

110TH CONGRESS
1ST SESSION

S. 1663

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

IN THE SENATE OF THE UNITED STATES

JUNE 19, 2007

Mr. KERRY (for himself and Ms. SNOWE) introduced the following bill; which was read twice and referred to the Committee on Small Business and Entrepreneurship

A BILL

To amend the Small Business Investment Act of 1958 to reauthorize the New Markets Venture Capital Program, 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 “Securing Equity for
5 the Economic Development of Low Income Areas Act of
6 2007” or the “SEED Act”.

7 **SEC. 2. DEFINITIONS.**

8 In this Act—

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

4 (2) the term “low-income geographic area” has
5 the same meaning as in section 351 of the Small
6 Business Investment Act of 1958 (15 U.S.C. 689),
7 as amended by this Act;

8 (3) the term “New Markets Venture Capital
9 company” has the same meaning as in section 351
10 of the Small Business Investment Act of 1958 (15
11 U.S.C. 689); and

12 (4) the term “New Markets Venture Capital
13 Program” means the program under part B of title
14 III of the Small Business Investment Act of 1958
15 (15 U.S.C. 689 et seq.).

16 **SEC. 3. DIVERSIFICATION OF NEW MARKETS VENTURE**
17 **CAPITAL PROGRAM.**

18 (a) SELECTION OF COMPANIES IN EACH GEO-
19 GRAPHIC REGION.—Section 354 of the Small Business In-
20 vestment Act of 1958 (15 U.S.C. 689c) is amended by
21 adding at the end the following:

22 “(f) GEOGRAPHIC REQUIREMENT.—In selecting com-
23 panies to participate as New Markets Venture Capital
24 companies in the program established under this part, the
25 Administrator shall select, to the extent practicable, from

1 among companies submitting applications under sub-
2 section (b), at least 1 company from each geographic re-
3 gion of the Administration.”.

4 (b) PARTICIPATION IN NEW MARKETS VENTURE
5 CAPITAL PROGRAM.—

6 (1) ADMINISTRATION PARTICIPATION RE-
7 QUIRED.—Section 353 of the Small Business Invest-
8 ment Act of 1958 (15 U.S.C. 689b) is amended in
9 the matter preceding paragraph (1), by striking
10 “under which the Administrator may” and inserting
11 “under which the Administrator shall”.

12 (2) SMALL MANUFACTURER PARTICIPATION
13 AGREEMENTS REQUIRED.—Section 353 of the Small
14 Business Investment Act of 1958 (15 U.S.C. 689b)
15 is amended—

16 (A) by striking “In accordance with this
17 part,” and inserting the following:

18 “(a) IN GENERAL.—In accordance with this part,”;

19 (B) in subsection (a)(1), as so designated
20 by this paragraph, by inserting after “section
21 352” the following: “(with at least 1 such
22 agreement to be with a company engaged pri-
23 marily in development of and investment in
24 small manufacturers, to the extent prac-
25 ticable)”; and

1 (C) by adding at the end the following:

2 “(b) **RULE OF CONSTRUCTION.**—Subsection (a)(1)
3 shall not be construed to authorize the Administrator to
4 decline to enter into a participation agreement with a com-
5 pany solely on the basis that the company is not engaged
6 primarily in development of and investment in small man-
7 ufacturers.”.

8 **SEC. 4. ESTABLISHMENT OF OFFICE OF NEW MARKETS**
9 **VENTURE CAPITAL.**

10 Title II of the Small Business Investment Act of
11 1958 (15 U.S.C. 671) is amended by adding at the end
12 the following:

13 **“SEC. 202. OFFICE OF NEW MARKETS VENTURE CAPITAL.**

14 “(a) **ESTABLISHMENT.**—There is established in the
15 Investment Division of the Administration, the Office of
16 New Markets Venture Capital.

17 “(b) **DIRECTOR.**—The Office of New Markets Ven-
18 ture Capital shall be headed by a Director, who shall be
19 a career appointee in the Senior Executive Service, as
20 those terms are defined in section 3132 of title 5, United
21 States Code.

22 “(c) **RESPONSIBILITIES OF DIRECTOR.**—The respon-
23 sibilities of the Director of the Office of New Markets Ven-
24 ture Capital include—

1 “(1) to administer the New Markets Venture
2 Capital Program under part B of title III;

3 “(2) to assess, not less frequently than once
4 every 2 years, the nature and scope of the New Mar-
5 kets Venture Capital Program and to advise the Ad-
6 ministrators on recommended changes to the pro-
7 gram, based on such assessment;

8 “(3) to work to expand the number of small
9 business concerns participating in the New Markets
10 Venture Capital Program; and

11 “(4) to encourage investment in small manufac-
12 turing.”.

13 **SEC. 5. LOW-INCOME GEOGRAPHIC AREAS.**

14 (a) IN GENERAL.—Section 351 of the Small Business
15 Investment Act of 1958 (15 U.S.C. 689) is amended—

16 (1) by striking paragraphs (2) and (3) and in-
17 serting the following:

18 “(2) LOW-INCOME GEOGRAPHIC AREA.—The
19 term ‘low-income geographic area’ has the meaning
20 given the term ‘low-income community’ in section
21 45D of the Internal Revenue Code of 1986 (relating
22 to the new markets tax credit).”; and

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

1 (b) APPLICATION OF AMENDED DEFINITION TO CAP-
2 ITAL REQUIREMENT.—The definition of a low-income geo-
3 graphic area in section 351(2) of the Small Business In-
4 vestment Act of 1958, as amended by subsection (a), shall
5 apply to private capital raised under section 354(d)(1) of
6 the Small Business Investment Act of 1958 (15 U.S.C.
7 689c(d)(1)) before, on, or after the date of enactment of
8 this Act.

9 **SEC. 6. LIMITATION ON TIME FOR FINAL APPROVAL OF**
10 **COMPANIES.**

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

15 **SEC. 7. APPLICATIONS FOR NEW MARKETS VENTURE CAP-**
16 **ITAL PROGRAM.**

17 Not later than 60 days after the date of enactment
18 of this Act, the Administrator shall prescribe standard
19 documents for an application for final approval by a New
20 Markets Venture Capital company under section 354(e)
21 of the Small Business Investment Act of 1958 (15 U.S.C.
22 689c(e)). The Administrator shall ensure that such docu-
23 ments are designed to substantially reduce the cost burden
24 of the application process on a company making such an
25 application.

1 **SEC. 8. OPERATIONAL ASSISTANCE GRANTS.**

2 Section 358(a)(4)(A) of the Small Business Invest-
3 ment Act of 1958 (15 U.S.C. 689g(a)(4)(A)) is amended
4 to read as follows:

5 “(A) NEW MARKETS VENTURE CAPITAL
6 COMPANIES.—Notwithstanding section
7 354(d)(2), the amount of a grant made under
8 this subsection to a New Markets Venture Cap-
9 ital company shall be equal to the lesser of—
10 “(i) 10 percent of the private capital
11 raised by the company; or
12 “(ii) \$1,000,000.”.

13 **SEC. 9. AUTHORIZATION OF APPROPRIATIONS.**

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

16 (1) in the matter preceding paragraph (1), by
17 striking “fiscal years 2001 through 2006” and in-
18 sserting “fiscal years 2007 through 2010”; and

19 (2) in paragraph (2), by striking
20 “\$30,000,000” and inserting “\$20,000,000”.

○