

schedule. Under this payment system, there is no competitive market to drive prices down.

Nonpartisan, independent experts, including MedPAC and the Government Accountability Office, have warned us that Medicare is overpaying for DME through the fee schedule.

To address this problem, CMS has been phasing in new payments that will reduce DME costs under the fee schedule based on competitive bidding pricing. These lower payments are scheduled to be fully phased in by July.

Getting DME costs under control is critical. Higher prices result in increased Medicare spending and, even more importantly, they force beneficiaries to pay more out of pocket.

At the same time, some DME suppliers and beneficiary groups have expressed concerns that lowering the price for DME too far could hinder beneficiary access to important equipment.

To address this issue, the bill before us provides a compromise that will institute a temporary delay of the lower DME fee schedule payments for three months. This pause will allow us to gather more data on how the new payment rates impact beneficiary access.

That being said, it's not entirely clear that this delay is necessary. CMS has already been carefully monitoring access to DME. Just this month, the agency released data showing that payment cuts have not caused any harm to suppliers or to beneficiaries.

Even as we have significantly reduced spending, suppliers continue to accept the reformed payment rates, and there is no evidence that beneficiary access to high quality DME has been hindered.

This bill will give us three more months to verify that this is the case. This is only a short-term freeze, and if the evidence continues to show that the new payment rates are working, there will be no reason for us to delay any longer.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Pennsylvania (Mr. PITTS) that the House suspend the rules and pass the bill, H.R. 5210, 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.

SUPPORTING AMERICA'S INNOVATORS ACT OF 2016

Mr. GARRETT. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4854) to amend the Investment Company Act of 1940 to expand the investor limitation for qualifying venture capital funds under an exemption from the definition of an investment company, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 4854

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 "Supporting America's Innovators Act of 2016".

SEC. 2. INVESTOR LIMITATION FOR QUALIFYING VENTURE CAPITAL FUNDS.

Section 3(c)(1) of the Investment Company Act of 1940 (15 U.S.C. 80a-3(c)(1)) is amended—

(1) by inserting after "one hundred persons" the following: "(or, with respect to a qualifying venture capital fund, 250 persons)"; and

(2) by adding at the end the following:

"(C) The term 'qualifying venture capital fund' means any venture capital fund (as defined pursuant to section 203(1)(1) of the Investment Advisers Act of 1940 (15 U.S.C. 80b-3(1)(1)) with no more than \$10,000,000 in invested capital, as such dollar amount is annually adjusted by the Commission to reflect the change in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the Department of Labor."

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from New Jersey (Mr. GARRETT) and the gentlewoman from California (Ms. MAXINE WATERS) 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 include 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.

Mr. Speaker, I rise in support of H.R. 4854, Supporting America's Innovators Act of 2016; and I want to thank the sponsor of the legislation, the gentleman from North Carolina (Mr. MCHENRY).

Mr. Speaker, it is no secret that 7 years after our last recession apparently ended, our economy continues to trudge along at historically weak rates of growth and job creation.

Three points: The most recent jobs report showed that only 38,000 jobs were created during the month of May. That was the worst report since 2010;

New business startups in the country are near a 20-year low;

And, finally, American families and small businesses are finding it extremely difficult to obtain credit in order to expand their businesses or purchase a home.

More than ever, Mr. Speaker, Americans are looking at us, their elected Representatives in Congress, to help get our economy back on track and create opportunities for people that have struggled for too long.

Fortunately, over the last 5 years, the Financial Services Committee has stepped up to the plate and passed a number of bipartisan pieces of legislation. Most notably, in 2012, Congress passed the JOBS Act, which is one of the few bright spots. In April, the Capital Markets and GSE Subcommittee held a hearing to examine the positive impacts that the JOBS Act has had, and to consider further ways that we can work across the aisle to promote

job growth. But for just about every measure the JOBS Act has been a resounding success, there is more that Congress can be doing.

So today, Mr. Speaker, the House will consider a couple of measures that will build upon the success of the JOBS Act. The first is this one. This measure is Supporting America's Innovation Act of 2016.

What will the bill do?

First, it would fix what is known as the 99 investor problem. That is, under current securities law, once a venture capital fund gains more than 99 investors, it would have to become registered with the SEC under the Investment Company Act of 1940.

Just in case there is any confusion, registering with the SEC isn't free. It creates a number of costs and regulatory burdens on small venture funds that hinder the ability to deploy vital capital for startup businesses.

What is more, the current investor cap was put in place way back in 1940, at a time when nobody had ever heard of Silicon Valley, and venture capital did not play anywhere near the role it does today.

So while the JOBS Act raised the registration threshold for private companies from 500 to 2,000 investors, it did not concurrently raise the threshold for investors acting as a coordinated group.

As Kevin Laws, COO of AngelList, told our subcommittee back in April:

With online fundraising and general solicitation becoming more common because of the JOBS Act, companies are bumping up against the limit more frequently. The limit of 99 investors now acts as a brake on the amount of capital that they can raise.

So, Mr. Speaker, in conclusion, the solution envisioned under this legislation is simple. It simply bumps the number from 100 to 250, and it clarifies that registration would not be triggered until the fund crossed a threshold of \$10 million invested in a particular company.

This legislation is simple. It is straightforward. It would allow venture capital funds to continue to play the important role they do in our economy without any of the burden having to deal with any unnecessary regulation.

So, once again, I thank the sponsor of the underlying bill, and I urge my colleagues to support it.

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

Ms. MAXINE WATERS of California. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker and Members, this bill, H.R. 4854, is an example of how the two sides can work together. I worked with Mr. MCHENRY on this legislation. It just goes to show that when the opposite side of the aisle is not focused on trying to destroy and undo Dodd-Frank, we can get to doing some credible legislation.

So I am very, very pleased about this legislation. It is another piece of legislation intended to help our Nation's

startups and the venture capitalists who take a chance on them by providing a targeted exemption for certain venture capital funds.

It is also a piece of legislation that appropriately balances the ability of a startup to raise capital with the need to protect investors in the startup. When we fail to strike this balance, investors suffer, small businesses suffer; and when taken to the extreme, our entire economy can suffer.

During consideration of this bill in committee, Mr. MCHENRY and I offered an amendment to create a new exemption for qualifying venture capital funds that have no more than 250 investors and only \$10 million in invested capital. These smaller funds will allow angel investor groups to better pool their resources among more accredited investors to make targeted, high-impact investments in the very companies they create the most jobs: startups.

This structure is used today by AngelList, a company that matches investors meeting certain income and asset thresholds to pool their money into a special purpose fund and invest together in startup companies.

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Importantly, both the companies and the investors benefit from this structure, compared with making hundreds of smaller direct investments. A company, for example, only has a single point of contact, the angel fund advised by fiduciary, rather than hundreds of investors who all must individually approve corporate actions such as acquisitions and expanding ownership.

Investors also like this structure because they can delegate monitoring the startups they invest in to the investment adviser to fund. Such monitoring may be significant, considering that investors typically diversify among 30 to 80 companies.

H.R. 4854, as amended, is appropriately tailored to only certain venture capital funds, which must invest at least 80 percent of their committed capital in the equity of small companies. Under the bill, those funds must have no more than 250 investors and no more than \$10 million in this invested capital, ensuring that they are small enough that investors are able to monitor and manage their investments with the funds.

This language ensures that we aren't creating a loophole for other investment companies, like mutual funds, to avoid regulation, nor are we providing relief to other private funds, like hedge funds or private equity funds, that have very little restrictions and investor protections.

Finally, I would like to express my appreciation of Mr. MCHENRY's efforts to make changes to this bill addressing some of the concerns of investor advocates, like the Consumer Federation of America and Americans for Financial Reform. His efforts have made this a good bill that deserves our support.

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

Mr. GARRETT. Mr. Speaker, at this time, I yield such time as he may consume to the gentleman from North Carolina (Mr. MCHENRY), the sponsor of the legislation.

Mr. MCHENRY. Mr. Speaker, I thank the chairman of the Capital Markets and Government Sponsored Enterprises Subcommittee, and I rise today to support the Supporting America's Innovators Act.

Mr. Speaker, these days, American small businesses are facing a capital crisis. This is particularly true for early-stage companies and startups.

Despite the headlines from Silicon Valley, the truth is that the vast majority of early-stage companies are not securing venture capital funding. Indeed, almost 80 percent of startup investment goes to just three States in these United States.

Meanwhile, angel investing for these early-stage companies is challenging. Investing in startup companies is inherently risky, which is why the wealthy investors who qualify to become angels often shy away from it.

This is why we need to address the challenges facing angel investing. This is accomplished by changing our mindset and creating a regulatory framework that encourages innovation and growth, while ensuring that shareholder and investor protections remain strong.

Ranking Member WATERS and I proposed an amendment that would increase the cap of investors from 100 to 250 for accredited investors of angel funds, and this would only apply to qualifying venture funds narrowly tailored to early-stage investing.

What we have before us in the full House is a great work of compromise, and I thank the ranking member, Ms. WATERS, for her diligent work, working with my staff and her staff together over many long hours to come up with this compromise that we have that will, I believe, garner bipartisan support like it did in the Financial Services Committee. I do thank the ranking member for working diligently to make this outcome possible.

The result of our proposed amendment and what we have before us allows for early-stage companies to raise the capital they need by opening up angel investing to more accredited investors.

This is a good bill. It is a compromise bill, and I am pleased that this legislation enjoyed wide support. I urge my colleagues to support it and vote for it, and let's get this thing done and signed by the President.

Ms. MAXINE WATERS of California. Mr. Speaker and Members, again, I am very pleased to join with Mr. MCHENRY on this legislation. I really have no further requests for time, and I am going to yield back the balance of my time because I am so looking forward to getting back to the discussion that we are going to have later on this evening on guns and gun violence.

I want my constituents to know I have not abandoned that issue. Others have not abandoned that issue. We look forward to really debating whether or not we are going to make sure that people who are on the no-fly list certainly can't buy guns, and we want universal background checks. I know this has nothing to do with this bill, but I will just take this opportunity to say that.

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

Mr. GARRETT. Mr. Speaker, I yield such time as he may consume to the gentleman from North Carolina (Mr. MCHENRY).

Mr. MCHENRY. Mr. Speaker, I rise today because of the economic importance of what we are doing. We are trying to help grow the economy, create jobs across this country in a more fruitful way than just in pockets of prosperity across this country. In areas that are like my district in rural western North Carolina or the ranking member's district that is an urban district, we want to have prosperity in all 50 States, in all communities, and the economic opportunities that our constituents are desirous of, and I urge the adoption of this bill to help expand economic opportunity.

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

Again, I thank the gentleman, and I thank the bipartisan nature of what we are doing here on the floor this evening with this legislation and the two pieces of legislation that follow. It shows the American public that this House, when we work together across the aisle and focus our attention on these important economic issues, can get things done.

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. 4854, 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. GARRETT. 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.

FIX CROWDFUNDING ACT

Mr. GARRETT. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4855) to amend provisions in the securities laws relating to regulation crowdfunding to raise the dollar amount limit and to clarify certain requirements and exclusions for funding portals established by such Act, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows: