

Mr. EVANS. Mr. Speaker, I rise in support of H.R. 1702, the Small Business Development Centers Improvement Act of 2018.

I want to thank my colleague, Congressman BLUM of Iowa, for working with me to help American small businesses via this critical Small Business Development Centers bill.

The small business development centers provide assistance in Philadelphia and nationwide to small businesses and aspiring entrepreneurs throughout the United States and its territories. SBDCs help entrepreneurs from Ogontz Avenue to Broad Street to realize the dream of owning a business and help existing businesses remain competitive in a complex, ever-changing global marketplace.

SBDCs are hosted by leading universities and State economic development agencies and funded, in part, through a partnership with SBA. SBA advisers provide aspiring and current small-business owners a variety of free business counseling and low-cost training centers and business development plans, manufacturing assistance, financial packaging, lending assistance, exporting and importing support, disaster recovery assistance, procurement and contracting aid, market research help and program support, and healthcare guidance.

Mr. Speaker, last week, at the Enterprise Center Minority Business Development Center in Philadelphia, run by an incredibly capable woman by the name of Della Clark, I had the honor of hosting the gentlewoman from New York, Ranking Member VELÁZQUEZ, at a roundtable for women entrepreneurs.

I want to take a moment to thank the participants, the audience, and the community, as this is the type of collaboration necessary to ensure that we use small businesses and the SBDCs as another tool in the toolbox to help revitalize our city and remake it. Roundtables like those last week in Philadelphia are where entrepreneurs can share information, resources, and expertise, like background on small business development centers, with those who may not be aware of them.

Access to capital is key for entrepreneurs in Philadelphia that look to start new business ventures and expand existing ones. Economic development, both long- and short-term, is a by-product of small businesses receiving affordable financing to help them create jobs in their local communities.

This is an example of small business firms utilizing other financial programs, but this is where SBDCs are so critical because they help us make the connection to financing that otherwise would be missing. Traditional lending sources often ignore many communities around the country, resulting in small business utilization of other financial programs.

SBDCs began in 1976 with only eight participating universities. In fiscal year 2017, 188,225 entrepreneurs now receive business consulting, over 245,000

entrepreneurs are trained, and 14 million new businesses were created because of SBDCs.

Sometimes small businesses will utilize traditional sources such as their local banks, but many small bank owners will attest, sometimes avenues are not available, and that is where the SBA can be a lifesaver. Among the improvements we can make, we can work to make SBDCs better through the grants, loans, and other assistance to make SBDCs the garage of today, so that when an entrepreneur from North Philly has a dream, guts, and moxie to walk into one, they are not laughed at and turned away or spurned away. Let's face it: many of the people who have that dream and inspiration are not experts at spreadsheets, invoice management, and contract jargon.

This is a goal, as a member of this important committee, to ensure that any American can use the SBDC as a garage, like the Steve Jobs, Bill Gates, and Angela Riches of the world. Mr. Speaker, that is what the American Dream is all about.

I look forward to working with my colleague, Congressman BLUM, and other members of the committee. I especially want to thank all of the members of the committee working together because, when areas such as North Philly, West Philly, South Philly, Narberth, Bala Cynwyd, or Ardmore have investment and capital needs, they know where to go and whom to ask for the SBA assistance.

Mr. Speaker, I thank my colleagues, and I encourage them to vote "yes" on H.R. 1702.

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

There is no question that we need to support the cornerstone of the SBA's entrepreneurial programs, the small business development centers. H.R. 1702 does just that by updating marketing strategies and requiring more reporting so we can better understand the system provided to our constituencies.

Today's bill is endorsed by America's SBDCs, an association representing the 63 SBDC networks and their nearly 1,000 centers.

I would like to thank Representative EVANS for leading this bill and all his efforts to improve the program. I would also like to thank Halimah Locke and Veena Srinivasa for their dedicated work on this legislation.

I urge Members to support this bill, and I yield back the balance of my time.

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

Mr. Speaker, I want to commend the gentleman from Pennsylvania (Mr. EVANS) for his leadership on this and many other issues on the committee.

The small business development centers, SBDCs, serve, really, a very important purpose in furthering entrepreneurship and business creation throughout the United States. Many of the Nation's nearly 30 million small businesses have utilized the services of-

fered by the SBDCs, and this bill improves and modernizes that network.

I again want to commend Mr. EVANS for formulating this bill, pushing it through, and now taking this important step in actually entering it into the law.

I urge my colleagues to support this bipartisan legislation, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Ohio (Mr. CHABOT) that the House suspend the rules and pass the bill, H.R. 1702, 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.

SPURRING BUSINESS IN COMMUNITIES ACT OF 2017

Mr. CHABOT. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4111) to amend the Small Business Investment Act of 1958 to improve the number of small business investment companies in underlicensed States, and for other purposes.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 4111

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 "Spurring Business in Communities Act of 2017".

SEC. 2. IMPROVING THE NUMBER OF SMALL BUSINESS INVESTMENT COMPANIES IN UNDERLICENSED STATES.

The Small Business Investment Act of 1958 (15 U.S.C. 661 et seq.) is amended—

(1) in section 103 (15 U.S.C. 662)—

(A) in paragraph (18)(E), by striking "and" at the end;

(B) in paragraph (19), by striking the period at the end and inserting ";; and"; and

(C) by adding at the end the following:

"(20) the term 'underlicensed State' means a State in which the number of licensees per capita is less than the median number of licensees per capita for all States, as calculated by the Administrator.";

(2) in section 301(c) (15 U.S.C. 681(c))—

(A) in paragraph (3)—

(i) in subparagraph (B)(iii), by striking "and" at the end;

(ii) in subparagraph (C), by striking the period at the end and inserting ";; and"; and

(iii) by adding at the end the following:

"(D) shall give first priority to an applicant that is located in an underlicensed State with below median financing, as determined by the Administrator."; and

(B) in paragraph (4)(B)—

(i) by striking clause (i);

(ii) by redesignating clauses (ii) and (iii) as clauses (i) and (ii), respectively; and

(iii) by amending clause (i), as so redesignated, to read as follows:

"(i) is located in a State that—

"(I) is not served by a licensee; or

"(II) is an underlicensed State; and"; and

(3) in section 308(g) (15 U.S.C. 687(g))—

(A) in paragraph (2)—

(i) in subparagraph (B), by inserting "and licensing" after "financing";

(ii) by redesignating subparagraphs (C) through (J) as subparagraphs (E) through (L), respectively; and

(iii) by inserting after subparagraph (B) the following:

“(C) Steps taken by the Administration to improve the number of licensees in underlicensed States.

“(D) The Administration’s plans to support States that seek to increase the number of licensees in the State.”; and

(B) in paragraph (3)—

(i) in subparagraph (C), by striking “and” at the end;

(ii) in subparagraph (D), by striking the period at the end and inserting “; and”; and

(iii) by adding at the end the following:

“(E) the geographic dispersion of licensees in each State compared to the population of the State, identifying underlicensed States.”.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Ohio (Mr. CHABOT) and the gentlewoman from New York (Ms. VELÁZQUEZ) each will control 20 minutes.

The Chair recognizes the gentleman from Ohio.

GENERAL LEAVE

Mr. CHABOT. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days to revise and extend their remarks and include extraneous material on the bill under consideration.

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

There was no objection.

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

Mr. Speaker, despite an improving lending environment, small businesses still face challenges financing their projects and their growth plans. Equity markets, which are regularly used by large businesses, often prove out of reach for the Nation’s true job creators, small businesses.

To bridge the equity gap that exists for small businesses, the SBA offers the Small Business Investment Company program, also known as the SBIC program. The program utilizes a privately owned, SBA-regulated and licensed model to deliver equity to the Nation’s smallest businesses.

While running at zero cost to the American taxpayer, the SBIC program creates a unique public-private partnership that translates into job expansion and job creation.

In fiscal year 2017, SBIC financing supported more than 100,000 jobs all across the Nation—100,000 jobs, so this is an important program. However, the program can do more.

With only about 300 SBICs currently operating in the United States, the program often does not geographically extend to those who truly need it the most. To address this problem, the gentlewoman from Washington (Mrs. McMORRIS RODGERS) introduced H.R. 4111, the Spurring Business in Communities Act of 2017, which expands the reach of the SBIC program by requiring the SBA to focus on areas that are underrepresented in the program as they review and license SBIC applications.

I want to thank the gentlewoman for her leadership on this particular issue.

She has definitely taken a very important and active role on it in looking for ways to expand the reach of the SBIC program.

I urge my colleagues to vote “yes” on this commonsense reform within H.R. 4111, and I reserve the balance of my time.

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

I rise in support of H.R. 4111, a bill that will improve access to the Small Business Investment Company program in underserved communities.

SBICs have assisted thousands of high-growth companies over the years by “filling the gap” in the capital markets for businesses that have outgrown the SBA’s 7(a) guaranteed loan program but remain too small or too risky for traditional private equity markets to bear.

SBICs operate in a unique public-private partnership with SBA. Once managers raise enough private capital, the agency provides matching funds which are pooled together and invested in high-growth small businesses.

To maximize the impact of the program, it is essential that SBIC licenses are processed in a timely fashion and also geographically spread across the country. As it stands now, nearly three-quarters of SBICs are located in just 10 States.

Today’s bill will address these points by prioritizing those license applications from managers that will invest in our underserved communities.

The SBIC program has done a lot of good for the small business community over the years. Enabling SBA to fast-track more capital into the hands of small-business owners is a top priority for both sides of the aisle in this committee.

I urge Members to support this legislation, and I reserve the balance of my time.

Mr. CHABOT. Mr. Speaker, I yield such time as she may consume to the gentlewoman from Washington (Mrs. McMORRIS RODGERS), the principal sponsor of this legislation, who also has the number four ranking leadership role on the Republican side of the House.

Mrs. McMORRIS RODGERS. Mr. Speaker, I thank the chairman for yielding, and I appreciate his leadership on all of these bills that are going to help our small businesses.

I rise today in support of my legislation, the Spurring Business in Communities Act, which would encourage investment in small businesses through incentivizing small business investment companies, or SBICs, to form and invest in communities all across the country.

Small businesses are the backbone of our community and our economy, providing two out of three new jobs in America. SBICs serve an important function in providing capital and support to startup businesses across the country and are a significant source of

job creation. A 2017 Library of Congress study found that SBIC-backed small businesses created 3 million new jobs and supported an additional 6.5 million.

According to SBA’s most recent report, SBICs reported nearly \$1 billion in financing during the fourth quarter of 2017 and created more than 16,000 jobs. Over the same period, SBICs were able to finance 210 companies across the U.S., including 25 businesses in low- and moderate-income areas, and 12 businesses owned by women, minorities, or veterans.

Many well-known companies have achieved success through support from SBICs, including Apple, Buffalo Wild Wings, Costco, and Staples.

While SBICs invest broadly in businesses across the country, the location of the firms receiving SBA backing is not geographically diverse. Instead, SBICs are primarily located in larger urban and financial centers, which only further concentrates lending and investment activity. Washington, my home State, has none. In fact, 72 percent of SBICs are located in 10 States.

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This legislation will change that by easing the process for SBICs to form in underlicensed States like Washington, invest in people in our community, grow our local economy, and create jobs.

This legislation would increase SBA’s accountability to Congress and the public by exempting SBIC applicants from underlicensed States from the full capital requirements, give first priority to new applications from underlicensed or underfinanced States, and establish annual reporting requirements on SBA’s progress to increase the geographical dispersement of SBICs.

Last week was Small Business Week, an important reminder of the critical role small businesses play in our communities.

The Small Business Investment Act of 1958 declares a mission to ensure the provision of Small Business Investment Company financing to all of the country. This legislation will help meet that mission by encouraging SBICs to form in the underlicensed areas and invest in all corners of the country, which is why I encourage my colleagues on both sides of the aisle to support the Spurring Business in Communities Act.

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

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

Mr. Speaker, I would first like to recognize and thank Mrs. McMORRIS RODGERS for her leadership on this really very important issue which will make a big difference in various parts of our country in the area of small business development and job creation. The SBIC program continues to produce results for job creators and job seekers.

To ensure the program reaches underserved areas, H.R. 4111, Mrs.

McMORRIS RODGERS' bill, institutes reforms to show how the SBA reviews and processes SBIC applications and to improve those. This legislation will grow the reach of a program that currently runs at zero cost to the American taxpayer, which is certainly a mark that we should all recognize and appreciate.

Mr. Speaker, I want to thank Mrs. McMORRIS RODGERS for this important legislation.

I urge my colleagues to support H.R. 4111, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Ohio (Mr. CHABOT) that the House suspend the rules and pass the bill, H.R. 4111.

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

A motion to reconsider was laid on the table.

MAIN STREET EMPLOYEE OWNERSHIP ACT OF 2018

Mr. CHABOT. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 5236) to expand opportunities available to employee-owned business concerns through Small Business Administration loan programs, and for other purposes, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 5236

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 "Main Street Employee Ownership Act of 2018".

SEC. 2. DEFINITIONS.

In this Act—

(1) the terms "Administration" and "Administrator" means the Small Business Administration and the Administrator thereof, respectively;

(2) the term "cooperative" means an entity that is determined to be a cooperative by the Administrator, in accordance with applicable Federal and State laws and regulations;

(3) the term "employee-owned business concern" means—

(A) a cooperative in which employees are eligible for membership; and

(B) a qualified employee trust;

(4) the terms "qualified employee trust" and "small business concern" have the meanings given those terms in section 3 of the Small Business Act (15 U.S.C. 632); and

(5) the term "small business development center" means a small business development center described in section 21 of the Small Business Act (15 U.S.C. 648).

SEC. 3. EXPANSION OF 7(A) LOANS.

(a) IN GENERAL.—Section 7(a) of the Small Business Act (15 U.S.C. 636(a)) is amended—

(1) in paragraph (15)—

(A) in subparagraph (A)—

(i) by striking "this subsection to qualified employee trusts" and inserting "this subsection—

"(i) to qualified employee trusts";

(ii) in clause (i), as so designated—

(1) by inserting "and, for any transaction costs associated with purchasing," after "purchasing";

(II) by striking the period at the end and inserting "and"; and

(iii) by adding at the end the following:

"(ii) to a small business concern under a plan approved by the Administrator, if the proceeds from the loan are only used to make a loan to a qualified employee trust, and for any transaction costs associated with making that loan, that results in the qualified employee trust owning at least 51 percent of the small business concern.";

(B) in subparagraph (B)—

(i) in the matter preceding clause (i), by inserting "or by the small business concern" after "the trustee of such trust";

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

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

(iv) by adding at the end the following:

"(iv) with respect to a loan made to a trust, or to a cooperative in accordance with paragraph (35)—

"(I) a seller of the small business concern may remain involved as an officer, director, or key employee of the small business concern when a qualified employee trust or cooperative has acquired 100 percent of ownership of the small business concern; and

"(II) any seller of the small business concern who remains as an owner of the small business concern, regardless of the percentage of ownership interest, shall be required to provide a personal guarantee by the Administration.";

(C) by adding at the end the following:

"(F) A small business concern that makes a loan to a qualified employee trust under subparagraph (A)(ii) is not required to contain the same terms and conditions as the loan made to the small business concern that is guaranteed by the Administration under such subparagraph.

"(G) With respect to a loan made to a qualified employee trust under this paragraph, or to a cooperative in accordance with paragraph (35), the Administrator may, as deemed appropriate, elect to not require any mandatory equity to be provided by the qualified employee trust or cooperative to make the loan.";

(2) by adding at the end the following:

"(35) LOANS TO COOPERATIVES.—

"(A) DEFINITION.—In this paragraph, the term 'cooperative' means an entity that is determined to be a cooperative by the Administrator, in accordance with applicable Federal and State laws and regulation.

"(B) AUTHORITY.—The Administration shall guarantee loans made to a cooperative for the purpose described in paragraph (15)."

(b) DELEGATION OF AUTHORITY TO PREFERRED LENDERS.—Section 5(b)(7) of the Small Business Act (15 U.S.C. 634(b)(7)) is amended by inserting "including loans guaranteed under paragraph (15) or (35) of section 7(a)" after "deferred participation loans".

SEC. 4. SMALL BUSINESS INVESTMENT COMPANY PROGRAM OUTREACH.

The Administrator shall provide outreach and educational materials to companies licensed under section 301(c) of the Small Business Investment Act of 1958 (15 U.S.C. 681(c)) to increase the use of funds to make investments in company transitions to employee-owned business concerns.

SEC. 5. SMALL BUSINESS MICROLOAN PROGRAM OUTREACH.

The Administrator shall provide outreach and educational materials to intermediaries under section 7(m) of the Small Business Act (15 U.S.C. 636(m)) to increase the use of funds to make loans to employee-owned business concerns, including transitions to employee-owned business concerns.

SEC. 6. SMALL BUSINESS DEVELOPMENT CENTER OUTREACH AND ASSISTANCE.

(a) ESTABLISHMENT.—The Administrator shall establish a Small Business Employee Ownership and Cooperatives Promotion Program to offer

technical assistance and training on the transition to employee ownership through cooperatives and qualified employee trusts.

(b) SMALL BUSINESS DEVELOPMENT CENTERS.—

(1) IN GENERAL.—In carrying out the program established under subsection (a), the Administrator shall enter into agreements with small business development centers under which the centers shall—

(A) provide access to information and resources on employee ownership through cooperatives or qualified employee trusts as a business succession strategy;

(B) conduct training and educational activities; and

(C) carry out the activities described in subparagraph (U) of section 21(c)(3) of the Small Business Act (15 U.S.C. 648(c)(3)).

(2) ADDITIONAL SERVICES.—Section 21(c)(3) of the Small Business Act (15 U.S.C. 648(c)(3)) is amended—

(A) in subparagraph (S), by striking "and" at the end;

(B) in subparagraph (T), by striking the period at the end and inserting "and"; and

(C) by adding at the end the following:

"(U) encouraging and assisting the provision of succession planning to small business concerns with a focus on transitioning to cooperatives, as defined in section 7(a)(35), and qualified employee trusts (collectively referred to in this subparagraph as 'employee-owned business concerns'), including by—

"(i) providing training to individuals to promote the successful management, governance, or operation of a business purchased by those individuals in the formation of an employee-owned business concern;

"(ii) assisting employee-owned business concerns that meet applicable size standards established under section 3(a) with education and technical assistance with respect to financing and contracting programs administered by the Administration;

"(iii) coordinating with lenders on conducting outreach on financing through programs administered by the Administration that may be used to support the transition of ownership to employees;

"(iv) supporting small business concerns in exploring or assessing the possibility of transitioning to an employee-owned business concern; and

"(v) coordinating with the cooperative development centers of the Department of Agriculture, the land grant extension network, the Manufacturing Extension Partnership, community development financial institutions, employee ownership associations and service providers, and local, regional and national cooperative associations."

SEC. 7. INTERAGENCY WORKING GROUP.

(a) IN GENERAL.—Not later than 90 days after the date of enactment of this Act, the Administrator (or a designee of the Administrator) shall coordinate and chair an interagency working group, which shall—

(1) develop recommendations on how Federal programs can promote, support, and increase the number of employee-owned business concerns;

(2) ensure coordination with Federal agencies and national and local employee ownership, cooperative, and small business organizations; and

(3) publish a report on the activities of the interagency working group that is indexed and maintained for public review.

(b) MEETINGS.—The interagency working group shall meet at such times as determined necessary by the, but not less than biannually. Such meetings may occur in person or via electronic resources.

SEC. 8. AMENDMENT TO REPORT TO CONGRESS ON STATUS OF EMPLOYEE-OWNED FIRMS.

Section 7(a)(15)(E) of the Small Business Act (15 U.S.C. 636(a)(15)(E)) is amended by striking