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116TH CONGRESS
1ST SESSION

H. R. 4944

To require the Small Business Administration to issue licenses under the Small Business Investment Act of 1958 within particular time frames, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 31, 2019

Mr. BURCHETT introduced the following bill; which was referred to the Committee on Small Business

A BILL

To require the Small Business Administration to issue licenses under the Small Business Investment Act of 1958 within particular time frames, 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. SHORT TITLE.

This Act may be cited as the "Small Business Investment Improvement Act of 2019".

SEC. 2. TIMELINES FOR ISSUANCE OF SBIC LICENSES.

Section 301(c) of the Small Business Investment Act of 1958 (15 U.S.C. 681(c)) is amended—

(1) in paragraph (2)—

(A) by amending subparagraph (A) to read as follows:

"(A) STATUS.—The Administrator shall provide an applicant with a written report detailing the status of the application and any requirements remaining for completion of the application, including any external or internal delays—

"(i) except as provided in clauses (ii) and (iii), not later than 120 days after the initial receipt by the Administrator of the application;

"(ii) not later than 45 days after the initial receipt, if the application is submitted by a repeat applicant or a non-leveraged, non-bank applicant; or

"(iii) not later than 25 days after the initial receipt, if the application is submitted by a bank-owned applicant.";

(B) in subparagraph (B), in the matter preceding clause (i), by striking "Within a reasonable time after receiving" and inserting "Except as provided in subparagraph (C), not later than 240 days after the date on which the Administrator receives"; and

(C) by adding at the end the following:

"(C) EXCEPTIONS.—

"(i) REPEAT APPLICANTS; NON-LEVERAGED, NON-BANK APPLICANT.—Notwithstanding subparagraph (B), not later than 90 days after the date on which the Administrator receives a completed application submitted by a repeat applicant or a non-leveraged, non-bank applicant in accordance with this subsection and in accordance with such requirements as the Administrator may prescribe by regulation, the Administrator shall—

"(I) review the application in its entirety; and

"(II)(aa) approve the application and issue a license for such operation to the applicant if the requirements of this section are satisfied; or

"(bb) disapprove the application and notify the applicant in writing of the disapproval.

"(ii) BANK-OWNED APPLICANTS.—Notwithstanding subparagraph (B), not later than 45 days after the date on which the Administrator receives a completed application submitted by a bank-owned applicant in accordance with this subsection and in accordance with such requirements as the Administrator may prescribe by regulation, the Administrator shall—

"(I) review the application in its entirety; and

"(II)(aa) approve the application and issue a license for such operation to the applicant if the requirements of this section are satisfied; or

"(bb) disapprove the application and notify the applicant in writing of the disapproval.";

(2) in paragraph (3)—

(A) in subparagraph (A)—

(i) in clause (i), by striking "and" at the end;

(ii) in clause (ii), by adding "and" at the end; and

(iii) by adding at the end the following:

"(iii) the management of the applicant has successfully passed Federal Bureau of Investigation background checks within the preceding 1-year period;''; and

(B) in subparagraph (B)—

(i) in clause (ii), by striking "and" at the end;

(ii) in clause (iii), by adding "and" at the end; and

(iii) by adding at the end the following:

"(iv) the public interest of approving or disapproving the applicant.'';

(3) in paragraph (4)(A)—

(A) in clause (ii), by striking "and" at the end;

(B) in clause (iii), by striking the period at the end and inserting "; and''; and

(C) by adding at the end the following:

"(iv) has successfully passed a Federal Bureau of Investigation background check within the preceding 1-year period.''; and

(4) by adding at the end the following:

"(5) DEFINITIONS.—In this subsection—

"(A) the term 'bank-owned applicant' means an applicant for a license to operate as a small business investment company under this Act that—

"(i) is a national bank or any member bank of the Federal Reserve System or nonmember insured bank;

"(ii) bears the same name as the future small business investment company;

"(iii) is domestically domiciled; and

"(iv) has not had a license under this Act revoked or involuntarily surrendered during the 10-year period preceding the date on which the application is submitted;

"(B) the term 'non-leveraged, non-bank applicant' means an applicant for a license to operate as a small business investment company under this Act that is not bank-owned and that, when operational, poses no risk to the Federal Government; and

"(C) the term 'repeat applicant' means an applicant for a license to operate as a small business investment company under this Act that—

"(i) has previously applied for and been issued such a license;

“(ii) has 50 percent of the same management team with the 50 percent of the same investment committee as when the applicant operated as a small business investment company;

“(iii) is applying for the same or less ratio leverage as when the applicant operated as a small business investment company;

“(iv) has substantially the same investment strategy as when the applicant operated as a small business investment company;

“(v) is not more than 50 percent larger than when the applicant operated as a small business investment company;

“(vi) has not less than 50 percent of institutional limited partnerships returning from the prior fund to invest in the new small business investment company; and

“(vii) has not had any major findings on examinations of the prior fund.”.

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