

concerns are not always heard. This doesn't just harm small businesses. It can also adversely impact investors and the public at large.

The SEC has done an admirable job in supporting and in advancing the priorities of small businesses. This bill, the SEC Small Business Advocate Act, simply gives the SEC more tools to understand their needs and concerns. The SEC Small Business Advocate Act mirrors provisions found in the Dodd-Frank bill, which created the current Office of the Investor Advocate.

This advocate would open clear avenues of communication to SEC leadership on issues affecting small-business owners, investors, and stakeholders. It would also help continue the reforms and progress that Congress made in passing the JOBS Act, which the gentleman from New Jersey mentioned, including with issues such as equity crowdfunding and ideas for venture exchanges and changes to tick size, which the gentleman from Wisconsin and I have worked on over the past year.

With the resources provided in H.R. 3784, the SEC will have the ability to pursue meaningful regulatory improvements that could significantly improve outcomes for small businesses and help them with their access to capital, which is needed to grow and create jobs.

I am very encouraged that the House has chosen to take up this bipartisan piece of legislation today and that we are moving forward to ensure a voice for small business at the SEC.

Again, I thank the SEC for its help on this issue and a special thanks to my friend and colleague, Congressman DUFFY.

I urge all of my colleagues, as the members of the Financial Services Committee have, to vote "yes" on this legislation.

Mr. Speaker, I reserve the balance of my time.

Mr. GARRETT. Mr. Speaker, I reserve the balance of my time.

Mr. CARNEY. Mr. Speaker, I yield 3 minutes to the gentleman from Illinois (Mr. QUIGLEY).

Mr. QUIGLEY. Mr. Speaker, given that small businesses have accounted for over 60 percent of the net new jobs created since the end of the recession, we should be doing more to simplify regulatory compliance so that small businesses can direct their resources to what they do best: innovating and growing our economy.

Small businesses and small business investors were not the cause of the financial crisis and do not pose a significant risk to the rest of the economy. Yet, regulators like the SEC, which oversee the financial markets, too often craft regulations by which the costs to small businesses far outweigh the minimal benefits they may have on our economy. We need our regulators to take the concerns of small businesses seriously and to make small business growth a top priority.

That is why I was proud to coauthor the SEC Small Business Advocate Act,

which will establish an Office of the Advocate for Small Business Capital Formation within the SEC. This office will open a clear avenue of communication to the SEC leadership on issues affecting small businesses by maintaining a designated representative to advocate on their needs.

This advocate will be responsible for helping small businesses resolve problems with the SEC, analyzing the potential impact of proposed rules and regulations on small businesses, and reaching out to small businesses to understand issues related to capital formation. In addition, this bill formalizes the Advisory Committee on Small and Emerging Companies, which provides members of the small business community with another mechanism to communicate their concerns with the SEC. This legislation will not only improve the regulatory process for small-business owners, but also for the everyday investors and consumers who depend on them.

This legislation has widespread support from representatives of the business community, and it passed unanimously out of committee. I urge my colleagues to empower small-business owners and entrepreneurs and support this commonsense, bipartisan legislation.

Mr. GARRETT. Mr. Speaker, I reserve the balance of my time.

Mr. CARNEY. Mr. Speaker, I yield myself the balance of my time.

I close by again asking my colleagues to follow the example of the Financial Services Committee and vote unanimously to support this bill, which will help small businesses to access capital and to get the advice they need from the SEC.

I yield back the balance of my time.

Mr. GARRETT. Mr. Speaker, I yield myself the balance of my time.

Again, I commend the gentleman for his work on this legislation and for the bipartisan nature of this and of most of the bills, actually, that will be coming to the floor today that were passed out of committee in a bipartisan manner.

I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New Jersey (Mr. GARRETT) that the House suspend the rules and pass the bill, H.R. 3784, as amended.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

SMALL BUSINESS CAPITAL FORMATION ENHANCEMENT ACT

Mr. GARRETT. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4168) to amend the Small Business Investment Incentive Act of 1980 to require an annual review by the Securities and Exchange Commission of the annual government-business forum

on capital formation that is held pursuant to such Act.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 4168

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 Capital Formation Enhancement Act".

SEC. 2. ANNUAL REVIEW OF GOVERNMENT-BUSINESS FORUM ON CAPITAL FORMATION.

Section 503 of the Small Business Investment Incentive Act of 1980 (15 U.S.C. 80c-1) is amended by adding at the end the following:

"(e) The Commission shall—

"(1) review the findings and recommendations of the forum; and

"(2) each time the forum submits a finding or recommendation to the Commission, promptly issue a public statement—

"(A) assessing the finding or recommendation of the forum; and

"(B) disclosing the action, if any, the Commission intends to take with respect to the finding or recommendation."

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from New Jersey (Mr. GARRETT) and the gentleman from Delaware (Mr. CARNEY) each will control 20 minutes.

The Chair recognizes the gentleman from New Jersey.

GENERAL LEAVE

Mr. GARRETT. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days in which to revise and extend their remarks and to include any extraneous material on this bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

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

I rise in support of H.R. 4168, the Small Business Capital Formation Enhancement Act.

I would like to thank the gentleman from Maine (Mr. POLIQUIN) and the gentleman from California (Mr. VARGAS) for their bipartisan work on this bill. I go off script here just to say thank you very much to Mr. POLIQUIN, who has been a very active member on this committee from the very beginning and has been very active in making sure this legislation has come to the floor today. I thank the gentleman.

As I said before, this bill came out of committee, due much in part to the gentleman's work, with an overwhelming bipartisan vote. I believe it was 55-1; so the gentleman just has that one to work on for his next piece of legislation that comes out of committee.

Mr. Speaker, Congress created the SEC Government-Business Forum on Small Business Capital Formation—to do what?—to provide a platform to identify unnecessary impediments to small business capital formation and to find ways to eliminate or to reduce them. Each forum seeks to develop recommendations for government and private action to improve and provide the

environment for small business capital formation, thereby providing small businesses the opportunity—to do what?—to grow economically and, most importantly, as we have been talking all day, to create more jobs.

Unfortunately, the SEC's default position over these several years has been to simultaneously and summarily ignore many of the recommendations made by the various forum participants, which include small businesses, venture capitalists, trade association representatives, accountants, academics, and other small business academics.

Despite the claims of which we hear every year from the Commission about the importance of this forum, it seems that the only time the SEC actually implements one of these capital formation agenda items that comes out of it is when Congress tells it to do so. This was certainly the case with several provisions of the JOBS Act, many of which, as one will recall, were original recommendations from that very same forum. I will give two examples. There was the crowdfunding and the Regulation A-Plus provisions of the JOBS Act. They basically mirrored the forum's recommendations years earlier.

The Small Business Capital Formation Enhancement Act, which is before us today, provides an answer. It basically provides a simple solution to making the SEC more responsive. It requires the SEC to respond publicly and in writing to each forum recommendation and to simply explain whether it plans to take action on that item or not.

It really shouldn't take an act of Congress for the SEC to fulfill its basic capital formation mission. Quite honestly, it shouldn't take an act of Congress for the SEC to simply respond in writing to any of the forum recommendations. Unfortunately, this is the position we find ourselves in today; so we have H.R. 4168, which is the gentleman from Maine's work, which will ensure that the SEC no longer ignores these recommendations and will be able to help fulfill its statutory mission to facilitate capital formation in this country.

Mr. Speaker, I reserve the balance of my time.

□ 1545

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

I would like to add my thanks and congratulations as well to the gentleman from Maine (Mr. POLIQUIN) and the gentleman from California (Mr. VARGAS) for their bipartisan work on this bill. This legislation, as was pointed out, passed out of the Financial Services Committee with all but one vote.

The SEC's Government-Business Forum on Capital Formation brings together academics, government officials, legal experts, and business stakeholders to make recommendations to improve and facilitate small-business capital formation.

By directly addressing the recommendations of the forum, the SEC will help refine ideas and provide future forums with opportunities to address the SEC's views or concerns, ultimately leading to a more constructive and valuable process.

This legislation will enhance the role of the forum and assist the SEC to focus on the capital needs of small businesses, which, as we have discussed several times today, are the main drivers of job creation in our economy, while simultaneously encouraging participants to substantively engage in the forum.

Mr. Speaker, I ask my colleagues to support this bipartisan piece of legislation and thank the sponsors for their hard work.

I reserve the balance of my time.

Mr. GARRETT. Mr. Speaker, I have already given him compliments, as many as I am going to give on the floor. I yield such time as he may consume to the gentleman from Maine (Mr. POLIQUIN) because he has been an outstanding member of the committee and is the sponsor of the bill.

Mr. POLIQUIN. Mr. Speaker, I thank Chairman GARRETT for bringing this very important bill to the floor. I also want to extend my congratulations to Congressman JUAN VARGAS of California. He has done a terrific job being the lead cosponsor of the Small Business Capital Formation Enhancement Act.

All of us in this Chamber who also are small-business owners understand how important it is to have access to money, to funds, to capital, in order for our businesses to be successful, to grow, and ultimately to hire more people. This is true in Maine's Second District that I represent and also across the country.

It is all about jobs. Unless your business grows and expands, then you don't have jobs. So it is very, very important to have that key ingredient to small-business growth, which is access to capital or to money.

Now, if you are one of the greatest papermakers in the world—and we have a lot, Mr. Speaker, up in Maine's Second District—and you work for a paper company up in Madawaska, Maine, or Madison, Maine, you still depend on your company—it might not be a small company—to make sure you have access to the stock and bond markets, to be able to borrow the funds they need to expand and be successful, and to make sure we can secure your job.

Now, if you are a small-business owner, which really dominates the landscape in Maine and across the country—let's say you are a boatbuilder in Ellsworth, Maine—you still need access to capital in order to grow. If you are a biotech startup company in Lewiston, Maine, the same holds true.

You know, 80 percent of the new jobs created in our country today are not large companies, but they are small companies. That is where the problem

lies as far as access to funding is concerned. I am not worried as much about the big companies having access to the capital markets, but I do worry about our small businesses.

Now, as both Mr. CARNEY and Mr. GARRETT have mentioned, during each of the past 35 years, the Securities and Exchange Commission, by law, has been required and has put together an annual government-business forum.

During this annual meeting, they get the most experienced professionals they can find—businessowners, SEC attorneys, private sector attorneys—to review the current laws we have on the books today to make sure they are not impeding our small businesses' ability to borrow money and have access to capital in other ways.

Now, these forums also are a tremendous incubator of coming up with new ideas to make sure our laws evolve. Our capital markets, Mr. Speaker, in our economy are very dynamic. Businesses grow and they change, and new products are offered and sold.

So there are new needs for capital going forward. We have to make sure that the actual laws that are the underpinning of our capital markets, the underpinning of our economy, also evolve. So these annual business-government forums are very important venues for this to happen.

Now, as has been said here earlier, unfortunately, the SEC has no legal requirement to make sure all the terrific recommendations that come out of these annual forums are acted upon or not. In fact, it is very common for the SEC not to comment at all on all of the work done to bring these new ideas to the forefront.

So my legislation, I am proud to say, comes up with a very commonsense fix. It simply requires the SEC to make a public statement on what it is going to do to embrace these recommended changes or not. It is very simple. Otherwise, these ideas, Mr. Speaker, sit on the shelf.

Now, my bill also has the ancillary benefit of making sure that each new forum each year doesn't repeat what we just did the year before. By having a benchmark every year, by addressing the recommendations that come out of these meetings, then we are able to spring forward and move down the path where we left off the year before.

I want to thank the Speaker and the chairman very much for bringing this important bill to the floor. I am delighted to work with Mr. VARGAS on this. He has done one heck of a job.

It is so important for everybody in this Chamber to please stand up for small businesses across the country, to make sure they have access to the money they need to grow, be successful, and hire more workers. It is all about jobs.

Mr. CARNEY. Mr. Speaker, I thank and congratulate the sponsor and cosponsor again. I have no further requests for time.

I yield back the balance of my time.

Mr. GARRETT. Mr. Speaker, I yield such time as he may consume to the gentleman from Minnesota (Mr. EMMER).

Mr. EMMER of Minnesota. Mr. Speaker, small businesses are critical to job creation and sustainable economic growth in America.

In my home State of Minnesota, 1.2 million workers—nearly half of our State's private workforce—is employed by a small business. When one of the more than 500,000 small businesses in Minnesota contacts our office, it is most often about how well-intended, yet short-sighted, regulations are inhibiting their ability to utilize the financial products they rely on.

In order to ensure the creation and growth of small business, it is imperative that we do our job in Washington to make certain they have access to the capital they need.

Since 1980, the Securities and Exchange Commission has been required to conduct a government-business forum each year to present and discuss ways to improve small business capital formation. However, the SEC is under no legal obligation, as we have heard several times today, to respond to any of the findings or recommendations that come out of these forums.

That is why the Small Business Capital Formation Enhancement Act is so important. The proposed legislation will require the SEC to respond to the findings and recommendations made at these annual government-business forums. This will ensure that the ideas formulated at these government-business forums will be carefully considered at the SEC and possibly even implemented.

I want to thank Representatives BRUCE POLIQUIN and JUAN VARGAS for their hard work on behalf of consumers and small business.

I urge my colleagues to support the Small Business Capital Formation Enhancement Act.

Mr. GARRETT. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New Jersey (Mr. GARRETT) that the House suspend the rules and pass the bill, H.R. 4168.

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. POLIQUIN. 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.

TREATMENT OF CERTAIN MUNICIPAL OBLIGATIONS

Mr. GARRETT. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 2209) to require the appropriate Federal banking agencies to treat certain municipal obligations as level 2A liquid assets, and for other purposes.

The Clerk read the title of the bill. The text of the bill is as follows:

H.R. 2209

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

SECTION 1. TREATMENT OF CERTAIN MUNICIPAL OBLIGATIONS.

(a) IN GENERAL.—Section 18 of the Federal Deposit Insurance Act (12 U.S.C. 1828) is amended—

(1) by moving subsection (z) so that it appears after subsection (y); and

(2) by adding at the end the following:

“(aa) TREATMENT OF CERTAIN MUNICIPAL OBLIGATIONS.—

“(1) IN GENERAL.—For purposes of the final rule titled ‘Liquidity Coverage Ratio: Liquidity Risk Measurement Standards; Final Rule’ (79 Fed. Reg. 61439; published October 10, 2014) (the ‘Final Rule’) and any other regulation which incorporates a definition of the term ‘high-quality liquid asset’, the appropriate Federal banking agencies shall treat a municipal obligation that is both liquid and readily marketable (as defined in the Final Rule) and investment grade as of the calculation date as a high-quality liquid asset that is a level 2A liquid asset.

“(2) DEFINITIONS.—For purposes of this subsection:

“(A) INVESTMENT GRADE.—With respect to an obligation, the term ‘investment grade’ has the meaning given that term under part 1 of title 12, Code of Federal Regulations.

“(B) MUNICIPAL OBLIGATION.—The term ‘municipal obligation’ means an obligation of a State or any political subdivision thereof, or any agency or instrumentality of a State or any political subdivision thereof.”.

(b) AMENDMENT TO LIQUIDITY COVERAGE RATIO REGULATIONS.—Not later than the end of the 3-month period beginning on the date of the enactment of this Act, the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System, and the Comptroller of the Currency shall amend the final rule titled “Liquidity Coverage Ratio: Liquidity Risk Measurement Standards; Final Rule” (79 Fed. Reg. 61439; published October 10, 2014) to implement the amendments made by this Act.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from New Jersey (Mr. GARRETT) and the gentleman from Delaware (Mr. CARNEY) each will control 20 minutes.

The Chair recognizes the gentleman from New Jersey.

GENERAL LEAVE

Mr. GARRETT. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days to revise and extend their remarks and include any extraneous material on this bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

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

I rise in support of H.R. 2209. I will begin by thanking the gentleman from Indiana (Mr. MESSER) for all of his hard work on this legislation and his leadership as well, with pulling it through and getting it done right here at the beginning of this legislative year, and being a leader on this bill as well.

On the other side of the aisle, I thank the gentlewoman from New York (Mrs. CAROLYN B. MALONEY) for working together with Mr. MESSER in a very bi-

partisan manner, which, as we have noted, has been on each and every one of the bills that we have presented today in that manner.

Their efforts culminated in the committee, favorably reporting this bill by a vote of 56 to 1. So, as I have said to Mr. POLIQUIN before, you have only one Member to go to get unanimous consent going forward.

Mr. Speaker, given the problems posed by insufficient liquidity during the past financial crisis, Federal regulators issued a final rule back in 2014 to implement something called liquidity coverage ratio, or LCR. That was being done consistent with something called the Basel Committee on Banking Supervision's standards.

The LCR was established on the premise that banks should have enough cash or assets that would be liquid enough when they needed them—and that would be defined as high-quality liquid assets, or HQLAs—and that we would have to have them on hand for 30 days if their usual sources of short-term funding would simply disappear.

It goes without saying, when you think about this, that anytime that the government steps in, or anytime you have a government agency favoring this type of asset over this type of asset through some sort of regulation in which they did it, you are going to end up with what? You are going to end up with basically unintended and undesirable consequences. That is what has happened here.

Not surprisingly, critics of the LCR have complained that the stock of HQLAs is defined way too narrowly, which could adversely impact the asset classes that we are talking about.

So investment-grade municipal securities, on the other hand, if you look at them closely—more than we could do right here on the floor right now—they basically share the same liquidity characteristics of other HQLAs. And that is what Mr. MESSER basically is trying to address with this great piece of legislation.

Other HQLAs, such as corporate bonds and equity securities, have the basic same characteristic here as far as liquidity goes. Yet, the prudential regulators, what do they do? They put them in one pile and excluded them from the final LCR.

While the Federal Reserve has acknowledged this problem and they acknowledge the fault in excluding municipal securities from this definition of HQLAs, the Federal Reserve's rule would only apply to the bank holding company's municipal securities and not the national banks, where more of these municipal securities are held.

Paul Kupiec, who is over at the American Enterprise Institute, in testimony before our committee back in October of last year on the bill, said it “is appropriate and consistent with the public interest. There is no reason why high quality liquid bonds issued by the U.S. States and municipalities should receive a lower standing than foreign