

106TH CONGRESS
1ST SESSION

S. 619

To provide for a community development venture capital program.

IN THE SENATE OF THE UNITED STATES

MARCH 15, 1999

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

A BILL

To provide for a community development venture capital program.

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 “Community Develop-
5 ment Venture Capital Assistance Act of 1999”.

6 **SEC. 2. FINDINGS.**

7 Congress finds that—

8 (1) there is a need for the development and ex-
9 pansion of organizations that provide private equity
10 capital to smaller businesses in areas in which eq-
11 uity-type capital is scarce, such as inner cities and

1 rural areas, in order to create and retain jobs for
2 low-income residents of those areas;

3 (2) to invest successfully in smaller businesses,
4 particularly in inner cities and rural areas, requires
5 highly specialized investment and management skills;

6 (3) there is a shortage of professionals who pos-
7 sess such skills and there are few training grounds
8 for individuals to obtain those skills;

9 (4) providing assistance to organizations that
10 provide specialized technical assistance and training
11 to individuals and organizations seeking to enter or
12 expand in this segment of the market would stimu-
13 late small business development and entrepreneur-
14 ship in economically distressed communities; and

15 (5) assistance from the Federal Government
16 could act as a catalyst to attract investment from
17 the private sector and would help to develop a spe-
18 cialized venture capital industry focused on creating
19 jobs, increasing business ownership, and generating
20 wealth in low-income communities.

21 **SEC. 3. COMMUNITY DEVELOPMENT VENTURE CAPITAL AC-**
22 **TIVITIES.**

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

1 (1) by redesignating section 33 (as redesignated
 2 by section 206(b)(2) of this Act) as section 34; and
 3 (2) by inserting after section 32 (as added by
 4 section 206(b)(2) of this Act) the following:

5 **“SEC. 33. COMMUNITY DEVELOPMENT VENTURE CAPITAL**
 6 **ACTIVITIES.**

7 “(a) DEFINITIONS.—In this section:

8 “(1) COMMUNITY DEVELOPMENT VENTURE
 9 CAPITAL ORGANIZATION.—The term ‘community de-
 10 velopment venture capital organization’ means a pri-
 11 vately-controlled organization that—

12 “(A) has a primary mission of promoting
 13 community development in low-income commu-
 14 nities, as defined by the Administrator, through
 15 investment in private business enterprises; or

16 “(B) administers or is in the process of es-
 17 tablishing a community development venture
 18 capital fund for the purpose of making equity
 19 investments in private business enterprises in
 20 such communities.

21 “(2) DEVELOPMENTAL ORGANIZATION.—The
 22 term ‘developmental organization’—

23 “(A) means a public or private entity, in-
 24 cluding a college or university, that provides
 25 technical assistance to community development

1 venture capital organizations or that conducts
 2 research or training in community development
 3 venture capital investment; and

4 “(B) may include an intermediary organi-
 5 zation.

6 “(3) INTERMEDIARY ORGANIZATION.—The term
 7 ‘intermediary organization’—

8 “(A) means a private, nonprofit entity that
 9 has—

10 “(i) a primary mission of promoting
 11 community development through invest-
 12 ment in private businesses in low-income
 13 communities; and

14 “(ii) significant prior experience in
 15 providing technical assistance or financial
 16 assistance to community development ven-
 17 ture capital organizations;

18 “(B) may include community development
 19 venture capital organizations.

20 “(b) AUTHORITY.—In order to promote the develop-
 21 ment of community development venture capital organiza-
 22 tions, the Administrator, may—

23 “(1) enter into contracts with 1 or more devel-
 24 opmental organizations to carry out training and re-
 25 search activities under subsection (c); and

1 “(2) make grants in accordance with this
2 section—

3 “(A) to developmental organizations to
4 carry out training and research activities under
5 subsection (c); and

6 “(B) to intermediary organizations to pro-
7 vide intensive marketing, management, and
8 technical assistance and training to community
9 development venture capital organizations
10 under subsection (d).

11 “(c) TRAINING AND RESEARCH ACTIVITIES.—

12 “(1) IN GENERAL.—Subject to paragraph (2), a
13 developmental organization that receives a grant
14 under subsection (b) shall use the funds made avail-
15 able through the grant for 1 or more of the following
16 training and research activities:

17 “(A) STRENGTHENING PROFESSIONAL
18 SKILLS.—Creating and operating training pro-
19 grams to enhance the professional skills for in-
20 dividuals in community development venture
21 capital organizations or operating private com-
22 munity development venture capital funds.

23 “(B) INCREASING INTEREST IN COMMU-
24 NITY DEVELOPMENT VENTURE CAPITAL.—Cre-
25 ating and operating a program to select and

place students and recent graduates from business and related professional schools as interns with community development venture capital organizations and intermediary organizations for a period of up to 1 year, and to provide stipends for such interns during the internship period.

“(C) PROMOTING ‘BEST PRACTICES’.—Organizing an annual national conference for community development venture capital organizations to discuss and share information on the best practices regarding issues relevant to the creation and operation of community development venture capital organizations.

“(D) MOBILIZING ACADEMIC RESOURCES.—Encouraging the formation of 1 or more centers for the study of community development venture capital at graduate schools of business and management, providing funding for the development of materials for courses on topics in this area, and providing funding for research on economic, operational, and policy issues relating to community development venture capital.

1 “(2) LIMITATION.—The Administrator shall en-
2 sure that not more than 25 percent of the amount
3 made available to carry out this section is used for
4 activities described in paragraph (1).

5 “(d) INTENSIVE MARKETING, MANAGEMENT, AND
6 TECHNICAL ASSISTANCE AND TRAINING.—An inter-
7 mediary organization that receives a grant under sub-
8 section (b) shall use the funds made available through the
9 grant to provide intensive marketing, management, and
10 technical assistance and training to promote the develop-
11 ment of community development venture capital organiza-
12 tions, which assistance may include grants to community
13 development venture capital organizations for the start up
14 costs and operating support of those organizations.

15 “(e) MATCHING REQUIREMENT.—The Administrator
16 shall require, as a condition of any grant made to an inter-
17 mediary organization under this section, that a matching
18 amount equal to the amount of such grant be provided
19 from sources other than the Federal Government.

20 “(f) REQUIREMENTS.—The Administrator may pro-
21 mulgate such regulations as may be necessary to carry out
22 this section, which regulations may take effect upon
23 issuance.

24 “(g) AUTHORIZATION OF APPROPRIATIONS.—There
25 is authorized to be appropriated to carry out this section

1 a total of \$20,000,000 for fiscal years 2000 through
2 2003.”.

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