

118TH CONGRESS  
1ST SESSION

# S. 2212

To require the Administrator of the Small Business Administration to establish an SBIC Advisory Committee, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

JUNE 22, 2023

Mr. CARDIN introduced the following bill; which was read twice and referred to the Committee on Small Business and Entrepreneurship

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## A BILL

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,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “SBIC Advisory Com-  
5       mittee Act of 2023”.

6       **SEC. 2. SBIC ADVISORY COMMITTEE.**

7       (a) DEFINITIONS.—In this section—

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

1           (2) the term “Advisory Committee” means the  
2       SBIC Advisory Committee established under sub-  
3       section (b);

4           (3) the term “covered Members” means the  
5       Chair and Ranking Member of—

6                (A) the Committee on Small Business and  
7       Entrepreneurship of the Senate; and

8                (B) the Committee on Small Business of  
9       the House of Representatives;

10          (4) the terms “licensee”, “small business in-  
11       vestment company”, and “underlicensed State” have  
12       the meanings given those terms in section 301 of the  
13       Small Business Investment Act of 1958 (15 U.S.C.  
14       662);

15          (5) the term “low-income community” has the  
16       meaning given the term in section 45D(e) of the In-  
17       ternal Revenue Code of 1986;

18          (6) the term “rural area” has the meaning  
19       given the term by the Bureau of the Census;

20          (7) the terms “small business concern”, “small  
21       business concern owned and controlled by veterans”,  
22       and “small business concern owned and controlled  
23       by women” have the meanings given those terms in  
24       section 3 of the Small Business Act (15 U.S.C.  
25       632);

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

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

10          (10) the term “underserved community”  
11          means—

12                (A) a HUBZone, as defined in section  
13                31(b) of the Small Business Act (15 U.S.C.  
14                657a(b));

15                (B) a community that has been designated  
16                as an empowerment zone or an enterprise com-  
17                munity under section 1391 of the Internal Rev-  
18                enue Code of 1986;

19                (C) a community that has been designated  
20                as a promise zone by the Secretary of Housing  
21                and Urban Development; and

22                (D) a community that has been designated  
23                as a qualified opportunity zone under section  
24                1400Z–1 of the Internal Revenue Code of 1986.

1       (b) ESTABLISHMENT.—The Administrator shall es-  
 2       tablish an SBIC Advisory Committee to convene outside  
 3       experts to advise on the small business investment pro-  
 4       gram under title III of the Small Business Investment Act  
 5       of 1958 (15 U.S.C. 681 et seq.).

6       (c) COMPOSITION.—

7               (1) MEMBERSHIP.—The Advisory Committee  
 8       shall be composed of 16 members appointed by the  
 9       Administrator as follows:

10               (A) The Associate Administrator of the Of-  
 11       fice of Investment and Innovation of the Ad-  
 12       ministration, or another designee of the Asso-  
 13       ciate Administrator as determined by the Ad-  
 14       ministrator.

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

20               (i) not fewer than 3 shall have a dem-  
 21       onstrated record of expertise in investing  
 22       in—

23                       (I) low-income communities;

24                       (II) communities that have been  
 25       designated as qualified opportunity

1 zones under section 1400Z–1 of the  
2 Internal Revenue Code of 1986;

3 (III) businesses primarily en-  
4 gaged in research and development;

5 (IV) manufacturers;

6 (V) businesses primarily owned  
7 or controlled by individuals in under-  
8 served communities before receiving  
9 capital from the licensee;

10 (VI) rural areas; or

11 (VII) underfinanced States; and

12 (ii) not fewer than 1 shall be a rep-  
13 resentative from a trade association for the  
14 small business investment program under  
15 title III of the Small Business Investment  
16 Act of 1958 (15 U.S.C. 681 et seq.).

17 (C) 8 members appointed by the Adminis-  
18 trator as follows:

19 (i) 2 members shall be selected from  
20 among the individuals in the list submitted  
21 by the Chair of the Committee on Small  
22 Business and Entrepreneurship of the Sen-  
23 ate under paragraph (2).

24 (ii) 2 members shall be selected from  
25 among the individuals in the list submitted

1 by the Ranking Member of the Committee  
2 on Small Business and Entrepreneurship  
3 of the Senate under paragraph (2).

4 (iii) 2 members shall be selected from  
5 among the individuals in the list submitted  
6 by the Chair of the Committee on Small  
7 Business of the House of Representatives  
8 under paragraph (2).

9 (iv) 2 members shall be selected from  
10 among the individuals in the list submitted  
11 by the Ranking Member of the Committee  
12 on Small Business of the House of Rep-  
13 resentatives under paragraph (2).

14 (2) RECOMMENDATIONS.—Not later than 30  
15 days after the date of enactment of this Act, each  
16 of the covered Members shall provide to the Admin-  
17 istrator a list of 3 candidates for membership on the  
18 Advisory Committee, who shall be individuals who  
19 have no conflict of interest in the small business in-  
20 vestment program under title III of the Small Busi-  
21 ness Investment Act of 1958 (15 U.S.C. 681 et seq.)  
22 and hold a high-ranking position or senior leadership  
23 role in—

24 (A) a relevant industry trade association;

1 (B) the investment industry with expertise  
 2 in pensions, endowments, and other non-bank-  
 3 ing institutions;

4 (C) academia with expertise in the invest-  
 5 ment industry; or

6 (D) a nonprofit institution, including a  
 7 nonprofit institution that serves any of the enti-  
 8 ties described in subclauses (I) through (VII) of  
 9 paragraph (1)(B)(i).

10 (3) PRIVATE SECTOR MEMBERS.—Not fewer  
 11 than 2 and not more than 4 of the members of the  
 12 Advisory Committee shall be investors in the private  
 13 sector who—

14 (A) invest in small business concerns; and

15 (B) as of the date of appointment, do not  
 16 participate in the small business investment  
 17 program under title III of the Small Business  
 18 Investment Act of 1958 (15 U.S.C. 681 et  
 19 seq.).

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

23 (5) PERIOD OF APPOINTMENT.—Members of  
 24 the Advisory Committee shall be appointed for the  
 25 life of the Advisory Committee.

1           (6) VACANCIES.—Any vacancy in the Advisory  
2       Committee shall be filled in the same manner as the  
3       original appointment.

4       (d) DEADLINE FOR APPOINTMENT.—Not later than  
5       60 days after the date on which the covered Members pro-  
6       vide the lists to the Administrator under subsection (c)(2),  
7       the Administrator shall—

8           (1) appoint the members of the Advisory Com-  
9       mittee; and

10          (2) submit to Congress a list of the members so  
11       appointed.

12       (e) DUTIES.—The Advisory Committee shall provide  
13       advice and recommendations to the Administrator con-  
14       cerning—

15          (1) policy and program development and other  
16       matters of significance concerning activities under  
17       the Small Business Act (15 U.S.C. 631 et seq.) and  
18       the Small Business Investment Act of 1958 (15  
19       U.S.C. 661 et seq.), including diversifying manage-  
20       ment teams or companies;

21          (2) incentives for small business investment  
22       companies to—

23                (A) invest and locate in underlicensed  
24       States and underfinanced States; and



1 (B) invest in small business concerns, in-  
2 cluding those owned and controlled by socially  
3 or economically disadvantaged individuals, small  
4 business concerns owned and controlled by vet-  
5 erans, and small business concerns owned and  
6 controlled by women;

7 (3) metrics of success, and benchmarks for suc-  
8 cess, with respect to the goals described in this sec-  
9 tion; and

10 (4) the impact of the small business investment  
11 program under title III of the Small Business In-  
12 vestment Act of 1958 (15 U.S.C. 681 et seq.) on the  
13 private investment market, including whether invest-  
14 ments under the program compete with the private  
15 sector.

16 (f) REPORT.—Not later than 18 months after the  
17 date on which the Administrator establishes the Advisory  
18 Committee under subsection (b), the Advisory Committee  
19 shall submit to the Administrator, the Committee on  
20 Small Business and Entrepreneurship of the Senate, and  
21 the Committee on Small Business of the House of Rep-  
22 resentatives a report that includes the recommendations  
23 of the Advisory Committee described in subsection (e).

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

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