

# ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, the Chair will postpone further proceedings today on motions to suspend the rules on which a recorded vote or the yeas and nays are ordered, or on which the vote incurs objection under clause 6 of rule XX.

Record votes on postponed questions will be taken later.

## RULEMAKING DEADLINE EXEMPTING CERTAIN SECURITIES

Mr. McHENRY. Madam Speaker, I move to suspend the rules and pass the bill (H.R. 701) to amend a provision of the Securities Act of 1933 directing the Securities and Exchange Commission to add a particular class of securities to those exempted under such Act to provide a deadline for such action, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 701

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

### SECTION 1. RULEMAKING DEADLINE FOR EXEMPTING CERTAIN SECURITIES.

Section 3(b)(2) of the Securities Act of 1933 (15 U.S.C. 77c(b)(2)) is amended in the matter preceding subparagraph (A) by striking “The Commission” and inserting “Not later than October 31, 2013, the Commission”.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from North Carolina (Mr. McHENRY) and the gentlewoman from California (Ms. WATERS) each will control 20 minutes.

The Chair recognizes the gentleman from North Carolina.

#### GENERAL LEAVE

Mr. McHENRY. Madam Speaker, I ask unanimous consent that all Members have 5 legislative days within which to revise and extend their remarks and to submit extraneous materials for the RECORD on H.R. 701, as amended, currently under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. McHENRY. Madam Speaker, I yield myself such time as I may consume.

My colleagues, this is a bipartisan, straightforward bill, and it had unanimous support within the Financial Services Committee.

This bill codifies an intended deadline within the JOBS Act. This legislation simply puts a reasonable date for the deadline for an improved Regulation A, which came out of a bipartisan bill before the House of Representatives just over a year ago and then the JOBS Act the President signed more than a year ago. The deadline is very achievable, setting an October 31 deadline for the SEC to write regulations. It is nearly 19 months after the JOBS Act was signed into law, and it is, in

fact, 5 months before the due date of the SEC's recurring review of a renewed Regulation A.

Regulation A is a very interesting provision within securities regulation. It is a sensible and philosophically sound exemption that should help millions of small- and moderate-sized businesses, but it's actually unused by all small businesses. The JOBS Act language includes raising the cap on Regulation A securities offerings from \$5 million to \$50 million, which is existent in the law; but the act also requires that we have meaningful regulatory improvements to Regulation A so it can, in fact, be utilized by small businesses as it was intended.

Stakeholders and academics have testified that Regulation A should be a covered security or that the SEC should radically simplify Reg A's registration and qualifications if small businesses are to ever use and utilize this well-intentioned exemption again. For proof of whether State exemption matters, merely look at the dominance of rule 506, even for issuances of \$1 million, compared to those other exemptions; and let's just face it—the numbers speak for themselves.

Additionally, other areas of critical consideration include quiet periods, testing-the-waters activities, comment period turnaround, and even the number of Securities and Exchange Commission staff dedicated to small business exemptions. We've made that very clear to the Securities and Exchange Commission the concerns we have on those issues. The SEC must conduct a holistic review of Federal and State regulations on these matters to learn which have impeded entrepreneurs from accessing external capital, which is really the intention of Regulation A.

If you look back at a GAO report, it asserted that, from 1997 to 2011, the number of Regulation A filings decreased from 116 annually to 19, and that's only the number of filings. To go to the next step of an offering, it's even further reduced. It reduced from 57 in 1998 to just one offering, under this important regulation, in 2011. Now, that's very disturbing. The same GAO report maintains that the SEC has never evaluated the abandonment of Regulation A, an exemption solely created to capitalize small- and moderate-sized businesses and to empower everyday investors. That's absurd. It's high time the SEC gets around to this and gets it done. That's what this bill is all about.

The Small Business Administration asserts that there are more than 5 million small businesses in the U.S. with fewer than 20 employees, representing 20 percent of our national employment, and that firms with fewer than 100 employees employ more than 36 percent of our national employment. These millions of small businesses do not utilize Reg. A or other exemptions actually intended for them. There are bad consequences for this because they are not able to get the capital they need to grow and prosper and to perhaps go

from being small businesses to big businesses or from small businesses to more successful small businesses. They are the ones that are at a loss, and at a time of high unemployment we need to make sure that we are able to get those capital-starved businesses access to the moneys they need to grow and to prosper in these tough economic times.

This is a bipartisan bill that has garnered the support of my colleagues from across the aisle, Ms. ESHOO and Mr. SCOTT, as well as the support of my colleagues on this side of the aisle, Mr. SCHWEIKERT and Mr. GARRETT, who have long been proponents of these reforms and necessary changes.

With that, I reserve the balance of my time.

CHAMBER OF COMMERCE  
OF THE UNITED STATES OF AMERICA,

*Washington, DC, May 13, 2013.*

TO THE MEMBERS OF THE U.S. HOUSE OF REPRESENTATIVES: The U.S. Chamber of Commerce, the world's largest business federation representing the interests of more than three million businesses and organizations of all sizes, sectors, and regions, as well as state and local chambers and industry associations, and dedicated to promoting, protecting and defending America's free enterprise system, strongly supports H.R. 701, which would amend a provision of the Securities Act of 1933 to help ensure the success of the JOBS Act, which became law last year.

H.R. 701 is a bi-partisan bill which would place a deadline of October 31, 2013, for the Securities and Exchange Commission to complete the changes to Regulation A as required under the Jumpstart Our Business Startups Act (“JOBS Act”). The bi-partisan JOBS Act mandates the modernization of certain regulations critical to the capital formation of emerging growth companies. The Chamber is concerned that the pace of regulatory implementation is too slow, and H.R. 701 would help ensure the timely implementation of this legislation important to new businesses.

The Chamber believes H.R. 701 would help speed the implementation of the JOBS Act, thereby assisting the capital formation needed for robust economic growth and job creation. The Chamber strongly supports H.R. 701.

Sincerely,

R. BRUCE JOSTEN,  
*Executive Vice President,  
Government Affairs.*

NASDAQ OMX,  
*Washington, DC, May 7, 2013.*

Hon. JEB HENSARLING,  
*Chairman, House Committee on Financial Services,  
Rayburn House Office Building, Washington, DC.*

DEAR CHAIRMAN HENSARLING: Rep. Patrick McHenry has proposed legislation, H.R. 701, which seeks to impose a deadline on the Securities and Exchange Commission (SEC) for completion of an important section of the JOBS Act signed into law on April 5, 2012. Specifically, the legislation requires the SEC to issue its rules with respect to Regulation A by October 31st of this year.

NASDAQ OMX supports this legislation's goal to induce timely action on a key feature of the JOBS Act. As rules are finalized, small businesses should have the regulatory certainty necessary to make critical capital funding decisions that can allow them to grow and create jobs—the purpose behind the JOBS Act and NASDAQ OMX's support of that legislation.

Please let me know if I can be of further service to the Committee.

Thank you,

TERRY G. CAMPBELL,  
*Vice President,*  
*Global Government Relations.*

BIOTECHNOLOGY  
INDUSTRY ORGANIZATION,  
*Washington, DC, May 13, 2013.*

DEAR MEMBER OF CONGRESS: On behalf of the Biotechnology Industry Organization (BIO) and its more than 1,100 members, I am writing in strong support of H.R. 701, sponsored by Rep. Patrick McHenry. I urge swift consideration and passage of this important legislation by the House of Representatives.

H.R. 701 will speed the implementation of a key provision in the Jumpstart Our Business Startups (JOBS) Act, which passed both houses of Congress last year with broad, bipartisan majorities. Title IV of the JOBS Act directed the SEC to make revisions to Regulation A that will increase access to capital for growing companies, including biotech innovators.

Before the JOBS Act was enacted, Regulation A allowed companies to conduct direct public offerings of up to \$5 million; the JOBS Act increased the offering limit to \$50 million. Once this change is implemented, Regulation A will spur fundraising for emerging biotech companies, for which a \$50 million capital influx could support groundbreaking research and stimulate job creation.

H.R. 701 will give the SEC a deadline to complete rulemaking on Regulation A. The current delay at the SEC has blunted the potential capital formation impact of the JOBS Act at a time when research-intensive small businesses are in dire need of funding for their innovative R&D. Changing the eligibility threshold for Regulation A offerings will provide a new source of private capital to finance the search for cures and breakthrough medicines.

BIO supports expeditious implementation of the JOBS Act. On behalf of BIO's membership, I urge you to support H.R. 701 when it is considered by the House of Representatives.

With Sincerest Regards,

JAMES C. GREENWOOD,  
*President and CEO.*

CONNECT,  
*May 15, 2013.*

Hon. PATRICK MCHENRY  
*U.S. Capitol,*  
*Washington, DC.*

Hon. DAVID SCOTT

DEAR REPRESENTATIVES MCHENRY AND SCOTT: As a leading voice for tech start-ups and emerging companies, CONNECT enthusiastically endorses your efforts to pass H.R. 701. This straightforward legislation, to set an October 31 deadline for the SEC to promulgate rules to implement the JOBS Act increase for Regulation A offerings, is specifically targeted to increase the flow of capital to start-up and emerging companies which represent the best job-creating engine to spur America's economic recovery.

CONNECT was birthed out of the University of California—San Diego over twenty-five years ago with the mission to propel creative ideas and emerging technologies to the marketplace by training entrepreneurs and connecting them to the comprehensive resources they need to sustain viability and business vibrancy. Since 1985, CONNECT has assisted in the formation and development of over 3,000 companies and is recognized as one of the world's most successful regional innovation development programs. CONNECT is the recipient of the 2010 "Innovation in Regional Innovation Clusters" award presented by the U.S. Department of Commerce.

As you are well aware, one of the barriers to start-up company growth is access to capital. Although the Reg A offerings are supposed to help emerging companies get access capital, the cost of compliance with regulatory burdens made the \$5 million cap unworkable. Congress was absolutely right to pass the JOBS Act requiring the SEC to promulgate rules to raise the cap to \$50 million. Doing so will open new pathways by which startups and emerging companies, including those stuck in the proverbial "valley of death," can access capital, allowing them to grow and create new jobs. But more than a year after this bipartisan triumph for innovators, the SEC hasn't even published Reg A rules. H.R. 701 will fix this and is urgently needed.

There is much talk in Washington about helping start-ups, but your bill takes tangible action toward achieving that goal and ensuring the promise of the JOBS Act is realized. We commend you for finding a bipartisan solution that will have real-world benefits for America's entrepreneurs and innovators. CONNECT stands ready to assist you as the bill advances in the House and strongly encourages Majority Leader Reid to promptly place the bill on the Senate floor calendar.

Sincerely,

TIMOTHY TARDIBONO, M.A., J.D.,  
*Vice President of Public Policy.*

Ms. WATERS. Madam Speaker, I yield myself such time as I may consume.

As you know, the Jumpstart Our Business Startups Act, or the JOBS Act as it is commonly known, was signed into law about 1 year ago. This bill received the support of both Democrats and Republicans on the Financial Services Committee.

Some of us, including me, have some concerns about this legislation. We are basically taking a chance that investors will not be harmed, but we're taking a chance because we are so anxious to create jobs, and this legislation is possibly yet another approach to creating jobs.

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This is not the American Jobs Act, but this is a jobs act. And I believe that my colleague on the opposite side of the aisle, Mr. MCHENRY, really believes that this is going to create jobs. So we're going to take a chance that this will create jobs.

Regulation A currently allows certain companies to raise up to \$5 million a year through a streamlined, less costly registration process, providing smaller companies with much-needed capital without overly burdening them with registration requirements. In the JOBS Act, we raise that level to \$50 million, thus providing small companies with a greater ability to develop new products and create much-needed jobs for their local economies.

The JOBS Act did not set a deadline under which the Commission needed to complete this rulemaking. Given the tremendous workload the Commission is managing—including setting up new offices under the Wall Street Reform Act, regulating new markets such as the over-the-counter derivatives market, and completing various other

rulemakings under the JOBS Act—it is understandable that the SEC has not yet completed the Regulation A update. H.R. 701 would basically require that the SEC complete the Regulation A rulemaking by October 31 of this year.

While I am reluctant to impose accelerated rulemaking timetables on the Commission, given the resource constraints they face, I will support this bill and my colleagues are supporting this bill, particularly since we understand that the SEC has indicated that they will finish the rulemaking before October 31 anyway, even without this legislation.

Finally, I would ask that my colleagues support adequate funding for the Commission so that they have the staff resources to carry out this and other outstanding rulemakings under both the Wall Street Reform Act and the JOBS Act. This is very important.

The SEC has a great responsibility carrying out the rulemaking for all that we have placed on them. As I know that they like to do this rulemaking in a timely fashion, we must recognize that they don't have all the resources they need. So I hope that as we're taking a chance with our colleagues on the opposite side of the aisle, hoping that this bill is going to produce the kinds of jobs that have been indicated, we want our friends on the opposite side of the aisle to reciprocate with support for the SEC and the funding that they need.

With that, Madam Speaker, I reserve the balance of my time.

Mr. MCHENRY. A 418 percent increase since the late nineties with the Securities and Exchange Commission in terms of funding, I think, is adequate; but I certainly appreciate my colleague's concerns.

We passed this provision in the fall of 2011 in this House with a floor vote of 421-1. This enhances this provision and provides for a deadline that is 19 months after the original act was signed. I think that's more than generous and sufficient.

With that, I would like to yield 2½ minutes to my colleague from Florida (Mr. ROSS), who is a quite vocal proponent of getting capital to small business.

Mr. ROSS. Madam Speaker, as my colleague mentioned earlier, the JOBS Act passed into law with broad bipartisan support.

It hasn't been easy for Republicans and Democrats to agree on a lot of things; but when it came to directing the SEC to get out of the way and allow small public companies to raise capital and create jobs in America, we agreed.

Over a year later, we're still waiting for the SEC to implement several portions of a bill that should have been noncontroversial. This isn't the first instance. In title II of this act, the SEC failed in a time certain to follow the will of Congress and promulgate rules. That's why we're here today.

Now, it's unclear when the SEC is going to promulgate the rules under title IV, which will allow faster capital formation for smaller public companies. But like the job creators and the unemployed in my district, I'm tired of waiting. We're down here today urging Members to support legislation to require the SEC to do their job and implement the rules under this title by the end of October.

It's disheartening that we have to waste taxpayer dollars to do this, but I urge Members to vote in favor of H.R. 701. Madam Speaker, it's time for the SEC and all the regulators to stop stalling and stop ignoring the will and direction of Congress. It's time for regulators to do their jobs so Americans can go back to work and do their jobs, and it's time that Congress hold all regulators accountable.

Thank you, Mr. Chairman, for this bill.

Ms. WATERS. Mr. Speaker, I ask unanimous consent that the gentleman from Texas (Mr. AL GREEN) control the time for the remainder of the debate.

The SPEAKER pro tempore (Mr. PITTENGER). Is there objection to the request of the gentlewoman from California?

There was no objection.

Mr. AL GREEN of Texas. Mr. Speaker, I continue to reserve the balance of my time.

Mr. MCHENRY. We're prepared to close.

Mr. AL GREEN of Texas. I will await your closing.

Mr. MCHENRY. If the gentleman yields back his time, I will then close. As the majority party, we have the right to close.

Mr. AL GREEN of Texas. I yield back the balance of my time.

Mr. MCHENRY. Mr. Speaker, I would like to just simply close by saying that we should help small businesses.

When we have congressional Members acknowledging pop culture, as I did in committee, there is always a debate about that. But as Beyonce once said, "If you like it, you should have put a ring on it." Likewise, we should put a deadline on it. That's what this bill is all about.

As I close, I will not quote Jay-Z, but I will say we should help small businesses. And I ask my colleagues for their support as I yield back the balance of my time.

Mr. DINGELL. Mr. Speaker, I rise in opposition to H.R. 701. While I applaud the bipartisan efforts of my colleagues to help small businesses grow and create jobs, the sting of the effects of financial deregulation is still too strong to allow me to support this bill.

I voted against similar legislation in the 112th Congress because I think raising the Securities and Exchange Commission (SEC) Regulation A threshold is a bad idea. I note that Congress has raised this threshold five times already. In each of those instances, though, Congress approved a modest increase that was relative to the rate of inflation and the purchasing power of the dollar. H.R. 701 would mandate an unprecedented tenfold

increase in the current threshold of \$5 million to \$50 million. Such an increase strikes me as grotesquely large, especially since inflation has risen only 165 percent since 1980.

H.R. 701 will force the SEC—without additional appropriations—to do something that constitutes a tremendous incitement to perpetrate fraud on investors. I cannot in good conscience support this bill and urge my colleagues to vote it down.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from North Carolina (Mr. MCHENRY) that the House suspend the rules and pass the bill, H.R. 701, as amended.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds being in the affirmative, the ayes have it.

Mr. AL GREEN of Texas. Mr. Speaker, on that I demand the yeas and nays. The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, further proceedings on this motion will be postponed.

### HOMES FOR HEROES ACT OF 2013

Mr. MCHENRY. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 384) to establish the position of Special Assistant for Veterans Affairs in the Office of the Secretary of Housing and Urban Development by transferring the Special Assistant for Veterans Affairs to the Office of the Secretary of HUD, and for other purposes, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

#### H.R. 384

*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 "Homes for Heroes Act of 2013".

#### SEC. 2. SPECIAL ASSISTANT FOR VETERANS AFFAIRS IN THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT.

(a) TRANSFER OF POSITION TO OFFICE OF THE SECRETARY.—Section 4 of the Department of Housing and Urban Development Act (42 U.S.C. 3533) is amended by adding at the end the following new subsection:

"(h) SPECIAL ASSISTANT FOR VETERANS AFFAIRS.—

"(1) POSITION.—There shall be in the Office of the Secretary a Special Assistant for Veterans Affairs, who shall report directly to the Secretary.

"(2) APPOINTMENT.—The Special Assistant for Veterans Affairs shall be appointed based solely on merit and shall be covered under the provisions of title 5, United States Code, governing appointments in the competitive service.

"(3) RESPONSIBILITIES.—The Special Assistant for Veterans Affairs shall be responsible for—

"(A) ensuring veterans have fair access to housing and homeless assistance under each program of the Department providing either such assistance;

"(B) coordinating all programs and activities of the Department relating to veterans;

"(C) serving as a liaison for the Department with the Department of Veterans Affairs, including establishing and maintaining

relationships with the Secretary of Veterans Affairs;

"(D) serving as a liaison for the Department, and establishing and maintaining relationships with the United States Interagency Council on Homelessness and officials of State, local, regional, and nongovernmental organizations concerned with veterans;

"(E) providing information and advice regarding—

"(i) sponsoring housing projects for veterans assisted under programs administered by the Department; or

"(ii) assisting veterans in obtaining housing or homeless assistance under programs administered by the Department;

"(F) coordinating with the Secretary of Housing and Urban Development and the Secretary of Veterans Affairs in carrying out section 3 of the Homes for Heroes Act of 2013; and

"(G) carrying out such other duties as may be assigned to the Special Assistant by the Secretary or by law."

(b) TRANSFER OF POSITION IN OFFICE OF DEPUTY ASSISTANT SECRETARY FOR SPECIAL NEEDS.—On the date that the initial Special Assistant for Veterans Affairs is appointed pursuant to section 4(h)(2) of the Department of Housing and Urban Development Act, as added by subsection (a) of this section, the position of Special Assistant for Veterans Programs in the Office of the Deputy Assistant Secretary for Special Needs of the Department of Housing and Urban Development shall be terminated.

#### SEC. 3. ANNUAL SUPPLEMENTAL REPORT ON VETERANS HOMELESSNESS.

(a) IN GENERAL.—The Secretary of Housing and Urban Development and the Secretary of Veterans Affairs, in coordination with the United States Interagency Council on Homelessness, shall submit annually to the Committees of the Congress specified in subsection (b), together with the annual reports required by such Secretaries under section 203(c)(1) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11313(c)(1)), a supplemental report that includes the following information with respect to the preceding year:

(1) The same information, for such preceding year, that was included with respect to 2010 in the report by the Secretary of Housing and Urban Development and the Secretary of Veterans Affairs entitled "Veterans Homelessness: A Supplemental Report to the 2010 Annual Homeless Assessment Report to Congress".

(2) Information regarding the activities of the Department of Housing and Urban Development relating to veterans during such preceding year, as follows:

(A) The number of veterans provided assistance under the housing choice voucher program for Veterans Affairs supported housing (VASH) under section 8(o)(19) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)(19)), the socioeconomic characteristics of such homeless veterans, and the number, types, and locations of entities contracted under such section to administer the vouchers.

(B) A summary description of the special considerations made for veterans under public housing agency plans submitted pursuant to section 5A of the United States Housing Act of 1937 (42 U.S.C. 1437c-1) and under comprehensive housing affordability strategies submitted pursuant to section 105 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12705).

(C) A description of the activities of the Special Assistant for Veterans Affairs of the Department of Housing and Urban Development.

(D) A description of the efforts of the Department of Housing and Urban Development