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115TH CONGRESS
1ST SESSION

H. R. 2489

To amend the Small Business Investment Act of 1958 and the Small Business Act to include small business investment companies in the Small Business Innovation Research Program and the Small Business Technology Transfer Program, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 17, 2017

Ms. VELÁZQUEZ introduced the following bill; which was referred to the Committee on Small Business

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A BILL

To amend the Small Business Investment Act of 1958 and the Small Business Act to include small business investment companies in the Small Business Innovation Research Program and the Small Business Technology Transfer Program, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. CALCULATION OF LEVERAGE OF SMALL BUSINESS INVESTMENT COMPANIES THAT INVEST IN SBIR OR STTR PARTICIPANTS.

Section 303(b)(2) of the Small Business Investment Act of 1958 (15 U.S.C. 683(b)(2)) is amended by adding at the end the following new subparagraph:

"(E) INVESTMENTS IN SBIR AND STTR PARTICIPANTS.—

"(i) IN GENERAL.—Subject to clause (ii), in calculating the outstanding leverage of a company for purposes of subparagraph (A), the Administrator shall exclude the amount of any investment made in an SBIR or STTR participant, if such investment is made in the first fiscal year after the date of enactment of this subparagraph or any fiscal year thereafter by a company licensed in the applicable fiscal year.

"(ii) LIMITATIONS.—

"(I) AMOUNT OF EXCLUSION.—The amount excluded under clause (i) for a company shall not exceed 33 percent of the private capital of that company.

"(II) MAXIMUM INVESTMENT.—A company shall not make an investment in any one SBIR or STTR participant in an amount equal to more than 20 percent of the private capital of that company.

"(III) OTHER TERMS.—The exclusion of amounts under clause (i) shall be subject to such terms as the Administrator may impose to ensure that there is no cost (as that term is defined in section 502 of the Federal Credit Reform Act of 1990 (2 U.S.C. 661a)) with respect to purchasing or guaranteeing any debenture involved.

"(iii) DEFINITIONS.—In this subsection, the term 'SBIR or STTR participant' means a small business concern that receives contracts or grants pursuant to section 9 of the Small Business Act.".

SEC. 2. INCLUSION OF SMALL BUSINESS INVESTMENT COMPANIES IN SBIR AND STTR.

Section 9 of the Small Business Act (15 U.S.C. 638) is amended—

(1) by striking "or private equity firm investment" each place such term appears and inserting "private equity firm, or SBIC investment";

(2) by striking "or private equity firms" and inserting "private equity firms, or SBICs";

(3) in subsection (e)—

(A) in paragraph (12)(B), by striking "and" at the end;

(B) in paragraph (13)(B), by striking the period at the end and inserting "; and"; and

(C) by adding at the end the following new paragraph:

"(14) the term 'SBIC' means a small business investment company as defined in section 103 of the Small Business Investment Act of 1958."; and

(4) in the heading for subsection (dd), by striking "OR PRIVATE EQUITY FIRMS" and inserting "PRIVATE EQUITY FIRMS, OR SBICS".

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