

116TH CONGRESS
1ST SESSION

S. 1975

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 SENATE OF THE UNITED STATES

JUNE 26, 2019

Mr. RISCH (for himself, Mr. CRAPO, Mrs. CAPITO, Mr. YOUNG, Ms. DUCKWORTH, Mr. BOOKER, and Mr. SCOTT of South Carolina) introduced the following bill; which was read twice and referred to the Committee on Small Business and Entrepreneurship

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.

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 “Small Business Invest-
5 ment Improvement Act of 2019”.

6 **SEC. 2. TIMELINES FOR ISSUANCE OF SBIC LICENSES.**

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

1 (1) in paragraph (2)—

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

4 “(A) STATUS.—The Administrator shall
5 provide an applicant with a written report de-
6 tailing the status of the application and any re-
7 quirements remaining for completion of the ap-
8 plication, including any external or internal
9 delays—

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

14 “(ii) not later than 45 days after the
15 initial receipt, if the application is sub-
16 mitted by a repeat applicant or a non-le-
17 veraged, non-bank applicant; or

18 “(iii) not later than 25 days after the
19 initial receipt, if the application is sub-
20 mitted by a bank-owned applicant.”;

21 (B) in subparagraph (B), in the matter
22 preceding clause (i), by striking “Within a rea-
23 sonable time after receiving” and inserting “Ex-
24 cept 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.

1 “(ii) BANK-OWNED APPLICANTS.—

2 Notwithstanding subparagraph (B), not
 3 later than 45 days after the date on which
 4 the Administrator receives a completed ap-
 5 plication submitted by a bank-owned appli-
 6 cant in accordance with this subsection
 7 and in accordance with such requirements
 8 as the Administrator may prescribe by reg-
 9 ulation, the Administrator shall—

10 “(I) review the application in its
 11 entirety; and

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

16 “(bb) disapprove the application
 17 and notify the applicant in writing of
 18 the disapproval.”;

19 (2) in paragraph (3)—

20 (A) in subparagraph (A)—

21 (i) in clause (i), by striking “and” at
 22 the end;

23 (ii) in clause (ii), by adding “and” at
 24 the end; and

1 (iii) by adding at the end the fol-
 2 lowing:

3 “(iii) the management of the appli-
 4 cant has successfully passed Federal Bu-
 5 reau of Investigation background checks
 6 within the preceding 1-year period;”; and

7 (B) in subparagraph (B)—

8 (i) in clause (ii), by striking “and” at
 9 the end;

10 (ii) in clause (iii), by adding “and” at
 11 the end; and

12 (iii) by adding at the end the fol-
 13 lowing:

14 “(iv) the public interest of approving
 15 or disapproving the applicant.”;

16 (3) in paragraph (4)(A)—

17 (A) in clause (ii), by striking “and” at the
 18 end;

19 (B) in clause (iii), by striking the period at
 20 the end and inserting “; and”; and

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

22 “(iv) has successfully passed a Fed-
 23 eral Bureau of Investigation background
 24 check within the preceding 1-year period.”;
 25 and

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

2 “(5) DEFINITIONS.—In this subsection—

3 “(A) the term ‘bank-owned applicant’
4 means an applicant for a license to operate as
5 a small business investment company under this
6 Act that—

7 “(i) is a national bank or any member
8 bank of the Federal Reserve System or
9 nonmember insured bank;

10 “(ii) bears the same name as the fu-
11 ture small business investment company;

12 “(iii) is domestically domiciled; and

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

17 “(B) the term ‘non-leveraged, non-bank
18 applicant’ means an applicant for a license to
19 operate as a small business investment company
20 under this Act that is not bank-owned and that,
21 when operational, poses no risk to the Federal
22 Government; and

23 “(C) the term ‘repeat applicant’ means an
24 applicant for a license to operate as a small

1 business investment company under this Act
2 that—

3 “(i) has previously applied for and
4 been issued such a license;

5 “(ii) has 50 percent of the same man-
6 agement team with the 50 percent of the
7 same investment committee as when the
8 applicant operated as a small business in-
9 vestment company;

10 “(iii) is applying for the same or less
11 ratio leverage as when the applicant oper-
12 ated as a small business investment com-
13 pany;

14 “(iv) has substantially the same in-
15 vestment strategy as when the applicant
16 operated as a small business investment
17 company;

18 “(v) is not more than 50 percent larg-
19 er than when the applicant operated as a
20 small business investment company;

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

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

