

112TH CONGRESS
2D SESSION

H. R. 6099

To amend the Public Works and Economic Development Act of 1965 with respect to grants for economic adjustment, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 11, 2012

Mr. CARNAHAN (for himself, Mr. POLIS, Mr. HONDA, and Mr. HINCHEY) introduced the following bill; which was referred to the Committee on Transportation and Infrastructure, and in addition to the Committee on Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Public Works and Economic Development Act of 1965 with respect to grants for economic adjustment, 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 “Supporting Entrepre-
5 neurial Economic Development Act of 2012” or the
6 “SEED Act of 2012”.

7 **SEC. 2. FINDINGS.**

8 Congress finds the following:

1 (1) During the period from 1980 to 2005, busi-
2 nesses that were less than 5 years old accounted for
3 almost all net job creation in the United States.

4 (2) Efforts to support regional innovation clus-
5 ters have facilitated the creation and growth of
6 early-stage businesses that utilize local assets and
7 talent.

8 (3) Across the United States, 651 businesses
9 were created from university research in 2009.

10 (4) Regions that have organized efforts to sup-
11 port innovation and entrepreneurship are spurring
12 economic recovery in those regions.

13 (5) Venture development organizations have an
14 excellent track record for creating and growing
15 early-stage technology businesses through invest-
16 ment, extensive mentoring, and the provision of sup-
17 port services that position those businesses to raise
18 additional funds or create a product or service for
19 market.

20 (6) Acquiring financing solely through loans is
21 inadequate for early-stage technology businesses be-
22 cause of their stage of development and capital-in-
23 tensive investment in research and development.

24 (7) Assisting venture development organizations
25 to use diverse funding tools to support early-stage

1 technology businesses will accelerate the development
 2 of those businesses, rapidly create jobs, and bring
 3 new products and services to market.

4 **SEC. 3. DIRECT EXPENDITURE OR REDISTRIBUTION BY RE-**
 5 **CIPIENT.**

6 Section 217 of the Public Works and Economic De-
 7 velopment Act of 1965 (42 U.S.C. 3154c) is amended—

8 (1) in subsection (c) by striking “Subject to
 9 subsection (d)” and inserting “Subject to sub-
 10 sections (d) and (e)”;

11 (2) by striking subsection (d) and inserting the
 12 following:

13 “(d) LIMITATION.—

14 “(1) IN GENERAL.—Under subsection (c), a re-
 15 cipient may not make a grant, equity investment, or
 16 convertible loan to a private for-profit entity.

17 “(2) EXCEPTION.—Notwithstanding paragraph
 18 (1), a venture development organization may make
 19 a grant, equity investment, or convertible loan to a
 20 private for-profit entity.”; and

21 (3) by adding at the end the following:

22 “(e) RETURN ON INVESTMENT.—If a venture devel-
 23 opment organization that assists a private for-profit entity
 24 with funds made available from a grant under section 209
 25 receives funds from the private for-profit entity, at any

1 time, as a result of such assistance, the venture develop-
2 ment organization shall use such funds only to assist, in-
3 cluding through grants, equity investments, and convert-
4 ible loans, other private for-profit entities.

5 “(f) VENTURE DEVELOPMENT ORGANIZATION DE-
6 FINED.—In this section, the term ‘venture development
7 organization’ means a public entity or private, nonprofit
8 entity that provides to an early-stage technology business,
9 to promote the growth of that business, each of the fol-
10 lowing:

11 “(1) Financial investment or assistance acquir-
12 ing financial investment.

13 “(2) Expert mentoring.

14 “(3) Assistance to speed the commercialization
15 of technology.”.

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