7 (B) the investment industry with expertise
8 in pensions, endowments, and other non-bank-
9 ing institutions;

10 (C) academia with expertise in the invest-
11 ment industry; or

12 (D) a nonprofit institution, including one
13 that serves any of the entities described in sub-
14 clauses (I) through (VII) of paragraph
15 (1)(B)(i).

16 (3) PRIVATE SECTOR MEMBERS.—Not fewer
17 than 2 and not more than 4 of the members of the
18 Advisory Committee shall be investors in the private
19 sector who—

20 (A) invest in small business concerns; and

21 (B) as of the date of appointment, do not
22 participate in the small business investment
23 program under title III of the Small Business
24 Investment Act of 1958 (15 U.S.C. 681 et
25 seq.).

1 (4) CHAIRPERSON.—The Chairperson of the
2 Advisory Committee shall be the member of the Ad-
3 visory Committee appointed under paragraph (1)(A).

4 (5) PERIOD OF APPOINTMENT.—Members of
5 the Advisory Committee shall be appointed for the
6 life of the Advisory Committee.

7 (6) VACANCIES.—Any vacancy in the Advisory
8 Committee shall be filled in the same manner as the
9 original appointment.

10 (d) DEADLINE FOR APPOINTMENT.—Not later than
11 60 days after the date on which the covered Members pro-
12 vide the lists to the Administrator under subsection (c)(2),
13 the Administrator shall—

14 (1) appoint the members of the Advisory Com-
15 mittee; and

16 (2) submit to Congress a list of the members so
17 appointed.

18 (e) DUTIES.—The Advisory Committee shall provide
19 advice and recommendations to the Administrator—

20 (1) concerning policy and program development
21 and other matters of significance concerning activi-
22 ties under the Small Business Act (15 U.S.C. 631
23 et seq.) and the Small Business Investment Act of
24 1958 (15 U.S.C. 661 et seq.), including diversifying
25 management teams or companies;

1 (2) concerning incentives for small business in-
2 vestment companies to—

3 (A) invest and locate in underlicensed
4 States and underfinanced States; and

5 (B) invest in small business concerns, in-
6 cluding those owned and controlled by socially
7 or economically disadvantaged individuals, small
8 business concerns owned and controlled by vet-
9 erans, and small business concerns owned and
10 controlled by women;

11 (3) concerning metrics of success, and bench-
12 marks for success, with respect to the goals de-
13 scribed in this section; and

14 (4) concerning the impact of the small business
15 investment program under title III of the Small
16 Business Investment Act of 1958 (15 U.S.C. 681 et
17 seq.) on the private investment market, including
18 whether investments under the program compete
19 with the private sector.

20 (f) REPORT.—Not later than 18 months after the
21 date on which the Administrator establishes the Advisory
22 Committee under subsection (b), the Advisory Committee
23 shall submit to the Administrator, the Committee on
24 Small Business and Entrepreneurship of the Senate, and
25 the Committee on Small Business of the House of Rep-

1 representatives a report that includes the recommendations
2 of the Advisory Committee described in subsection (e).

3 (g) TERMINATION.—The Advisory Committee shall
4 terminate on the date on which the Advisory Committee
5 submits the report required under subsection (f).

Passed the Senate September 28, 2022.

Attest:

Secretary.

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