

Filner	Mahoney (FL)	Sánchez, Linda	Radanovich	Sessions	Tiberi
Forbes	Maloney (NY)	T.	Rehberg	Shadegg	Turner
Frank (MA)	Markey	Sanchez, Loretta	Renzi	Shays	Upton
Gerlach	Matheson	Sarbanes	Reynolds	Shimkus	Walberg
Giffords	Matsui	Saxton	Rogers (AL)	Shuster	Walden (OR)
Gilchrest	McCarthy (NY)	Schakowsky	Rogers (KY)	Simpson	Walsh (NY)
Gillibrand	McCollum (MN)	Schiff	Rogers (MI)	Smith (NE)	Wamp
Gonzalez	McDermott	Schwartz	Rohrabacher	Smith (TX)	Westmoreland
Gordon	McGovern	Scott (GA)	Roskam	Souder	Wilson (NM)
Graves	McHugh	Scott (VA)	Royce	Stearns	Wilson (SC)
Green, Gene	McIntyre	Serrano	Ryan (WI)	Sullivan	Wolf
Grijalva	McNerney	Sestak	Sali	Tancredo	Young (AK)
Gutierrez	McNulty	Shea-Porter	Schmidt	Terry	
Hall (NY)	Meek (FL)	Sherman	Sensenbrenner	Thornberry	
Hare	Meeks (NY)	Shuler			
Harman	Melancon	Sires			
Hastings (FL)	Mica	Skelton	Bachus	Green, Al	Kennedy
Herseth Sandlin	Michaud	Slaughter	Carson	Hastert	Kline (MN)
Hill	Miller (FL)	Smith (NJ)	Conyers	Herger	LaHood
Hinchee	Miller (NC)	Smith (WA)	Cubin	Hinojosa	Marshall
Hirono	Miller, George	Snyder	Davis, Jo Ann	Jackson-Lee	Moran (KS)
Hobson	Mitchell	Solis	Dingell	(TX)	Moran (VA)
Hodes	Mollohan	Space	Doyle	Jindal	Perlmutter
Holden	Moore (KS)	Spratt	Everett	Johnson, E. B.	Reichert
Holt	Moore (WI)	Stark			
Honda	Murphy (CT)	Stupak			
Hooley	Murphy, Patrick	Sutton			
Hoyer	Murphy, Tim	Tanner			
Hulshof	Murtha	Tauscher			
Insee	Nadler	Taylor			
Israel	Napolitano	Thompson (CA)			
Jackson (IL)	Neal (MA)	Thompson (MS)			
Jefferson	Oberstar	Tiahrt			
Johnson (GA)	Obey	Tierney			
Jones (NC)	Olver	Towns			
Jones (OH)	Ortiz	Udall (CO)			
Kagen	Pallone	Udall (NM)			
Kanjorski	Pascarell	Van Hollen			
Kaptur	Pastor	Velázquez			
Keller	Payne	Visclosky			
Kildee	Peterson (MN)	Walz (MN)			
Kilpatrick	Pickering	Wasserman			
Kind	Platts	Schultz			
Kirk	Poe	Waters			
Klein (FL)	Pomeroy	Watson			
Kucinich	Price (NC)	Watt			
Lampson	Rahall	Waxman			
Langevin	Ramstad	Weiner			
Lantos	Rangel	Welch (VT)			
Larsen (WA)	Regula	Weldon (FL)			
Larson (CT)	Reyes	Weller			
LaTourette	Richardson	Wexler			
Lee	Rodriguez	Whitfield			
Levin	Ros-Lehtinen	Wicker			
Lewis (GA)	Ross	Wilson (OH)			
Lipinski	Rothman	Woolsey			
LoBiondo	Roybal-Allard	Wu			
Loeback	Ruppersberger	Wynn			
Lofgren, Zoe	Rush	Yarmuth			
Lowey	Ryan (OH)	Young (FL)			
Lynch	Salazar				

NAYS—146

Aderholt	Duncan	Kuhl (NY)
Akin	Ehlers	Lamborn
Alexander	Emerson	Latham
Bachmann	English (PA)	Lewis (CA)
Baker	Fallin	Lewis (KY)
Barrett (SC)	Feeney	Linder
Bartlett (MD)	Flake	Lucas
Barton (TX)	Fortenberry	Lungren, Daniel
Biggart	Fossella	E.
Bilbray	Fox	Mack
Blackburn	Franks (AZ)	Manzullo
Blunt	Frelinghuysen	Marchant
Boehner	Gallely	McCarthy (CA)
Bono	Garrett (NJ)	McCaul (TX)
Boozman	Gingrey	McCotter
Broun (GA)	Gohmert	McCreery
Burton (IN)	Goode	McHenry
Buyer	Goodlatte	McKeon
Calvert	Granger	McMorris
Campbell (CA)	Hall (TX)	Rodgers
Cannon	Hastings (WA)	Miller (MI)
Cantor	Hayes	Miller, Gary
Capito	Heller	Musgrave
Carter	Hensarling	Myrick
Castle	Higgins	Neugebauer
Chabot	Hoekstra	Nunes
Coble	Hunter	Paul
Cole (OK)	Inglis (SC)	Pearce
Conaway	Issa	Pence
Crenshaw	Johnson (IL)	Peterson (PA)
Culberson	Johnson, Sam	Petri
Davis (KY)	Jordan	Pitts
Davis, David	King (IA)	Porter
Deal (GA)	King (NY)	Price (GA)
Doolittle	Kingston	Pryce (OH)
Dreier	Knollenberg	Putnam

VIII, the Chair declares the House in the Committee of the Whole House on the state of the Union for the consideration of the bill, H.R. 3567.

□ 1656

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 3567) to amend the Small Business Investment Act of 1958 to expand opportunities for investments in small businesses, and for other purposes, with Mr. KIND in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the bill is considered read the first time.

The gentlewoman from New York (Ms. VELÁZQUEZ) and the gentleman from Ohio (Mr. CHABOT) each will control 30 minutes.

The Chair recognizes the gentlewoman from New York.

Ms. VELÁZQUEZ. Mr. Chairman, I yield myself as much time as I may consume.

Mr. Chairman, venture capital is the life blood of our Nation's small businesses. Venture capital not only serves as the raw material for economic growth and job creation, but also acts as fuel for the pursuit of new ideas and innovation. Without it, businesses cannot expand, and even the best ideas wither and die in what has come to be known as the "Valley of Death" between setup and commercialization. Clearly, our Nation's 26 million entrepreneurs depend upon this resource, and yet despite its obvious importance, venture capital remains elusive to the vast majority of small businesses.

The Small Business Investment Expansion Act of 2007 is a bipartisan effort introduced by Mr. ALTMIRE and Mr. GRAVES. This legislation signifies our commitment to helping small businesses receive the venture capital that is vital to economic growth, innovation and job creation; and I rise in support of this bill.

Perhaps no Federal agency is better positioned to meet the challenges of small business investment than the Small Business Administration. Since 1958, the SBA's investment programs have helped hundreds of small businesses and have contributed to the success of several of our Nation's notable companies, including Apple Computer, Federal Express, Staples, and Costco. Unfortunately, the SBA's programs have suffered the effects of mismanagement, flat funding and neglect in recent years. By the SBA's own estimates, the total unmet need for early-stage equity financing for small businesses is approximately \$60 billion each year. Additionally, it has been identified that the greatest equity capital financing need of small businesses is financing in the amount of \$250,000 to \$5 million.

While new investment strategies possess the potential to make a significant

NOT VOTING—23

Bachus	Green, Al	Kennedy
Carson	Hastert	Kline (MN)
Conyers	Herger	LaHood
Cubin	Hinojosa	Marshall
Davis, Jo Ann	Jackson-Lee	Moran (KS)
Dingell	(TX)	Moran (VA)
Doyle	Jindal	Perlmutter
Everett	Johnson, E. B.	Reichert

□ 1655

Mr. CONAWAY changed his vote from "yea" to "nay."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Mr. REICHERT. Mr. Speaker, on September 27, 2007, I missed three rollcall votes. I was unavoidably detained at a medical appointment. Had I been present, I would have voted "no" on rollcall No. 919, "yes" on rollcall No. 920 and "no" on rollcall No. 921, final passage of HR 3121, the Flood Insurance Reform and Modernization Act.

AUTHORIZING THE CLERK TO MAKE CORRECTIONS IN EN-GROSSMENT OF H.R. 3121, FLOOD INSURANCE REFORM AND MODERNIZATION ACT OF 2007

Mr. FRANK of Massachusetts. Mr. Speaker, I ask unanimous consent that the Clerk be authorized to make technical corrections in the engrossment of H.R. 3121, to include corrections in spelling, punctuation, section numbering and cross-referencing, and the insertion of appropriate headings.

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

There was no objection.

GENERAL LEAVE

Ms. VELÁZQUEZ. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days to revise and extend their remarks and insert into the RECORD extraneous material on the bill to be considered.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from New York?

There was no objection.

SMALL BUSINESS INVESTMENT EXPANSION ACT OF 2007

The SPEAKER pro tempore. Pursuant to House Resolution 682 and rule

impact on unmet capital needs of startup businesses, they have not been fully leveraged for the benefit of our Nation's entrepreneurs. The new market's venture capital program has also not achieved its full potential. And perhaps most notably, unreasonable and outdated policies are still in use, and they restrict the free flow of venture capital and other forms of investment to small firms.

□ 1700

This policy has had an obvious impact on the ability of new businesses to access venture capital. Over the past 5 years, there has been a steady shift of venture capital away from newly formed businesses toward later-stage businesses. In 2002, the SBA licensed 41 new SBIC funds, more than half of which focus on investment in early-stage businesses. By contrast, in 2006, the SBA licensed only 10 new SBIC funds, none of which were for investment in early-stage businesses.

The Small Business Investment Expansion Act of 2007 represents an important step toward revitalizing SBA's investment mission. This legislation features a renewed focus on providing equity capital to startup firms and businesses in low-income areas, two key sectors of the small business community that have continued to face particularly high barriers to securing venture capital. The bill will also establish a new Angel Investment Program to fill the gap in seed capital that was created by the elimination of the participating securities program.

H.R. 3567 touches on all aspects of the SBA's investment mission, including the SBA's surety bonding program. This bill will provide much-needed updates to this program and will introduce initiatives aimed at increasing the number of businesses and bonding companies that participate in the program. Our small businesses have always been the incubators of innovation, and investment has been the fuel for this great engine of American economic development. As we continue to rely on entrepreneurs to spur economic growth and create jobs, the need for venture capital will only continue to grow. This legislation ensures that small businesses will have the resources they need to remain competitive and successful while ensuring that SBA's programs are the premier source for small business capital.

For these reasons, H.R. 3567 has the support of the National Venture Capital Association, the Value Technology Industry Organization, the Surety and Fidelity Association of America and the American Insurance Association.

Mr. Chairman, I strongly urge my colleagues to vote for the Small Business Expansion Act of 2007, and I reserve the balance of my time.

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

Mr. Chairman, today I rise in support of H.R. 3567, the Small Business Investment Expansion Act of 2007. Risk-tak-

ing and entrepreneurship have been part of the American fabric since this country's founding, whether it was emigres from France founding a munitions company in the early years that would later become DuPont or an immigrant peddler who would go on to create Lazarus stores in my district, Cincinnati, now Macy's, or two Dayton, Ohio bicycle mechanics who invented the airplane. The rise of America is replete with stories of entrepreneurs taking risks to change the economy and ultimately the world.

Recent history continues that trend. The most powerful computer software company in the world, Microsoft, was created by two college dropouts working out of a Seattle garage. Steven Jobs was tinkering in his garage when he developed the computer that would lead to the creation of the Apple. Fred Smith created Federal Express based on a paper written for an undergraduate class at Yale. All of these entrepreneurs succeeded because they had an idea and were able to raise the money they needed to perfect and market that idea.

Yet, America has changed. Investors, venture capitalists, hedge funds, and private equity firms use sophisticated global investment strategies to maximize their returns. The budding entrepreneur with a great idea today might get lost in the search by investors for a company with a significant business history and record of returns. To maintain America as the leader of innovative entrepreneurial firms, we must ensure economic and fiscal policy that provides capital to entrepreneurs.

There is little doubt that efforts of Congress, when Republicans controlled it, to adopt tax policies that spurred investment and growth provided significant incentives to invest in businesses. That is why I would very much like to see those tax policies ultimately made permanent, so we don't go back and raise taxes. But the Committee on Small Business has heard that the market does not provide adequate equity funding to the smallest of startup businesses, including those that will become the next Dell Computer, Nike, Outback Steakhouse or Callaway Golf Clubs. H.R. 3567 takes, in my view, a balanced approach to ensure that these new businesses have access to capital. It balances the need for limited Federal funding with fiscal restraint and protects the Federal taxpayers.

Now, during the markup of this bill, I did voice strong objections to title V as it was introduced. There are five titles in this particular piece of legislation. Since markup of the legislation, however, to the credit of the gentlewoman from New York, Nydia Velazquez, we worked together and we negotiated in good faith and reached a bipartisan agreement to address the concerns that we voiced. I believe that the compromise that we reached adequately addresses my concern. I want to again compliment the chairwoman

for her leadership in that effort. It eliminates some of the more egregious decisions of the SBA concerning venture capital investment in small businesses while maintaining the integrity of the Federal procurement process for small business by preventing conglomerations of venture-owned firms to bid as small businesses.

Mr. Chairman, in closing, I would again like to thank the chairwoman for working in a bipartisan manner on this bill. I would also like to thank her staff, particularly Michael Day and Adam Minehardt, for their work on this important piece of legislation. I also want to thank Barry and Kevin Fitzpatrick for their help, as well, on this bill.

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

Ms. VELÁZQUEZ. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania (Mr. ALTMIRE). He is the chairman of the Small Business Subcommittee on Investigations and Oversight and the leading sponsor of this bill.

Mr. ALTMIRE. Mr. Chairman, I thank the chairwoman, Ms. VELÁZQUEZ, for her assistance in putting together the Small Business Investment Expansion Act. I appreciate the opportunity I have had to work with Mr. CHABOT and Mr. GRAVES, to work with both of them to produce a bipartisan bill that will benefit small businesses across this country. Their input was invaluable, and I thank each of them for their leadership.

I represent a district that extends north of Pittsburgh which is home to world-class universities. Western Pennsylvania has thousands of small business innovators who are doing cutting-edge research and development in the life sciences. Western Pennsylvania's entrepreneurs have created numerous success stories; however, many of these companies did not become success stories overnight. Each of them had their challenges. Unfortunately, thousands of small businesses are formed each year that are unable to take that next step and overcome the capital expenses necessary to keep their businesses afloat during the early going.

Part of the problem resides within the Small Business Administration's investment programs. The current Small Business Investment Act was written in 1958 and simply did not envision the type of capital environment that exists today in the 21st century. This antiquated law has led to inefficiencies in the SBA that contribute to an annual shortfall of \$60 billion in unmet capital needs for American small businesses. Small businesses often require an infusion of private investment to purchase additional assets, such as equipment, office space and personnel. But the private investment can be difficult to acquire.

To address the substantial unmet capital needs of small businesses in western Pennsylvania and across the country, I introduced the bill we are

debating today, the Small Business Investment Expansion act. My bill will improve the environment for small businesses by expanding access to two vital sources of investment: venture capital and angel investments. Not only do small businesses require investment capital, they also require support that will allow them to do research and development. Current regulations prohibit a number of these small firms from qualifying for support offered through Federal initiatives due to their venture ownership. With this legislation, we can create a fix that reflects the reality of today's climate, that there are many small companies entering into industries that depend on this type of investment as their primary financing option.

Small businesses are the backbone of our economy. It is critical that the Federal Government do more to connect these small firms with the capital investment required for them to succeed. This bill modernizes the SBA's investment programs and creates an environment that facilitates the flow of capital to small businesses. This bill will create jobs, grow the economy, and help thousands of entrepreneurs grow from startups into thriving small businesses.

Mr. Chairman, for that reason, I strongly support this bill. I encourage my colleagues to vote for it.

Mr. CHABOT. Mr. Chairman, I reserve the balance of my time.

Ms. VELÁZQUEZ. I yield 2 minutes to the gentlewoman from Pennsylvania (Ms. SCHWARTZ).

Ms. SCHWARTZ. Mr. Chairman, I rise to express my support for the Small Businesses Investment Expansion Act and to commend my colleague from Pennsylvania for his leadership on this issue. In particular, I appreciate his work to include a provision that modernizes the definition of a small business.

In today's economy, there are many small companies entering high technology, capital-intensive industries that require significant investment to bring their products to market. I have seen this firsthand in my home State of Pennsylvania, which is a national leader in biotechnology initiatives. The biosciences have had a significant economic impact on Pennsylvania's economy with more than 125 biopharmaceutical companies and 2,000 bioscience-related companies calling the Commonwealth of Pennsylvania their home. These companies are developing groundbreaking therapy, devices, diagnostics and vaccines that really will treat once-untreatable diseases and debilitating conditions, providing hope for millions of people.

But developing new cures is not cheap. It often takes 10 years or more and costs hundreds of millions of dollars to bring a new treatment to market. This means that new bioscience companies can experience years of large cash outlays before they have the opportunity to cover their costs and

repay their loans, let alone realize any profit.

As the author of a comprehensive proposal, the American Life Sciences Competitiveness Act, I have identified a number of actions that this Congress can and I hope will take to improve access to capital for this life-saving research and product development.

I am pleased to lend my support to this bill before us today that would correct the outdated SBA regulations that currently preclude these small businesses, even those with only a handful of employees, from receiving assistance because they rely on venture capital to fund their work. It is time to enable these American small businesses, which are such a vital part of our Nation's economic growth, to compete for Federal grants and other small business assistance so they may pursue cutting-edge technologies and products that will benefit us all.

Mr. CHABOT. I yield 4 minutes to the gentleman from Missouri (Mr. GRAVES) who has been one of the two principal sponsors of this important legislation.

Mr. GRAVES. Mr. Chairman, I first would like to thank Ranking Member CHABOT and Chairwoman VELÁZQUEZ for moving forward with this bill.

Mr. Chairman, this bill is critically important to small businesses. I am glad I could be a part of this very important process. Small businesses are the backbone of our economy. Access to capital is essential to their survival and growth. I want to thank you for your support and thank them for their support on these provisions.

I also want to note the bipartisan nature of how the Small Business Investment Expansion Act passed through committee and is here before us on the House floor. Some initial concerns were brought up over the legislation. I am pleased to report that those concerns have been resolved due to the open and transparent manner in which this bill is being considered.

Lastly, I would like to thank the staffs of Chairwoman VELÁZQUEZ and Ranking Member CHABOT for all their hard work on this issue. This bill has been a work in progress for roughly 3 years. I appreciate all the work that they have done on my behalf. This is a very important issue to me, my constituents, and small businesses everywhere. I am very glad to see it before the House today.

The Small Business Investment Expansion Act improves small business access to capital. Whether it is from the Small Business Administration, SBA, or through private investment, capital helps small companies bring their products to market and succeed. With an economy dependent on the success of small companies and firms, it is essential to pass this legislation.

I want to speak to title V of this bill for a brief moment. The language included in this title deals with the SBA affiliation rules and has been an issue of utmost importance to my constituents and to me over the past few years.

Private investment in small business is a good thing and should be encouraged, not discouraged. The language will exclude the employees of these private investors when determining the size of a small business, thus allowing them continued access to important programs under the SBA.

□ 1715

This is important because many small firms and capital intensive fields rely on private investment to continue the very promising research and development that has attracted such development. The SBA has a number of programs that have proven vital to the success of small businesses and want to ensure our small businesses have continued access to them.

American innovation is what drives this country and its economy, and as Members of Congress we need to create an environment that will keep American innovation at the forefront of the global market. As a member of the Small Business Committee, I work to advocate on behalf of small businesses. The passage of this bill is a tremendous help to the competitiveness of those small firms, which is why I support its passage.

Again, I would like to thank the chairwoman and ranking member.

Ms. VELÁZQUEZ. Mr. Chairman, I would like to say to the gentleman, Mr. GRAVES, thank you so much for the work that you have done with the committee to work in a bipartisan manner to address the issues that are important to small businesses in this country. Your input and collaboration in putting together this legislation is greatly appreciated.

Mr. Chairman, I yield 2 minutes to the gentleman from Ohio (Mr. RYAN).

Mr. RYAN of Ohio. Mr. Chairman, I thank the gentlewoman and also want to lend my support to this fine piece of legislation. I also thank the gentleman from Ohio (Mr. CHABOT). This is something that many areas of our country need. Those areas that once thrived in the Industrial Age and are trying to recreate their economy need the kind of early capital that this bill is going to put into these small firms.

The gentleman from Pennsylvania who was here earlier, Mr. ALTMIRE, and I are trying to create a Technology Belt between Cleveland, Akron, Youngstown, and Pittsburgh. We have many early startup companies that need the venture capital that they are going to be able to access, in particular in the New Market Venture Capital Program, which will allow low-income areas to expand the reach for more capital to go in there, also the office of Angel Investment, where we have public-private partnerships so that those early startup companies will have that early capital that they need. Tax cuts for the top 1 percent don't get to these businesses. We need that early capital in order to grow them.

In Ohio, for example, we have a company in Cleveland called BioEnterprise.

Over the past 5 years they have brought in over \$500 million in venture capital, 80 percent of it from outside of the State of Ohio. They employ 20,000 people in northeast Ohio. The hardest thing for them to do is to get that early venture capital. That's what this bill does.

So I want to thank the gentlewoman, I want to thank the gentleman from Ohio and also the gentleman from Pennsylvania for putting this together. We are giving life and hope and opportunity to those areas of the country that are trying to retool their economy. This is going to allow us to do this, whether it's medical device technology, any kind of medical technology that may be coming up, advanced manufacturing. These are the kinds of programs that we need.

So I want to thank everyone again for putting so much effort into this bill and being so thoughtful. These are the kinds of things that are going to help us create a strong, vibrant economy in the United States and in the industrial Midwest.

Mr. CHABOT. Mr. Chairman, I continue to reserve my time.

Ms. VELAZQUEZ. Mr. Chairman, I yield such time as she may consume to the gentlewoman from California (Ms. WOOLSEY) for the purpose of entering into a colloquy.

Ms. WOOLSEY. Mr. Chairman, I rise today to engage in a colloquy with the chairwoman. I thank her for agreeing to do this with me.

Madam Chairman, there has been a concern expressed from some voices in the small business community that title V of this bill will open up small business Federal contracts to be taken advantage of by large corporations and venture capital firms. If this is true, it's obviously a concern, because it would directly cut against the intent of this bill.

Can the chairwoman please explain to me the protections in this bill that she believes will prevent large corporations and venture capital firm from abusing the intent of the bill?

Ms. VELAZQUEZ. Mr. Chairman, I thank the gentlewoman from California for bringing up these concerns. The Small Business Committee is a champion of small business and, as such, has strong protections built into this bill to prevent large corporations and venture capital firms from unfairly benefiting from Federal small business contracts.

You will be pleased to know that eligible VCs cannot have more than 500 employees, they cannot be controlled by a large corporation, and they must be based in the United States. In addition, an amendment by Mr. CHABOT has been made in order under the rule that will even further strengthen these protections by adding a requirement that no VC can own more than 50 percent of any eligible small business.

I am confident that these provisions will protect the intent of this bill and prevent large corporations or venture

capital firms from taking advantage of these programs.

Ms. WOOLSEY. I thank the gentlewoman. There seem to be adequate protections in this bill to ensure small businesses are the ones getting these contracts and that they aren't unfairly influenced by large capital firms.

Again, I thank the Chair for engaging in this colloquy with me.

Ms. VELAZQUEZ. I yield 2 minutes to the gentleman from Washington (Mr. INSLEE).

Mr. INSLEE. Mr. Chairman, I would like to express my support of this bill and congratulate the Chair for her great work.

Mr. Chairman, there's a lot of great news in this bill: updating the definition of small business for today's realities, taking care of small companies that are entering into high-technology capital-intensive industries. Many of these small companies are based in my home State of Washington. There's over 200 biotechnology and medical device companies. They are developing cures for debilitating diseases; they are improving the Nation's biodefense system.

Mr. Chairman, 44 percent of these companies have been formed just in the last 5 years, and they obviously rely heavily on venture capital. Unfortunately, there's some outdated SBA regulations that currently preclude small businesses, even though with a handful of employees, from receiving assistance simply because they rely on venture capital funds for their R&D.

I want to thank the chairwoman for including as a solution to this a provision that will correct this unwise discrimination that is now going on against small businesses that are so dependent on venture capital funding. Today, these companies will again be able to compete for grants and receive other small business assistance because of a provision in this bill. I have been working on a legislative solution for quite a while, so I am very happy to see this fixed today.

We are happy to see the American Dream is going to be helped by this bill. I want to thank the chairwoman again. I look forward to future success.

Mr. CHABOT. Mr. Chairman, I have no further speakers.

I just want to again thank the chairwoman for her cooperation in drafting what is essentially, I believe, a very good bill, which will improve small business' ability to have access to capital all across the country.

Without further ado, I yield back the balance of my time.

Ms. VELAZQUEZ. Mr. Chairman, I just would like to take this opportunity to thank the staff that worked on this bill. From Mr. ALTMIRE's office, Cara Toman; from Mr. GRAVES' office, Paul Sass; and from the minority staff, Barry Pineless. From the majority, I would like to thank Adam Minehardt and Andy Jiminez.

Mr. Chairman, I strongly urge my colleagues to vote for the Small Business Investment Expansion Act of 2007.

Mr. LOEBSACK. Mr. Chairman, I rise today in strong support of the Small Business Investment Expansion Act.

Today's small business owners are leaders in job creation and economic development not only in Iowa, but across the country. Small businesses create 80 percent of new jobs in the United States, and they make up 97 percent of United States exporters. They are truly the backbone of our Nation's economy.

Many of Iowa's communities are built upon the strength of small businesses, and ensuring that entrepreneurs have the resources and tools their businesses need to thrive is critical to their success.

Yet access to capital is an increasingly common concern for new business owners. The Small Business Investment Expansion Act takes vital steps to reverse this trend. By increasing access to loans, capital, and Angel investors, this bill ensures that the Small Business Administration is an effective partner for our Nation's small businesses.

It overhauls the Small Business Investment Company and the New Markets Venture Capital program to improve the efficiency of their resources for fledgling enterprises. The Small Business Investment Expansion Act also creates a new Angel Investment program to provide seed financing to new businesses through public-private partnership. Through these changes, as well as renewed investments in under-served areas, this bill will provide small businesses with critically needed support.

Small business owners are leaders in their communities, and innovative support programs are essential tools that help them to flourish. In my district, the Economic Development Center was established to help small businesses grow and succeed not only in Iowa's Second District, but across the State. To date, the EDC has assisted over 300 entrepreneurs; raised over \$6 million in capital for its businesses; and helped to generate over \$30 million for the region through the success of its businesses. In turn, EDC businesses created over 200 new jobs.

I am a proud advocate of the Economic Development Center, and I believe that the Small Business Investment Expansion Act will help organizations such as the EDC to be even more effective partners with Iowa's—and our country's—small businesses.

Mr. HONDA. Mr. Chairman, I rise to express my support for H.R. 3567, the Small Business Investment Expansion Act. In particular, Title V of the Small Business Investment Expansion Act modernizes the definition of a small business so that it reflects current reality. In today's economy, there are many small companies entering high technology, capital-intensive industries that receive venture capital investment.

Many of these small companies are based in my home State of California. California is one of the most innovative States in the country, with the San Francisco Bay area as the birthplace of the biotechnology industry. From 2000 to 2003, California biotech companies developed 32 breakthrough drugs, and over 600 new therapies are currently in the research and development pipeline. Private investment is the lifeblood of the biotechnology industry, and venture capital investment in life sciences typically outpaces investment in any other industry. This venture capital investment

allows small biotechnology companies to pursue breakthrough technologies—from developing cures for debilitating diseases to creating alternative energy sources.

Also concentrated in my Silicon Valley district, the burgeoning nanotechnology industry has been predicted to be a \$1 trillion market by the year 2017. Many of these small, innovative nanotech companies rely on venture capital investments to support their heavy costs of startup and basic research and development. In 2005, the Blue Ribbon Task Force on Nanotechnology that I commissioned to advise me on ways to promote the development and sustainability of the nanotechnology industry recommended expanding Small Business Innovation Research eligibility in the same way as Title V of H.R. 3567.

Unfortunately, the outdated U.S. Small Business Administration regulations currently prevent small businesses from receiving assistance if they rely on venture capital to fund their R&D. Often some of the most important breakthroughs these companies make are a result of the riskier work they do, which only federal funding for small business research can enable. H.R. 3567 will correct this unwise discrimination against small businesses that receive venture capital funding so that these companies will again be able to compete for grants and receive other small business assistance.

By making this important change to the SBA regulations, the House will be moving forward on another piece of our Innovation Agenda and helping to keep America a leader in the global marketplace. I thank my colleague Mr. ALTMIRE for introducing this bill; Chairwoman VELÁZQUEZ and Ranking Member CHABOT for moving it through their committee; and Majority Leader HOYER and Speaker PELOSI for bringing this bill to the floor. I urge my colleagues to vote in favor of H.R. 3567.

Mr. HOLT. Mr. Chairman, I rise today in support of H.R. 3567 the Small Business Investment Expansion Act.

Much of the economic success that we enjoy as a Nation is the result of innovation and development by America's small business community. Almost half of Americans working in the private sector are employed by small businesses. They are responsible for over 45 percent of our national payroll and have created 60 to 80 percent of new jobs over the last 10 years.

Since it was created in 1953, the Small Business Administration, SBA, has played an essential role in maintaining and strengthening the Nation's economy by aiding, assisting and protecting the interests of America's small businesses. However, there is an expanding gap between the assistance that the SBA's programs are able to provide and the capital needs of small businesses.

The legislation before us today will help to close this gap by expanding and improving two of the SBA's most successful programs, the Small Business Investment Company and the New Markets Capital Program. As a public-private partnership the Small Business Investment Company program stimulates and supplements the flow of private equity capital and long term loan funds for the sound financing, growth, expansion and modernization of small business operations. This program was able to leverage more than \$21 billion to 2,000 small businesses in the last year alone; however more could be done to improve access to

this program. This legislation will expand access for early-stage and capital-intensive small businesses by simplifying how maximum leverage caps are calculated and revising the limitation on aggregate investments. H.R. 3567 will also expand access to the New Markets Venture Capital program that provides entrepreneurial expertise and equity capital to small businesses in low-income regions. This legislation not only expands the programs but provides incentives for investors to invest in small manufacturing companies.

Additionally, H.R. 3567 will create a new office within the SBA to help start-up of companies find investors to support them in their early stages of growth, the Office of Angel Investment. This legislation will focus on three main initiatives: providing angel groups with matching financing leverage, create a federal directory of angel investors, and funding for awareness and educational programs about angel investment opportunities.

Small businesses make up the engine that drives our economy. The legislation before us today will give small businesses the tools that they need to succeed. I therefore encourage my colleagues to support this legislation.

Mr. MANZULLO. Mr. Chairman, I rise in reluctant opposition to the Small Business Investment Expansion Act of 2007, H.R. 3567. The non-partisan Congressional Budget Office, CBO, estimates that this bill will cost \$102 million over the next 5 years. Thus far this year, the CBO estimates that the Democrat-controlled House Small Business Committee has authorized \$5.9 billion in new spending over the next 5 years—\$1.55 billion in fiscal year 2008 alone. To put this massive spending increase in perspective, the Fiscal Year 2008 Financial Services Appropriations bill, H.R. 2829, provides \$582 million in total spending on the SBA in FY 08.

In the past, legislation dealing with programs in the Small Business Investment Act operated under the assumption that the bill should not cost the taxpayer any new money. I am proud that the Republican-led Congress took the Small Business Investment Company, SBIC, program to "zero-subsidy," funded solely by user-fees, first with the debenture program in 1996 and then the participating securities program in 2001. I regret that because of the downturn in the markets earlier this decade, the participating securities component of the SBIC program, which targeted equity investments in early stage small businesses, has become essentially insolvent and defunct since 2005. During the 109th Congress, I tried numerous ways in my capacity as chairman of the House Small Business Committee, to thread the needle to reopen the participating securities program while still keeping it at "zero subsidy." However, H.R. 3567 abandons fiscal restraint by creating yet another new program to promote equity investments in early stage small businesses.

First, CBO estimates that the creation of the Angel Investment Program in Title III of H.R. 3567 will cost \$57 million over the next 5 years. While there is a provision that requires an angel group repay any investment it receives, the repayment comes solely out of any profit the group receives. But what if the angel group makes no money? Then the taxpayer is left holding the bag. This is a departure from the regular SBIC program where upfront fees are also charged, in addition to retaining a share of the profits, to help offset the cost of the program.

The bill creates yet another new office and more bureaucracy at the Small Business Administration, SBA, to promote angel investments in early stage small firms. It also spends \$1 million to create a Federal angel network to collect and maintain information on local and regional angel investors that is readily available over the Internet, e.g., www.bandofangels.com. H.R. 3567 also spends \$1.5 million to create yet another grant program to increase awareness and education about angel investing, heaping potentially yet another mission upon the already stretched Small Business Development Center, SBDC, program. Earlier this year, the House passed three SBDC-related bills that created nine new programs for them to implement.

Last year, I held a hearing on the Small Business Committee to listen to the leading experts on the angel movement. At the time, the committee debated similar angel legislation, H.R. 4565, offered by Democrats to what is on the floor today. All the witnesses except the one called by the Democrats testified that because of the decentralized and informality of angels, a tax credit modeled after what exists in many states is far more preferable to creating yet another office and program at the SBA to promote angel investments. This is what the leading experts in the angel movement said about the ideas contained in H.R. 4565, which is now Title III of H.R. 3567, at the May 10, 2006, Small Business Committee hearing:

Dr. Ian Sobieski, founder and managing director of the Band of Angels: "I would be wary of any kind of government interaction with angel groups because of the danger of perturbing a natural market process that is still good for it. The tax credit changes the environment in which capital decisions are being made . . . The danger in . . . data collection is the implied authority by which it is collected. If the Federal Government gets involved in collecting data (on angels) that has the imprimatur of the United States Government, that speaks with great weight."

Susan Preston of Davis, Wright Tremaine LLP: ". . . the vast majority of investments by angels are done by individuals, not members of angel groups. These are highly independent autonomous anonymous individuals that don't want their name in databases and aren't interested, for the most part, in joining groups."

I simply don't understand why this Democratic-led Congress ignores the advice of angel experts to direct the SBA to provide capital to extremely wealthy individuals to support investments they probably would make anyway. I'm also surprised that this Democratic-led Congress, which routinely criticizes the SBA for its alleged incompetence, would add another yet another mission to its responsibilities. That's why I was proud to join Representative EARL POMEROY of North Dakota in reintroducing the alternative to this government-run approach—the Access to Capital for Entrepreneurs, ACE, Act of 2007, H.R. 578—to keep decisions on angel investments at the individual and local level.

Second, I also have concerns about Title II of H.R. 3567 that dramatically expands the New Markets Venture Capital, NMVC, program and opens up the Federal Government to more exposure. The CBO estimates that Title II raises the subsidy or exposure rate to 17 percent and will cost the taxpayer \$11 million over the next 5 years. The mission of the

NMVC is to promote venture capital investments in economically distressed communities in both urban and rural America. However, I believe the NMVC program is already a triplicate of two other programs that already exist—the regular SBIC program and the Rural Business Investment, RBIC, program at the U.S. Department of Agriculture, USDA. Of the 2,299 U.S. small businesses that received SBIC financing in fiscal year 2005, 23 percent were located in Low- and Moderate-Income (LMI) areas of the country. Those LMI-district companies received \$543 million or 19 percent of the total \$2.9 billion invested by SBICs in FY 2005. Also, 30 percent of SBIC investments were made in small U.S. manufacturers. For the period FY 2001 through FY 2005, SBIC investments in small manufacturing companies totaled \$4.3 billion. In addition, the USDA runs the RBIC program in cooperation with the SBA to promote equity investments in rural areas. Thus, I see no need expand a program to help small businesses that are already being assisted by two other government programs.

Third, I object to reinstating taxpayer funding for the surety bond program. This program is important to help small businesses, primarily small construction firms, win federal government contracts by offering a bond to guarantee that the work will be completed. To cover the costs of those guarantees, fees are paid to the SBA by both the contractor receiving the guarantee and the surety or insurance company that issues the bond for the contractor's performance. In fiscal year 2006, the SBA provided guarantees under the surety bond program for about 5,000 small businesses and collected about \$7 million in fees. Section 405 of H.R. 3567 eliminates fees that are currently charged to contractors and sureties. That's why the CBO estimates Section 405 will cost the taxpayer over the next 5 years.

Mr. Chairman, there is no need to do this. During my tenure as chairman of the Small Business Committee, I never heard from a small business complaining about fees charged in the surety bond program. This could develop into a problem for the Federal Government when small businesses, which have no financial stake in their surety bond and thus have nothing at risk if they default, do not complete the contract. I predict that there will be more broken contracts and uncompleted work. Section 405 also sets a precedent to do away with the "zero" subsidy policy in other SBA programs, such as in the 7(a) loan guarantee program.

But the most egregious provision in H.R. 3567 is the revamping of small business size standards in Title V. This provision allows companies not independently-owned and operated but controlled by venture capital, VC, investors to still be considered as a small business in the eyes of the Federal Government. Title V will allow large businesses and universities that establish a VC to potentially game the system to benefit from not just various SBA technology programs but every other SBA loan and procurement assistance program. It could even complicate the Regulatory Flexibility Act, which requires Federal agencies to take into account the interests of small businesses during the development of new regulations. When I was chairman of the Small Business Committee, I was proud of the bipartisan support I received in eliminating big busi-

nesses from participating in various federal small business programs. This led the SBA to finally clamp down on this abuse and issue new regulations and policies to do away with this practice. However, I fear that many of my colleagues have not fully thought through the implications of this provision. Title V would undo all the bipartisan work done on this issue over the past five years.

In particular, I spent a lot of time and effort trying to solve the specific problem of the eligibility of some small businesses with venture capital investments to participate in the Small Business Innovative Research, SBIR, program at the National Institutes of Health, NIH. The SBIR program guarantees that at least 2.5 percent of Federal research and development, R&D, dollars must go to small businesses. After the Defense Department, the NIH is the second-largest spender of R&D funding in the Federal Government.

Title V tries to solve a problem that is grossly exaggerated. It is a myth that small businesses with VC investments are unable to participate in the SBIR program at NIH because of a misinterpretation of the law by the SBA. In an impartial Government Accountability Office, GAO, study that I requested, they discovered that 17 percent of NIH SBIR awards, accounting for 18 percent of the dollar value, went to small business with VC investments in fiscal year 2004. These small firms had no problem in complying with SBA guidelines. Nevertheless, I tried to proffer a compromise that would have established a 2-year pilot program to set-aside 0.5 percent of NIH R&D funding, over-and-above the 2.5 percent currently set-aside for small businesses, for these firms that receive a preponderance of their funding from VCs and do not own or control their company. Unfortunately, my compromise was rejected by NIH and by the biotech and VC industries. However, the solution contained in Title V is a dramatic overreach in the effort to solve this specific problem with NIH.

The amendment offered by my good friend and colleague, Representative STEVE CHABOT of Ohio, is a good step forward. It prohibits any one single VC from owning a small business that wishes to benefit from a SBA program. However, I can easily envision a situation where two VCs with common ownership but with different board of directors could game the system and still be eligible for SBA programs. Because even the largest VCs have less than 500 employees, Title V—even as changed by the Chabot amendment—would open up SBA programs to large businesses and universities.

In particular, I am concerned about the future of the SBIR program. It's important to remember that when the SBIR program was created 25 years ago, it was because of the frustration that federal research and development dollars went only to large businesses and universities. Even under current law, only 2.5 percent of all Federal R&D dollars is set-aside for small business. But Title V allows large universities that establish a VC to participate in the SBIR program. This provision will further decrease Federal R&D dollars going to independently owned and operated small high technology firms.

Mr. Chairman, I enclose for the record the Statement of Administration Policy in opposition to this bill plus two letters from the oldest small business association in America—the

National Small Business Association; a letter from the nation's only association that represents small high technology firms—the Small Business Technology Council; and a letter from the world's largest business federation—the U.S. Chamber of Commerce. I urge my colleagues to heed the recommendations of the administration and these business associations by voting against H.R. 3567.

EXECUTIVE OFFICE OF THE PRESIDENT, OFFICE OF MANAGEMENT AND BUDGET,

Washington, DC, September 26, 2007.

STATEMENT OF ADMINISTRATION POLICY
H.R. 3567—SMALL BUSINESS INVESTMENT
EXPANSION ACT OF 2007

The Administration strongly opposes House passage of H.R. 3567.

The Administration strongly opposes the proposed "Angel Investor" program. The Administration does not support providing capital to high net worth individuals to support their investments. The best way to strengthen small business is through an economic framework that encourages investment at all levels through broad-based and reasonable tax rates and reduced regulatory impediments to the flow of capital. This approach will have a more significant impact than any targeted program.

The Administration also strongly opposes the proposed change to the definition of a small business for the purposes of venture capital investment. This redefinition strips the elements of independent ownership and control that identify small business ownership under current law. Not only would this change be inequitable for actual small businesses, but it would be a step backward from our recent progress in addressing the misidentification of large firms as small businesses for Federal procurement purposes. By eliminating the concept of affiliation for venture capital operating companies, the provision would allow large businesses, not-for-profit organizations, and colleges and universities to own and control small businesses and benefit from programs designed for independent small businesses. The Administration believes that the intent of this provision is to allow for reasonable, non-controlling investment in small business. Unfortunately, the current language is overly broad, and the Administration strongly opposes this provision unless it is amended to ensure that ownership and control rests positively with the entrepreneur.

NATIONAL SMALL
BUSINESS ASSOCIATION,

Washington, DC, September 25, 2007.

Hon. DONALD A. MANZULLO,
House of Representatives,
Washington, DC.

DEAR REPRESENTATIVE MANZULLO: The U.S. House of Representatives soon will consider H.R. 3567, the Small Business Investment Expansion Act of 2007. While supportive of most sections of H.R. 3567—believing that they provide necessary and overdue improvements to three of the Small Business Administration's investment programs—and its aim of helping small businesses acquire needed capital, the National Small Business Association (NSBA) cannot support the bill in its current form.

Reaching 150,000 small-businesses across the nation, NSBA—the country's oldest small-business advocacy organization—is a member-driven association that advocates for the best interests of the overall small-business community. Convinced that Title V of the bill will gut over half a century of laws that define a small business, NSBA urges Congress to remove Title V from the measure or defeat the entire bill.

Since the Small Business Act was passed in 1953, a small business has been defined as one that is: (1) independently owned and operated, (2) not dominant in its field, and (3) for-profit. This definition not only has controlled which companies can access federal small-business programs, it also has defined which firms are small for purposes of federal regulatory compliance across a vast areas of banking, securities, environmental, pension, and worker-safety laws.

Title V of H.R. 3567 would effectively repeal these provisions, creating a new class of business conglomerates that would be defined as small businesses despite meeting none of the existing statutory requirements.

1. The "independently owned and operated" statutory test? Gone.

Title V of H.R. 3567 would prohibit the SBA from classifying any venture capital (VC) company as a large business as long as the VC firm had fewer than 500 employees—no matter how many "small" businesses the VC firm controlled. It is important to note that virtually no VC firm in the country has more than 500 employees.

Under Title V of H.R. 3567, a VC firm could create a conglomerate controlling 1000 small companies, employing 100,000 people, and generating billions in revenue, and the SBA and other federal agencies would be forced to treat each company in the conglomerate as a small business as long as it had fewer than 500 employees. Banking regulators, securities regulators, environmental regulators, and all other kinds of federal regulators that base their definition of "small" on Section 3 of the Small Business Act would be prohibited from considering the overall number of employees or revenue of the VC firm.

2. The "not dominant in its field" statutory test? Gone.

The VC conglomerates could include, for example, nearly every company capable of bidding on a government contract that had been set aside for small business. Yet the SBA and other federal contracting agencies would be forced to classify the companies in the conglomerate as "small." Conceivably, the VC conglomerates also could own every single company producing a specific product, service or technology, and the federal government still could be forced to classify each of these companies as "small" businesses. This is an especially galling notion in the wake of years of controversy over large companies receiving government contracts intended for small businesses.

3. The "for profit" statutory test? Gone.

Title V of H.R. 3567 would allow universities to control unlimited numbers of small companies and still classify all such businesses as "small." Yet the true owners would be non-profit universities, many of them with endowments worth hundreds of millions of dollars or more. Such a scenario would hardly help level the playing field for the majority of small businesses.

Supporters of Title V of H.R. 3567 contend that the bill prevents big businesses from controlling these venture capital firms. This mayor may not be true. It does not matter. The bill encourages the venture capital firms themselves to become big businesses—and then to claim to be small. Acting together, these conglomerates could put truly independent companies at competitive disadvantages in nearly every situation that mattered.

If Title V of H.R. 3567 passes, everything in federal law that is premised upon section 3 of the Small Business Act—including dozens of laws and hundreds of court cases—will be called into question. Thousands of pages of federal regulations will be rendered moot. Utilizing this legal vacuum, the new VC conglomerates would be empowered to abuse all manner of government regulations and programs by claiming to be small businesses.

In sum, this legislation violates a fundamental trust. It would eviscerate the very concept of a small business as Congress and the American people understand it. There would be no limits on the capital, the labor, and the financial resources that the VC conglomerates could control and still be treated as "small businesses." Every law that Congress has enacted over the past half century to aid small businesses would become little more than a "speed bump" as a new category of big businesses raced in to seize the protections and advantages intended for small businesses.

NSBA urges Congress to strike Title V from H.R. 3567 or to defeat the bill entirely. If Title V is struck, NSBA will be pleased to support the measure.

Sincerely,

TODD O. MCCrackEN,
President.

NATIONAL SMALL
BUSINESS ASSOCIATION,
Washington, DC, September 27, 2007.

Hon. DONALD A. MANZULLO,
*House of Representatives,
Washington, DC.*

DEAR REPRESENTATIVE MANZULLO: Today, the U.S. House of Representatives is scheduled to consider H.R. 3567, the Small Business Investment Expansion Act of 2007. Convinced that it will divert money Congress intended for actual small businesses to large companies masquerading as small businesses, the National Small Business Association (NSBA) strongly urges Congress to strike Title V from the bill or defeat it. The well-intentioned amendment to be offered by Rep. Steve Chabot also does not resolve the underlying problems in Title V.

Reaching 150,000 small-businesses across the nation, NSBA is a member-driven association that advocates for the best interests of the overall small-business community. NSBA is not alone in its opposition. In fact, no small-business organization has publicly supported Title V. It is strongly supported by the venture-capital and biotechnology community, however—but isn't this supposed to be a small-business bill?

The Small Business Technology Council, a nonpartisan group that represents small technology firms, also strongly opposes Title V. In fact, in today's LA Times, its executive director, Jere Glover, the former chief counsel for the SBA Office of Advocacy in the Clinton administration, called it "the worst piece of small business legislation I've seen in 25 years."

The Statement of Administration Policy issued from OMB states, "By eliminating the concept of affiliation for venture capital operating companies, the provision would allow large businesses, not-for-profit organizations, and colleges and universities to own and control small businesses and benefit from programs designed for independent small businesses."

Title V of H.R. 3567 would prohibit the SBA from classifying any venture capital (VC) company as a large business as long as the VC firm had fewer than 500 employees—no matter how many "small" businesses the VC firm controlled. It is important to note that virtually no VC firm in the country has more than 500 employees.

Under Title V of H.R. 3567, a VC firm could create a conglomerate controlling 1000 small companies, employing 100,000 people, and generating billions in revenue, and the SBA and other federal agencies would be forced to treat each company in the conglomerate as a small business as long as it had fewer than 500 employees.

Are these the sorts of "small businesses" Congress had in mind when it passed the Small Business Act in 1953? Are they the

kind of "small businesses" that need government investment?

NSBA urges Congress to strike—not amend—Title V of H.R. 3567 or to defeat the bill. If Title V is struck, NSBA will be pleased to support the measure.

Sincerely,

TODD O. MCCrackEN,
President.

SEPTEMBER 25, 2007.

Hon. DONALD A. MANZULLO,
*House of Representatives,
Washington, DC.*

DEAR REPRESENTATIVE MANZULLO: On behalf of the Small Business Technology Council, the nation's largest nonprofit organization of small, technology-based companies in diverse fields, I urge you oppose Title 5 of H.R. 3567, and to vote against H.R. 3567 if that Title is included in the bill when it comes to a vote on the House floor soon.

Title 5 of H.R. 3567 would encourage abuse of federal government programs and protections intended for small business.

H.R. 3567 would establish a new class of business holding companies operated by groups of investors. These holding companies (or conglomerates) would be incentivized to acquire huge portfolios of small firms.

The key incentive: the federal government would have to treat these holding companies as small businesses, no matter how many businesses, employees, capital and resources they controlled. All the holding companies would have to do is have fewer than 500 employees themselves and keep each of the acquired companies below 500 employees. There would be no limit on the total number of companies and employees that the holding companies could control.

Proponents of this sweeping—and largely unexamined—change frequently state that certain SBA programs are unavailable to small firms that have venture capital backing. That is untrue.

SBA's only requirement for calling a business "small" is that it meet certain size standards—generally, a cap of 500 employees. But SBA counts firms that are controlled by other firms as one firm. That's what this bill would end. And once that ends, large companies could demand access to small business programs and small business regulatory treatment.

Today, large VC's and other investment companies (with more than 500 employees, including affiliates and subsidiaries) can control up to 49% of a firm that SBA classifies as "small." Small investment companies and VC's (with fewer than 500 employees, including affiliates and subsidiaries), can control up to 100%.

So, despite what you may have heard, the problem is not that firms with VC backing are "kept out" of SBA programs. They aren't.

The real problem, from the point of view of some investment companies, is that large companies cannot masquerade as small companies for purposes of obtaining federal small business benefits.

Big business trying to access small business programs is not a new issue. It goes back decades. (Just recently, Congress has criticized SBA for letting large companies obtain federal procurement contracts intended for small companies.)

This Congress should handle the small business/big business issue with integrity, just as other Congresses have.

The only difference between H.R. 3567 and countless past efforts by big businesses to slip into small business programs is that this bill would encourage investment companies *themselves* to become big businesses, while prohibiting them from being "controlled" by other big businesses. That's certainly a twist

on the usual approach, but it ends up in the same place—with big companies pretending to be small in order to take advantage of federal benefits intended for small business.

Moreover, the term “control by a large business” (as it applies to these holding companies) is not defined in the bill, so even that modest difference from past attacks by large business may not amount to anything.

The worst feature of Title 5 is that it totally undermines federal efforts to lower unnecessary the regulatory burdens on small businesses. The holding companies incentivized by H.R. 3567 would begin demanding to be treated as small businesses for purposes of federal regulations, even though they are—in commonsense reality—large companies. Since many of these regulations are based on SBA’s definition of what a small business is—the very definition that the holding companies propose to exempt themselves from—they would presumably have to be treated as “small” for purposes of these regulations—in such areas as environmental regulations, pension regulations, securities regulations, and the like. This would wreck decades of careful work by Congress and federal agencies to protect small companies. It would also cast doubt on many laws and court cases that are based on the SBA definition of small business.

SBTC therefore strongly urges Congress to strike Title 5 from H.R. 3567. With Title 5 removed, we will support the bill. With Title 5 largely or totally intact, we will strongly oppose the bill in total.

Regards,

JERE W. GLOVER,
Executive Director,
Small Business Technology Council.

CHAMBER OF COMMERCE OF THE
UNITED STATES OF AMERICA,

Washington, DC, September 27, 2007.

TO THE MEMBERS OF THE U.S. HOUSE OF REPRESENTATIVES: The U.S. Chamber of Commerce, the world’s largest business federation representing more than three million businesses and organizations of every size, sector, and region, has serious concerns with Title V of H.R. 3567, the “Small Business Investment Expansion Act of 2007,” which is expected to be considered by the House today.

Title V of H.R. 3567, if passed into law, would allow changes to the longstanding definition of small business that would permit larger business concerns to effectively control and dominate small business enterprises while at the same time allowing them to participate in small business programs. This fundamental change could undermine the public policy objectives of all of the small business resources and programs authorized by Congress to foster innovation, growth, and help to level the playing field for small businesses within the marketplace.

Title V of H.R. 3567 would allow venture capital conglomerates, colleges, and universities to have effective control and ownership of an unlimited number of small businesses while still falling under the definition of small business for the purposes of using government resources and programs meant for traditionally defined small businesses. These new enterprises would not be subject to the affiliation rules as they now apply to all existing business concerns. As a long-standing advocate for small business, the Chamber opposes creating a loophole in the law that allows the unfettered growth of a conglomerate business enterprise that will not be restricted by existing size-standards as determined by affiliation rules and still be able to avail themselves of services, resources, and programs that have been dedicated to traditional small businesses.

For these reasons, the Chamber opposes Title V of H.R. 3567. The Chamber looks for-

ward to working with Congress to address these important concerns.

Sincerely,

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

Ms. VELÁQUEZ. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. All time for general debate has expired.

Pursuant to the rule, the bill shall be considered read for amendment under the 5-minute rule.

The text of the bill is as follows:

H.R. 3567

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

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the “Small Business Investment Expansion Act of 2007”.

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—SMALL BUSINESS INVESTMENT COMPANY PROGRAM

Sec. 101. Simplified maximum leverage limits.

Sec. 102. Increased investments in women-owned and socially disadvantaged small businesses.

Sec. 103. Increased investments in smaller enterprises.

Sec. 104. Simplified aggregate investment limitations.

TITLE II—NEW MARKETS VENTURE CAPITAL PROGRAM

Sec. 201. Expansion of New Markets Venture Capital Program.

Sec. 202. Improved nationwide distribution.

Sec. 203. Increased investment in small manufacturers.

Sec. 204. Updating definition of low-income geographic area.

Sec. 205. Study on availability of equity capital.

Sec. 206. Expanding operational assistance to conditionally approved companies.

Sec. 207. Streamlined application for New Markets Venture Capital Program.

Sec. 208. Elimination of matching requirement.

Sec. 209. Simplified formula for operational assistance grants.

Sec. 210. Authorization of appropriations and dedication to small manufacturing.

TITLE III—ANGEL INVESTMENT PROGRAM

Sec. 301. Establishment of Angel Investment Program.

TITLE IV—SURETY BOND PROGRAM

Sec. 401. Study and report.

Sec. 402. Preferred Surety Bond Program.

Sec. 403. Denial of liability.

Sec. 404. Increasing the bond threshold.

Sec. 405. Fees.

TITLE V—VENTURE CAPITAL INVESTMENT STANDARDS

Sec. 501. Determining whether business concern is independently owned and operated.

TITLE VI—REGULATIONS

Sec. 601. Regulations.

TITLE I—SMALL BUSINESS INVESTMENT COMPANY PROGRAM

SEC. 101. SIMPLIFIED MAXIMUM LEVERAGE LIMITS.

Section 303(b) of the Small Business Investment Act of 1958 (15 U.S.C. 683(b)) is amended—

(1) by amending paragraph (2) to read as follows:

“(2) MAXIMUM LEVERAGE.—

“(A) IN GENERAL.—The maximum amount of outstanding leverage made available to any one company licensed under section 301(c) of this Act may not exceed the lesser of—

“(i) 300 percent of such company’s private capital; or

“(ii) \$150,000,000.

“(B) MULTIPLE LICENSES UNDER COMMON CONTROL.—The maximum amount of outstanding leverage made available to two or more companies licensed under section 301(c) of this Act that are commonly controlled (as determined by the Administrator) and not under capital impairment may not exceed \$225,000,000.”; and

(2) by striking paragraph (4).

SEC. 102. INCREASED INVESTMENTS IN WOMEN-OWNED AND SOCIALLY DISADVANTAGED SMALL BUSINESSES.

Section 303(b)(2) of the Small Business Investment Act of 1958 (15 U.S.C. 683(b)(2)), as amended by section 101, is further amended by adding at the end the following:

“(C) INCREASED INVESTMENTS IN WOMEN-OWNED AND SOCIALLY DISADVANTAGED SMALL BUSINESSES.—The limits provided in subparagraphs (A)(i) and (B) shall be \$175,000,000 and \$250,000,000, respectively, for any company that certifies in writing that not less than 50 percent of the company’s aggregate dollar amount of investments will be made in small businesses that prior to the investment are—

“(i) majority owned by one or more—

“(I) socially or economically disadvantaged individuals (as defined by Administrator);

“(II) veterans of the Armed Forces; or

“(III) current or former members of the National Guard or Reserve; or

“(ii) located in a low-income geographic area (as defined in section 351).”.

SEC. 103. INCREASED INVESTMENTS IN SMALLER ENTERPRISES.

Section 303 of the Small Business Investment Act of 1958 (15 U.S.C. 683) is amended by striking subsection (d) and inserting the following:

“(d) INCREASED INVESTMENTS IN SMALLER ENTERPRISES.—The Administrator shall require each licensee, as a condition of an application for leverage, to certify in writing that not less than 25 percent of the licensee’s aggregate dollar amount of financings will be provide to smaller enterprises (as defined in section 103(12)).”.

SEC. 104. SIMPLIFIED AGGREGATE INVESTMENT LIMITATIONS.

Section 306(a) of the Small Business Investment Act of 1958 (15 U.S.C. 686(a)) is amended to read as follows:

“(a) If any small business investment company has obtained financing from the Administration and such financing remains outstanding, the aggregate amount of securities acquired and for which commitments may be issued by such company under the provisions of this title for any single enterprise shall not, without the approval of the Administration, exceed 10 percent of the sum of—

“(1) the private capital of such company; and

“(2) the total amount of leverage projected by the company in the company’s business plan that was approved by the Administration at the time of the grant of the company’s license.”.

TITLE II—NEW MARKETS VENTURE CAPITAL PROGRAM

SEC. 201. EXPANSION OF NEW MARKETS VENTURE CAPITAL PROGRAM.

(a) ADMINISTRATION PARTICIPATION REQUIRED.—Section 353 of the Small Business

Investment Act of 1958 (15 U.S.C. 689b) is amended by striking “under which the Administrator may” and inserting “under which the Administrator shall”.

(b) REPORT TO CONGRESS.—Not later than 1 year after the date of the enactment of this Act, the Administrator of the Small Business Administration shall submit to Congress a report evaluating the success of the expansion of the New Markets Venture Capital Program under this section.

SEC. 202. IMPROVED NATIONWIDE DISTRIBUTION.

Section 354 of the Small Business Investment Act of 1958 (15 U.S.C. 689c) is amended by adding at the end the following:

“(f) GEOGRAPHIC EXPANSION.—From among companies submitting applications under subsection (b), the Administrator shall consider the selection criteria and nationwide distribution under subsection (c) and shall, to the maximum extent practicable, approve at least one company from each geographic region of the Small Business Administration.”.

SEC. 203. INCREASED INVESTMENT IN SMALL MANUFACTURERS.

Section 354(d)(1) of the Small Business Investment Act of 1958 (15 U.S.C. 689c(d)(1)) is amended—

(1) by striking “Each” and inserting the following:

“(A) IN GENERAL.—Except as provided in subparagraph (B), each”; and

(2) by adding at the end the following:

“(B) SMALL MANUFACTURER INVESTMENT CAPITAL REQUIREMENTS.—Each conditionally approved company engaged primarily in development of and investment in small manufacturers shall raise not less than \$3,000,000 of private capital or binding capital commitments from one or more investors (other than agencies or departments of the Federal Government) who meet criteria established by the Administrator.”.

SEC. 204. UPDATING DEFINITION OF LOW-INCOME GEOGRAPHIC AREA.

Section 351 of the Small Business Investment Act of 1958 (15 U.S.C. 689) is amended—

(1) by striking paragraphs (2) and (3);

(2) by inserting after paragraph (1) the following:

“(2) LOW-INCOME GEOGRAPHIC AREA.—The term ‘low-income geographic area’ has the same meaning given the term ‘low-income community’ in section 45D(e) of the Internal Revenue Code of 1986 (26 U.S.C. 45D(e)).”; and

(3) by redesignating paragraphs (4) through (8) as (3) through (7), respectively.

SEC. 205. STUDY ON AVAILABILITY OF EQUITY CAPITAL.

(a) STUDY REQUIRED.—Before the expiration of the 180-day period that begins on the date of the enactment of this Act, the Chief Counsel for Advocacy of the Small Business Administration shall conduct a study on the availability of equity capital in low-income urban and rural areas.

(b) REPORT.—Not later than 90 days after the completion of the study under subsection (a) the Administrator of the Small Business Administration shall submit to Congress a report containing the findings of the study required under subsection (a) and any recommendations of the Administrator based on such study.

SEC. 206. EXPANDING OPERATIONAL ASSISTANCE TO CONDITIONALLY APPROVED COMPANIES.

(a) OPERATIONAL ASSISTANCE GRANTS TO CONDITIONALLY APPROVED COMPANIES.—Section 358(a) of the Small Business Investment Act of 1958 (15 U.S.C. 689(a)) is amended by adding at the end the following new paragraph:

“(6) GRANTS TO CONDITIONALLY APPROVED COMPANIES.—

“(A) IN GENERAL.—Subject to subparagraphs (A) and (B), upon the request of a company conditionally-approved under section 354(c), the Administrator shall make a grant to the company under this subsection.

“(B) REPAYMENT BY COMPANIES NOT APPROVED.—If a company receives a grant under paragraph (6) and does not enter into a participation agreement for final approval, the company shall repay the amount of the grant to the Administrator.

“(C) DEDUCTION FROM GRANT TO APPROVED COMPANY.—If a company receives a grant under paragraph (6) and receives final approval under section 354(e), the Administrator shall deduct the amount of the grant under that paragraph from the total grant amount that the company receives for operational assistance.

“(D) AMOUNT OF GRANT.—No company may receive a grant of more than \$50,000 under this paragraph.”.

(b) LIMITATION ON TIME FOR FINAL APPROVAL.—Section 354(d) of the Small Business Investment Act of 1958 (15 U.S.C. 689c(d)) is amended in the matter preceding paragraph (1) by striking “a period of time, not to exceed 2 years,” and inserting “2 years”.

SEC. 207. STREAMLINED APPLICATION FOR NEW MARKETS VENTURE CAPITAL PROGRAM.

Not later than 60 days after the date of the enactment of this section, the Administrator of the Small Business Administration shall prescribe standard documents for final New Markets Venture Capital Company approval application under section 354(e) of the Small Business Investment Act of 1958 (15 U.S.C. 689c(e)). The Administrator shall assure that the standard documents shall be designed to substantially reduce the cost burden of the application process on the companies involved.

SEC. 208. ELIMINATION OF MATCHING REQUIREMENT.

Section 354(d)(2)(A)(i) of the Small Business Investment Act of 1958 (15 U.S.C. 689c(d)(2)(A)(i)) is amended—

(1) in subclause (I) by adding “and” at the end;

(2) in subclause (II) by striking “and” at the end; and

(3) by striking subclause (III).

SEC. 209. SIMPLIFIED FORMULA FOR OPERATIONAL ASSISTANCE GRANTS.

Section 358(a)(4)(A) of the Small Business Investment Act of 1958 (15 U.S.C. 689g(a)(4)(A)) is amended—

(1) by striking “shall be equal to” and all that follows through the period at the end and by inserting “shall be equal to the lesser of—”; and

(2) by adding at the end the following:

“(i) 10 percent of the resources (in cash or in kind) raised by the company under section 354(d)(2); or

“(ii) \$1,000,000.”.

SEC. 210. AUTHORIZATION OF APPROPRIATIONS AND DEDICATION TO SMALL MANUFACTURING.

Section 368(a) of the Small Business Investment Act of 1958 (15 U.S.C. 689q(a)) is amended—

(1) by striking “fiscal years 2001 through 2006” and inserting “fiscal years 2008 through 2010”;

(2) in paragraph (1)—

(A) by striking “\$150,000,000” and inserting “\$30,000,000”; and

(B) by inserting before the period at the end the following: “, of which not less than one-quarter shall be used to guarantee debentures of companies engaged primarily in development of and investment in small manufacturers”; and

(3) in paragraph (2)—

(A) by striking “\$30,000,000” and inserting “\$5,000,000”; and

(B) by inserting before the period at the end the following: “, of which not less than one-quarter shall be used to make grants to companies engaged primarily in development of and investment in small manufacturers”.

TITLE III—ANGEL INVESTMENT PROGRAM

SEC. 301. ESTABLISHMENT OF ANGEL INVESTMENT PROGRAM.

(a) ESTABLISHMENT.—Title III of the Small Business Investment Act of 1958 (15 U.S.C. 681 et seq.) is amended by adding at the end the following new part:

“PART C—ANGEL INVESTMENT PROGRAM

“SEC. 380. OFFICE OF ANGEL INVESTMENT.

“(a) ESTABLISHMENT.—There is established, in the Investment Division of the Small Business Administration, the Office of Angel Investment.

“(b) DIRECTOR.—The head of the Office of Angel Investment is the Director of Angel Investment.

“(c) DUTIES.—Subject to the direction of the Secretary, the Director shall perform the following functions:

“(1) Provide support for the development of angel investment opportunities for small business concerns.

“(2) Administer the Angel Investment Program under section 382 of this Act.

“(3) Administer the Federal Angel Network under section 383 of this Act.

“(4) Administer the grant program for the development of angel groups under section 384 of this Act.

“(5) Perform such other duties consistent with this section as the Administrator shall prescribe.

“SEC. 381. DEFINITIONS.

“In this part:

“(1) The term ‘angel group’ means 10 or more angel investors organized for the purpose of making investments in local or regional small business concerns that—

“(A) consists primarily of angel investors;

“(B) requires angel investors to be accredited investors; and

“(C) actively involves the angel investors in evaluating and making decisions about making investments.

“(2) The term ‘angel investor’ means an individual who—

“(A) qualifies as an accredited investor (as that term is defined under Rule 501 of Regulation D of the Securities and Exchange Commission (17 C.F.R. 230.501));

“(B) provides capital to or makes investments in a small business concern.

“(3) The term ‘small business concern owned and controlled by veterans’ has the meaning given that term under section 3(q)(3) of the Small Business Act (15 U.S.C. 632(q)(3)).

“(4) The term ‘small business concern owned and controlled by women’ has the meaning given that term under section 8(d)(3)(D) of such Act (15 U.S.C. 637(d)(3)(D)).

“(5) The term ‘socially and economically disadvantaged small business concern’ has the meaning given that term under section 8(a)(4)(A) of such Act (15 U.S.C. 637(a)(4)(A)).

“SEC. 382. ANGEL INVESTMENT PROGRAM.

“(a) IN GENERAL.—The Director of Angel Investment shall establish and carry out a program, to be known as the Angel Investment Program, to provide financing to approved angel groups for the purpose of providing venture capital investment in small businesses in their communities.

“(b) ELIGIBILITY.—To be eligible to receive financing under this section, an angel group shall—

“(1) have demonstrated experience making investments in local or regional small business concerns;

“(2) have established protocols and a due diligence process for determining its investment strategy;

“(3) have an established code of ethics; and
“(4) submit an application to the Director of Angel Investment at such time and containing such information and assurances as the Director may require.

“(c) USE OF FUNDS.—An angel group that receives financing under this section shall use the amounts received to make investments in small business concerns—

“(1) that have been in existence for less than 5 years as of the date on which the investment is made;

“(2) that have fewer than 75 employees as of the date on which the investment is made;

“(3) more than 50 percent of the employees of which perform substantially all of their services in the United States as of the date on which the investment is made; and

“(4) within the geographic area determined by the Director under subsection (e).

“(d) LIMITATION ON AMOUNT.—No angel group receiving financing under this section shall receive more than \$2,000,000.

“(e) LIMITATION ON GEOGRAPHIC AREA.—For each angel group receiving financing under this section, the Director shall determine the geographic area in which a small business concern must be located to receive an investment from that angel group.

“(f) PRIORITY IN PROVIDING FINANCING.—In providing financing under this section, the Director shall give priority to angel groups that invest in small business concerns owned and controlled by veterans, small business concerns owned and controlled by women, and socially and economically disadvantaged small business concerns.

“(g) NATIONWIDE DISTRIBUTION OF FINANCING.—In providing financing under this section, the Director shall, to the extent practicable, provide financing to angel groups that are located in a variety of geographic areas.

“(h) MATCHING REQUIREMENT.—As a condition of receiving financing under this section, the Director shall require that for each small business concern in which the angel group receiving such financing invests, the angel group shall invest an amount that is equal to or greater than the amount of financing received under this section from a source other than the Federal Government that is equal to the amount of the financing provided under this section that the angel group invests in that small business concern.

“(i) REPAYMENT OF FINANCING.—As a condition of receiving financing under this section, the Director shall require an angel group to repay the Director for any investment on which the angel group makes a profit an amount equal to the percentage of the returns that is equal to the percentage of the total amount invested by the angel group that consisted of financing received under this section.

“(j) ANGEL INVESTMENT FUND.—

“(1) ESTABLISHMENT.—There is in the Treasury a fund to be known as the Angel Investment Fund.

“(2) DEPOSIT OF CERTAIN AMOUNTS.—Amounts collected under subsection (i) shall be deposited in the fund.

“(3) USE OF DEPOSITS.—Deposits in the fund shall be available for the purpose of providing financing under this section in the amounts specified in annual appropriation laws without regard to fiscal year limitations.

“(k) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section—

“(1) \$10,000,000 for fiscal year 2008;

“(2) \$20,000,000 for fiscal year 2009; and

“(3) \$20,000,000 for fiscal year 2010.

“SEC. 383. FEDERAL ANGEL NETWORK.

“(a) IN GENERAL.—Subject to the succeeding provisions of this subsection, the Director of the Office of Angel Investment shall establish and maintain a searchable database, to be known as the Federal Angel Network, to assist small business concerns in identifying angel investors.

“(b) NETWORK CONTENTS.—The Federal Angel Network shall include—

“(1) a list of the names and addresses of angel groups and angel investors;

“(2) information about the types of investments each angel group or angel investor has made; and

“(3) information about other public and private resources and registries that provide information about angel groups or angel investors.

“(c) COLLECTION OF INFORMATION.—

“(1) IN GENERAL.—The Director shall collect the information to be contained in the Federal Angel Network and shall ensure that such information is updated regularly.

“(2) REQUEST FOR EXCLUSION OF INFORMATION.—The Director shall not include such information concerning an angel investor if that investor contacts the Director to request that such information be excluded from the Network.

“(d) AVAILABILITY.—The Director shall make the Federal Angel Network available on the Internet website of the Administration and shall do so in a manner that permits others to download, distribute, and use the information contained in the Federal Angel Network.

“(e) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section \$1,000,000, to remain available until expended.

“SEC. 384. GRANT PROGRAM FOR DEVELOPMENT OF ANGEL GROUPS.

“(a) IN GENERAL.—The Director of the Office of Angel Investment shall establish and carry out a grant program to make grants to eligible entities for the development of new or existing angel groups and to increase awareness and education about angel investing.

“(b) ELIGIBLE ENTITIES.—In this section, the term ‘eligible entity’ means—

“(1) a State or unit of local government;

“(2) a nonprofit organization;

“(3) a state mutual benefit corporation;

“(4) a Small Business Development Center established pursuant to section 21 of the Small Business Act (15 U.S.C. 648); or

“(5) a women’s business center established pursuant to section 29 of the Small Business Act (15 U.S.C. 656).

“(c) MATCHING REQUIREMENT.—The Administrator shall require, as a condition of any grant made under this section, that the eligible entity receiving the grant provide from resources (in cash or in kind), other than those provided by the Administrator or any other Federal source, a matching contribution equal to 50 percent of the amount of the grant.

“(d) APPLICATION.—To receive a grant under this section, an eligible entity shall submit an application that contains—

“(1) a proposal describing how the grant would be used; and

“(2) any other information or assurances as the Director may require.

“(e) REPORT.—Not later than 3 years after the date on which an eligible entity receives a grant under this section, such eligible entity shall submit a report to the Administrator describing the use of grant funds and evaluating the success of the angel group developed using the grant funds.

“(f) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section \$1,500,000, for each of fiscal years 2008 through 2010.”

TITLE IV—SURETY BOND PROGRAM

SEC. 401. STUDY AND REPORT.

(a) STUDY.—The Administrator of the Small Business Administration shall conduct a study of the current funding structure of the surety bond program carried out under part B (15 U.S.C. 694a et seq.) of title IV of the Small Business Investment Act of 1958. The study shall include—

(1) an assessment of whether the program’s current funding framework and program fees are inhibiting the program’s growth;

(2) an assessment of whether surety companies and small business concerns could benefit from an alternative funding structure; and

(3) an assessment of whether permissible premium rates for surety companies participating in the program should be placed on parity with the rates authorized by appropriate State insurance regulators and how such a change would affect the program under the current funding framework.

(b) REPORT.—Not later than 180 days after the date of the enactment of this Act, the Administrator shall submit to Congress a report on the results of the study.

SEC. 402. PREFERRED SURETY BOND PROGRAM.

(a) PROGRAM REQUIRED.—Part B (15 U.S.C. 694a et seq.) of title IV of the Small Business Investment Act of 1958 is amended by adding at the end the following:

“SEC. 413. PREFERRED SURETY BOND PROGRAM.

“(a) PROGRAM REQUIRED.—The Administrator shall carry out a program, to be known as the Preferred Surety Bond Program, under which the Administration, by a written agreement between the surety and the Administration, delegates to the surety complete authority to issue, monitor, and service bonds subject to guaranty from the Administration without obtaining the specific approval of the Administration. Bonds made under the program shall carry a 70 percent guaranty.

“(b) TERM.—The term of a delegation of authority under such an agreement shall not exceed 2 years.

“(c) RENEWAL.—Such an agreement may be renewed one or more times, each such renewal providing one additional term. Before each renewal, the Administrator shall review the surety’s bonds, policies, and procedures for compliance with relevant rules and regulations.

“(d) APPLICATION.—The Administrator shall promptly act upon an application from a surety to participate in the program, in accordance with criteria and procedures established in regulations pursuant to section 411(d).

“(e) REDUCTION OR TERMINATION OF PARTICIPATION.—The Administrator is authorized to reduce the allotment of bond guarantee authority or terminate the participation of a surety in the program based on the rate of participation of such surety during the 4 most recent fiscal year quarters compared to the median rate of participation by the other sureties in the program.”

(b) CONFORMING AMENDMENTS.—Section 411 of the Small Business Investment Act of 1958 (15 U.S.C. 694b) is amended—

(1) in subsection (a), by striking paragraphs (3), (4), and (5);

(2) in subsection (b)(2), by striking “the authority of subsection (a)(3)” and inserting “the authority of section 413”;

(3) in subsection (c)—

(A) by striking paragraph (1); and

(B) by redesignating paragraphs (2) through (4) as (1) through (3), respectively; and

(4) in subsection (g)(3), by striking “the authority of paragraph (3) of subsection (a)” and inserting “the authority of section 413”.

SEC. 403. DENIAL OF LIABILITY.

Section 411 of the Small Business Investment Act of 1958 (15 U.S.C. 694b) is amended by adding at the end the following:

“(k) For bonds made or executed with the prior approval of the Administration, the Administration shall not deny liability to a surety based upon information that was provided as part of the guaranty application.”.

SEC. 404. INCREASING THE BOND THRESHOLD.

Section 411(a) of the Small Business Investment Act of 1958 (15 U.S.C. 694b(a)) is amended by striking “\$2,000,000” and inserting “\$3,000,000”.

SEC. 405. FEES.

Section 411 of the Small Business Investment Act of 1958 (15 U.S.C. 694b) is amended by adding at the end the following:

“(l) To the extent that amounts are made available to the Administrator for the purpose of fee contributions, the Administrator shall use such funds to offset fees established and assessed under this section. Each fee contribution shall be effective for one fiscal quarter and shall be adjusted as necessary to ensure that amounts made available are fully used.”.

TITLE V—VENTURE CAPITAL INVESTMENT STANDARDS**SEC. 501. DETERMINING WHETHER BUSINESS CONCERN IS INDEPENDENTLY OWNED AND OPERATED.**

Section 3(a) of the Small Business Act (15 U.S.C. 632(a)) is amended by adding at the end the following:

“(5) NON-AFFILIATION OF VENTURE CAPITAL FROM CONSIDERATION OF SMALL BUSINESS CONCERN.—For purposes of determining whether a small business concern is independently owned and operated under paragraph (1) or meets the small business size standards instituted under paragraph (2), the Administrator shall not consider a concern that has received financing from a venture capital operating company to be affiliated with either the venture capital operating company or any other business which the venture capital operating company has financed.

“(6) DEFINITION OF ‘INDEPENDENTLY OWNED AND OPERATED’.—For purposes of this section, a business concern shall be deemed to be ‘independently owned and operated’ if it is owned in majority part by one or more natural persons or venture capital operating companies meeting the definition in paragraph (7).

“(7) DEFINITION OF ‘VENTURE CAPITAL OPERATING COMPANY’.—For purposes of this section, the term ‘venture capital operating company’ means a business concern—

“(A) that—

“(i) is a Venture Capital Operating Company, as that term is defined in regulations promulgated by the Secretary of Labor; or

“(ii) is an entity that—

“(I) is registered under the Investment Company Act of 1940 (15 U.S.C. 80a-51 et seq.);

“(II) is an investment company, as defined in section 3(c)(14) of such Act (15 U.S.C. 80a-3(c)(14)), which is not registered under such Act because it is beneficially owned by less than 100 persons; or

“(III) is a nonprofit organization affiliated with, or serving as a patent and licensing organization for, a university or other institution of higher education and that invests primarily in small business concerns; and

“(B) that is not controlled by any business concern that is not a small business concern within the meaning of section 3; and

“(C) that has fewer than 500 employees; and

“(D) that is itself a business concern incorporated and domiciled in the United States, or is controlled by a business concern that is incorporated and domiciled in the United States.”.

TITLE VI—REGULATIONS**SEC. 601. REGULATIONS.**

Not later than 90 days after the date of the enactment of this Act, the Administrator shall issue revisions to all existing regulations as necessary to ensure their conformity with the amendments made by this Act.

The CHAIRMAN. No amendment to the bill is in order except those printed in House Report 110-350. Each amendment may be offered only in the order printed in the report, by a Member designated in the report, shall be considered read, shall be debatable for the time specified in the report, equally divided and controlled by the proponent and an opponent of the amendment, shall not be subject to amendment, and shall not be subject to a demand for division of the question.

AMENDMENT NO. 1 OFFERED BY MR. CHABOT

The CHAIRMAN. It is now in order to consider amendment No. 1 printed in part A of House Report 110-350.

Mr. CHABOT. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 1 offered by Mr. CHABOT.

Strike title V and insert the following:

TITLE V—VENTURE CAPITAL INVESTMENT STANDARDS**SEC. 501. DETERMINING WHETHER BUSINESS CONCERN IS INDEPENDENTLY OWNED AND OPERATED.**

Section 3(a) of the Small Business Act (15 U.S.C. 632(a)) is amended by adding at the end the following:

“(5) NON-AFFILIATION OF VENTURE CAPITAL FROM CONSIDERATION OF SMALL BUSINESS CONCERN.—For purposes of determining whether a small business concern is independently owned and operated under paragraph (1) or meets the small business size standards instituted under paragraph (2), the Administrator shall not consider a business concern to be affiliated with a venture capital operating company (or with any other business that the venture capital operating company has financed) if—

“(A) the venture capital operating company does not own 50 percent or more of the business concern; and

“(B) employees of the venture capital operating company do not constitute a majority of the board of directors of the business concern.

“(6) DEFINITION OF ‘INDEPENDENTLY OWNED AND OPERATED’.—For purposes of this section, a business concern shall be deemed to be ‘independently owned and operated’ if—

“(A) it is owned in majority part by one or more natural persons or venture capital operating companies;

“(B) there is no single venture capital operating company that owns 50 percent or more of the business concern; and

“(C) there is no single venture capital operating company the employees of which constitute a majority of the board of directors of the business concern.

“(7) DEFINITION OF ‘VENTURE CAPITAL OPERATING COMPANY’.—For purposes of this section, the term ‘venture capital operating company’ means a business concern—

“(A) that—

“(i) is a Venture Capital Operating Company, as that term is defined in regulations promulgated by the Secretary of Labor; or

“(ii) is an entity that—

“(I) is registered under the Investment Company Act of 1940 (15 U.S.C. 80a-51 et seq.);

“(II) is an investment company, as defined in section 3(c)(14) of such Act (15 U.S.C. 80a-3(c)(14)), which is not registered under such Act because it is beneficially owned by less than 100 persons; or

“(III) is a nonprofit organization affiliated with, or serving as a patent and licensing organization for, a university or other institution of higher education and that invests primarily in small business concerns; and

“(B) that is not controlled by any business concern that is not a small business concern within the meaning of section 3; and

“(C) that has fewer than 500 employees; and

“(D) that is itself a concern incorporated and domiciled in the United States, or is controlled by a concern that is incorporated and domiciled in the United States.”.

The CHAIRMAN. Pursuant to House Resolution 682, the gentleman from Ohio (Mr. CHABOT) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Ohio.

Mr. CHABOT. Thank you, Mr. Chairman. And I won't use the full 5 minutes.

I yield myself such time as I may consume.

As I have already explained when discussing the underlying bill, this amendment adopts a bright-line test for determining whether a business that receives funding from a venture capital company is considered affiliated with that firm and any other firms that the venture capital company may own.

The test is simple and sensible and I think easily applied. In my view, it strikes the correct balance between allowing needed venture capital funding for small businesses, while protecting against the possibility that venture capital firms will be able to create conglomerates that would have an unfair competitive advantage against independently owned and operated small businesses. As the chairwoman already mentioned, so I won't go into great detail, the venture capital company can't have more than 50 percent.

As a result, I believe that this amendment alleviates many of the concerns that the Small Business Administration has, although maybe not all, with title V. I ask that Members support the amendment.

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

Ms. VELÁZQUEZ. Mr. Chairman, while not opposed to the amendment, I ask unanimous consent to claim the time in opposition.

The CHAIRMAN. Is there objection to the request of the gentlewoman from New York?

There was no objection.

Ms. VELÁZQUEZ. Mr. Chairman, in developing this legislation, we worked very closely with the ranking member to try and address his concerns with this bill. I understand that he has some remaining concerns with title V of the bill. I am confident, however, that the legislation we have reported includes adequate safeguards.

The ranking member's amendment will provide further protections. I thank him for working with us to perfect this bill. I am willing to accept his amendment, which provides an additional level of clarification and direction for the agency. I appreciate his time and patience in working through this complicated issue with us.

Mr. Chairman, I would yield such time as he may consume to the gentleman from Pennsylvania (Mr. ALTMIRE), the main sponsor of the bill. Mr. ALTMIRE. I thank the chairwoman and the ranking member. I think the way that we worked together as a committee to resolve this issue is a model for the way this Congress should operate. The ranking member voiced some concerns about the bill and deferred in the process to get it to the floor so he could offer his amendment on the floor.

There are some outside groups, I know, that are concerned about title V. We want to alleviate their concerns on this issue and get the support of the entire small business community on this. Hopefully, with this amendment, that is going to happen.

Mr. Chairman, none of this would have happened without the support of the ranking member and the way that he handled this issue. I really want to thank him for offering this amendment. I think this is going to secure the bill for some of the groups that have concerns. I also accept it and I encourage my colleagues to support the ranking member's amendment.

Mr. CHABOT. Mr. Chairman, I would like to thank the gentleman for his kind remarks and also note that the gentleman also worked in a bipartisan manner with Mr. GRAVES from Missouri in drafting the bill and moving forward in the first place.

As he mentioned, the Small Business Committee, I think, has been a model in many ways for the entire Congress in the way a committee can work together. We have philosophical disagreements at times. We work together, and we are not going to agree on everything, but, in general, we try to work things out for the benefit of the small business community.

There are Republicans, there are Democrats, there are independents that benefit from the small business community thriving in this country. I think we are trying to work altogether to make it a healthier situation. I wish all committees around here were able to do the same thing.

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

Ms. VELAZQUEZ. Mr. Chairman, I thank the gentleman from Ohio, and I urge adoption of his amendment.

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

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. CHABOT).

The amendment was agreed to.

AMENDMENT NO. 2 OFFERED BY MR. INSLEE

The CHAIRMAN. It is now in order to consider amendment No. 2 printed in part A of House Report 110-350.

Mr. INSLEE. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 2 offered by Mr. INSLEE:

Section 206, add at the end the following:

(c) EXPANDED DEFINITION OF OPERATIONAL ASSISTANCE.—Section 351(5) of the Small Business Investment Act of 1958 (15 U.S.C. 689(5)) is amended by inserting before the period at the end the following: “, including assistance on how to implement energy efficiency and sustainable practices that reduce the use of non-renewable resources or minimize environmental impact and reduce overall costs and increase health of employees”.

The CHAIRMAN. Pursuant to House Resolution 682, the gentleman from Washington (Mr. INSLEE) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Washington.

□ 1730

Mr. INSLEE. Mr. Chairman, I rise today to support the Inslee-Welch amendment to the Small Business Investment Act which will support the legislation's overall goal to modernize small business investment programs. Small businesses are the backbone of the growth in our economy and will be the brains behind the forthcoming clean-energy revolution.

Our amendment will ensure that the small business investment companies give consideration to innovators that create clean energy technologies and services.

There are 26.8 million small businesses in the United States. The vast majority of renewable fuels producers, such as biodiesel and ethanol, are small businesses. The chairwoman understands this, and I thank her for her support and commend her efforts to support small green businesses.

Under the chairwoman's leadership, the House passed a clean energy package that will help small businesses become more energy efficient and will establish a debenture financing program exclusively focused on investments in renewable fuels.

These efforts truly have been outstanding. However, I believe we must ensure that every piece of legislation that passes this Chamber that deals with taxpayer dollars and Federal investment include a provision to encourage investments in truly clean energy technologies. This amendment will help American innovators and entrepreneurs turn their ideas into products that will help prevent our worst-case climate change scenarios and will create green-collar jobs, and I urge its passage.

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

Mr. CHABOT. Mr. Chairman, I rise to claim the time in opposition, but I am not opposed and we are prepared to accept the gentleman's amendment.

The CHAIRMAN. Without objection, the gentleman from Ohio is recognized for 5 minutes.

There was no objection.

Mr. CHABOT. Thank you. And we are prepared to accept the gentleman's amendment.

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

The CHAIRMAN. The question is on the amendment offered by the gentleman from Washington (Mr. INSLEE). The amendment was agreed to.

AMENDMENT NO. 3 OFFERED BY MR. INSLEE

The CHAIRMAN. It is now in order to consider amendment No. 3 printed in House Report 110-350.

Mr. INSLEE. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 3 offered by Mr. INSLEE:

Redesignate section 104 as 105 and insert after section 103 the following:34

SEC. 104. INCREASED INVESTMENTS IN SMALL BUSINESSES CREATING NEW TECHNOLOGIES, MANUFACTURED GOODS, OR MATERIALS OR PROVIDING SERVICES TO REDUCE CARBON EMISSIONS IN THE UNITED STATES, REDUCE THE USE OF NON-RENEWABLE RESOURCES, MINIMIZE ENVIRONMENTAL IMPACT, AND RELATE PEOPLE WITH THE NATURAL ENVIRONMENT.

Section 303 of the Small Business Investment Act of 1958 (15 U.S.C. 683), as amended by this Act, is further amended by adding at the end the following:

“(k) INCREASED INVESTMENTS IN SMALL BUSINESSES.—The Administrator shall give consideration to investments in small businesses that are creating new technologies, manufactured goods, or materials, or providing services to reduce carbon emissions in the United States, reduce the use of non-renewable resources, minimize environmental impact, and relate people with the natural environment.”.

The CHAIRMAN. Pursuant to House Resolution 682, the gentleman from Washington (Mr. INSLEE) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Washington.

Mr. INSLEE. Mr. Chairman, I rise to offer a second Inslee-Welch amendment that will help small business achieve energy efficiency. We need all hands on deck in the effort to reduce greenhouse gas emissions, including our Nation's 26 million small businesses.

This amendment will help small businesses in low-income areas upgrade to energy-efficient buildings, technologies and practices. It will give them operational assistance in these areas through the New Market Venture Capital program.

The majority of small business owners say that they have been affected by rising energy prices and that reducing energy costs will serve to increase their profitability. At the same time, however, half of these entrepreneurs have not yet invested in energy-efficient programs for their businesses.

For instance, if a small business owner can replace 20 100-watt incandescent bulbs with 27-watt compact fluorescent bulbs, it does cost the owner \$400 up front but saves them \$980 a year in energy costs.

The owner of the Snoqualmie Gourmet Ice Cream factory in Maltby, WA retrofitted their small business lighting system and reduced their lighting costs by 50 percent. So we know that these simple, new, relatively inexpensive technologies pay for themselves in months, or at most in a couple of years.

We know small businesses benefit from energy efficiency and sustainable workplace practices. This amendment will help American innovators with the know-how to reduce greenhouse gas emissions in America while increasing their profits. This is a green/green solution in both ways. I want to thank the chairwoman for her support, and urge passage of the amendment.

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

Mr. CHABOT. I will claim the time in opposition, Mr. Chairman.

The CHAIRMAN. The gentleman from Ohio is recognized for 5 minutes.

Mr. CHABOT. Mr. Chairman, we have heard the gentleman's amendment and we are prepared to accept the amendment.

Mr. WELCH of Vermont. Mr. Chairman, I want to thank the gentleman from Washington, Mr. INSLEE, for his two very thoughtful amendments to H.R. 3567, the Small Business Investment Expansion Act and for allowing me to cosponsor them.

The first amendment will help small businesses increase their energy efficiency and implement sustainable practices. The second amendment would direct the Small Business Administration, SBA, to reward small businesses that are reducing their carbon footprint.

Earlier this year, I offered an amendment, which the House passed, to set a 5 percent procurement goal for the Federal Government to contract with green small businesses.

It is critical that small businesses be encouraged to operate and to develop and supply products and services in an environmentally sound way.

Many small businesses are already incorporating sustainable practices into their own business, such as conserving energy and water, using sustainable products, or minimizing generation of waste and the release of pollutants. They strive to make products from recycled materials. They use energy from renewable resources such as bio-fuels, solar and wind power. Or they transport goods and services in alternate fuel vehicles.

We all have a responsibility to protect our environment. As populations expand and lifestyles change, we must keep the planet in good condition so that future generations will have the same natural resources that we have and enjoy now. The Earth faces many threats ranging from pollution to acid rain to global warming to the destruction of rainforests and other wild habitats to the decline and extinction of thousands of species of animals and plants. Combating these threats is essential to ensuring that future generations can live healthy lives.

Our small businesses embrace our Nation's entrepreneurial spirit. The Federal Government can and should serve as a model to the private sector and the rest of the world. As a Congress, we should reward businesses that are striving to be environmentally responsible.

Both of these amendments would greatly improve the bill before us and I ask that they be adopted by the House.

I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Washington (Mr. INSLEE).

The amendment was agreed to.

The CHAIRMAN. There being no other amendments, the Committee rises.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. CAPUANO) having assumed the chair, Mr. KIND, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H.R. 3567) to amend the Small Business Investment Act of 1958 to expand opportunities for investments in small businesses, and for other purposes, pursuant to House Resolution 682, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment reported from the Committee of the Whole? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR.
WALBERG

Mr. WALBERG. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. WALBERG. Yes, in its current form.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. Walberg moves to recommit the bill H.R. 3567 to the Committee on Small Business with instructions to report the same back to the House forthwith with the following amendments:

In title III of the bill, in the quoted matter proposing to insert a new part C in title III of the Small Business Investment Act of 1958:

(1) Strike sections 382 and 384, and redesignate section 383 as 382.

(2) In section 380(c), strike paragraphs (2) and (4); strike "383" in paragraph (3) and insert "382"; and redesignate paragraphs (3) and (5) as (2) and (3), respectively.

The SPEAKER pro tempore. The gentleman from Michigan is recognized for 5 minutes.

Mr. WALBERG. Mr. Speaker, in considering tonight's legislation, I am reminded of a quote from the great communicator himself, Ronald Reagan: "The government's view of the economy could be summed up in a few short phrases: If it moves, tax it. If it keeps moving, regulate it. And if it stops moving, subsidize it."

I find it ironic that we sit here this evening debating a clause to provide millionaires with Federal funding in the name of spurring investment when the majority party constantly supports to tax private investments out of business.

The best way to encourage innovation and investment in the marketplace is to reduce financial and regulatory impediments. The key is reducing regulation. Congress must support tax measures that have proven to stimulate the economy, such as extending the capital gains and dividends tax reduction beyond 2010. These common-sense tax reductions have a proven track record of producing greater wealth and encouraging further investment in the economy.

Instead, the majority in Congress has stood in the way of providing tax relief by supporting and passing a budget containing the largest tax increase in American history, which would result in a \$3,000 tax increase for the average taxpayer in Michigan and in every other State. Now the majority wants to subsidize millionaires with funds that would be better used to assist the middle class.

Title III of the bill before us creates a brand new program in the Small Business Administration to promote so-called "angel investors." Angel investors are those financial backers who provide venture capital funds for small startups or entrepreneurs.

Among other things, this new SBA program will provide funds of up to \$2 million to qualified angel investors. These millionaire investors will take taxpayer dollars to finance their own small business. This begs the question: Who exactly are these angel investors? Do they have halos? Do they really need government money if they are already millionaires?

According to the regulations referenced in this bill, a qualified angel investor would be "any natural person whose individual net worth, or joint net worth with that person's spouse exceeds \$1 million."

In other words, to even qualify to receive government money, these angels already have to be millionaires.

According to the University of New Hampshire, angel investments totaled \$25.6 billion nationally, up 10 percent over the previous year. I don't know about you, but it appears angel investors already are having financial success, and I question whether they need help from the American taxpayer.

Title III of the bill also includes a new grant program to help develop new angel investor groups; in other words, a taxpayer-subsidized grant program to help millionaires get together and make investments. One can only wonder if these programs come with a complimentary tin of caviar.

My motion to recommit would simply strike the two sections of bill that authorize taxpayer funding for these angel millionaire investors. Congress does not need to enact another Federal

entitlement program to help millionaires decide what to invest in. The focus in this debate should be on lowering taxes for every American to encourage investment and personal wealth to create entrepreneurship and allow job creators to thrive.

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

Ms. VELÁZQUEZ. Mr. Speaker, I rise to claim the time in opposition to the motion to recommit.

The SPEAKER pro tempore. The gentlewoman from New York is recognized for 5 minutes.

Ms. VELÁZQUEZ. Mr. Speaker, I would like to ask the gentleman from Michigan: What bill did you read? Did you read H.R. 3567? Did you? Because if you read the bill, I want to ask you, show me in this bill where one single penny will go to millionaires? Show me in the bill where that happens?

It goes to small businesses in low-income communities. It goes to veterans. It goes to small businesses. If the goal is to cut access to capital, that is what this motion will do.

One of the primary goals of this program is to put capital in the hands of veterans and entrepreneurs. This amendment will bar entrepreneurs from such funds. It will invest in startups that could become the next Microsoft. They are not there yet. They are small, small businesses.

We always hear how we need to be doing more to encourage investment. This program does exactly that. This is not a new program, it merely fixes an old program that has been badly mismanaged by this administration. The total cost of this program is half of what the other party said when it was in charge. This is a 3-year pilot program, and all funding remains subject to the application. The Federal Government will actually have less risk under the angel investment program than any other current government programs. And when we talk about being stewards of the taxpayers' money, profits from this investment go right back to the taxpayers.

Mr. Speaker, I ask Members to oppose the motion to recommit.

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

The SPEAKER pro tempore. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to recommit. The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. WALBERG. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 9 of rule XX, the Chair will reduce to 5 minutes the minimum time for any electronic vote on the question of passage.

The vote was taken by electronic device, and there were—yeas 183, nays 213, not voting 36, as follows:

[Roll No. 922]

YEAS—183

Aderholt
Akin
Alexander
Bachmann
Baker
Barrett (SC)
Bartlett (MD)
Barton (TX)
Biggart
Bilbray
Bilirakis
Bishop (UT)
Blackburn
Blunt
Boehner
Bono
Boozman
Boustany
Brady (TX)
Broun (GA)
Brown (SC)
Brown-Waite,
Ginny
Buchanan
Burgess
Burton (IN)
Buyer
Calvert
Camp (MI)
Campbell (CA)
Cannon
Cantor
Capito
Carter
Chabot
Coble
Cole (OK)
Conaway
Crenshaw
Culberson
Davis (KY)
Davis, David
Davis, Tom
Deal (GA)
Dent
Diaz-Balart, L.
Diaz-Balart, M.
Doolittle
Drake
Dreier
Duncan
Ehlers
Emerson
Fallin
Feeney
Ferguson
Flake
Forbes
Fortenberry
Fossella
Fox

Franks (AZ)
Frelinghuysen
Gallegly
Garrett (NJ)
Gibbs
Gilchrest
Gingrey
Gohmert
Goode
Goodlatte
Granger
Graves
Hall (TX)
Hastings (WA)
Hayes
Heller
Hensarling
Hobson
Hulshof
Hunter
Inglis (SC)
Johnson (IL)
Johnson, Sam
Jones (NC)
Jordan
Keller
King (IA)
King (NY)
Kingston
Kirk
Kline (MN)
Knollenberg
Kuhl (NY)
Lamborn
Latham
LaTourette
Lewis (CA)
Lewis (KY)
LoBiondo
Lucas
Lujan
Lungren, Daniel
E.
Mack
Manzullo
McCarthy (CA)
McCotter
McCrery
McHenry
McHugh
McKeon
McMorris
Rodgers
Mica
Miller (FL)
Miller (MI)
Miller, Gary
Murphy, Tim
Musgrave
Myrick
Neugebauer
Nunes
Pearce

NAYS—213

Abercrombie
Ackerman
Allen
Altmire
Andrews
Arcuri
Baca
Baird
Baldwin
Barrow
Bean
Becerra
Berkley
Berman
Berry
Bishop (NY)
Blumenauer
Boren
Boswell
Boucher
Boyd (FL)
Boyda (KS)
Brady (PA)
Bralley (IA)
Butterfield
Capps
Capuano
Caroza
Carnahan
Carney
Castor
Chandler

Clarke
Clay
Clever
Clyburn
Cohen
Cooper
Costa
Costello
Courtney
Cramer
Crowley
Cuellar
Cummings
Davis (AL)
Davis (CA)
Davis (IL)
Davis, Lincoln
DeFazio
DeGette
Delahunt
DeLauro
Dicks
Doggett
Donnelly
Edwards
Ellison
Ellsworth
Emanuel
Engel
English (PA)
Eshoo
Etheridge

Pence
Peterson (PA)
Petri
Pickering
Pitts
Platts
Poe
Porter
Price (GA)
Pryce (OH)
Putnam
Radanovich
Ramstad
Regula
Rehberg
Reichert
Renzi
Reynolds
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Roskam
Royce
Ryan (WI)
Sali
Saxton
Schmidt
Kingston
Kirk
Kline (MN)
Knollenberg
Kuhl (NY)
Lamborn
Latham
LaTourette
Lewis (CA)
Lewis (KY)
LoBiondo
Lucas
Lujan
Lungren, Daniel
E.
Mack
Manzullo
McCarthy (CA)
McCotter
McCrery
McHenry
McHugh
McKeon
McMorris
Rodgers
Mica
Miller (FL)
Miller (MI)
Miller, Gary
Murphy, Tim
Musgrave
Myrick
Neugebauer
Nunes
Pearce

Kagen
Kanjorski
Kaptur
Kildee
Kilpatrick
Kind
Klein (FL)
Kucinich
Gerlach
Lampson
Langevin
Lantos
Larsen (WA)
Larson (CT)
Lee
Levin
Lewis (GA)
Lipinski
Loeb sack
Lowey
Lynch
Mahoney (FL)
Maloney (NY)
Markey
Marshall
Matheson
Matsui
McCarthy (NY)
McCollum (MN)
McDermott
McGovern
McIntyre
McNerney
McNulty
Meek (FL)
Meeke (NY)
Melancon
Michaud
Miller (NC)
Miller, George
Mitchell

Bachus
Bishop (GA)
Bonner
Brown, Corrine
Carson
Conyers
Cubin
Davis, Jo Ann
Dingell
Doyle
Everett
Hastert
Herger

Mollohan
Moore (KS)
Moore (WI)
Murphy (CT)
Sires
Murtha
Nadler
Napolitano
Neal (MA)
Oberstar
Obey
Oliver
Ortiz
Pallone
Pascrell
Pastor
Payne
Peterson (MN)
Pomeroy
Price (NC)
Rahall
Maloney (NY)
Markey
Marshall
Matheson
Matsui
McCarthy (NY)
McCollum (MN)
McDermott
McGovern
McIntyre
McNerney
McNulty
Meek (FL)
Meeke (NY)
Melancon
Michaud
Miller (NC)
Miller, George
Mitchell

NOT VOTING—36

Hinojosa
Hoekstra
Issa
Jackson-Lee
(TX)
Jindal
Johnson, E. B.
Jones (OH)
Kennedy
LaHood
Linder
Lofgren, Zoe
Marchant

□ 1809

Messrs. CUMMINGS, LOEBSACK, SNYDER, LINCOLN DAVIS of Tennessee, Ms. DELAURO and Ms. WASSERMAN SCHULTZ changed their vote from "yea" to "nay."

Mr. HASTINGS of Washington and Mr. SOUDER changed their vote from "nay" to "yea."

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Ms. VELÁZQUEZ. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. This is a 5-minute vote.

The vote was taken by electronic device, and there were—yeas 325, nays 72, not voting 35, as follows:

[Roll No. 923]

YEAS—325

Abercrombie
Ackerman
Akin
Alexander
Allen
Altmire

Andrews
Baca
Baird
Baldwin
Barrow
Bartlett (MD)

Sestak
Shea-Porter
Sherman
Shuler
Sires
Skelton
Slaughter
Smith (WA)
Snyder
Solis
Space
Spratt
Stupak
Sutton
Tanner
Tauscher
Taylor
Thompson (CA)
Tierney
Towns
Udall (CO)
Udall (NM)
Van Hollen
Velázquez
Walz (MN)
Wasserman
Schultz
Waters
Watson
Watt
Waxman
Weiner
Welch (VT)
Wexler
Wilson (OH)
Woolsey
Wu
Wynn
Yarmuth

Bean
Becerra
Berkley
Berman
Berry
Biggart

Bilbray
Bilirakis
Bishop (NY)
Blumenauer
Bono
Boozman
Boren
Boswell
Boucher
Boustany
Boyd (KS)
Brady (PA)
Braley (IA)
Brown (SC)
Buchanan
Burgess
Butterfield
Buyer
Camp (MI)
Capito
Capps
Capuano
Cardoza
Carnahan
Carney
Castle
Castor
Chabot
Chandler
Clarke
Clay
Cleaver
Clyburn
Cohen
Cole (OK)
Conaway
Cooper
Costa
Costello
Courtney
Cramer
Crenshaw
Crowley
Cuellar
Cummings
Davis (AL)
Davis (CA)
Davis (IL)
Davis, David
Davis, Lincoln
Davis, Tom
DeFazio
DeGette
Delahunt
DeLauro
Dent
Diaz-Balart, L.
Diaz-Balart, M.
Dicks
Doggett
Donnelly
Drake
Edwards
Ehlers
Ellison
Ellsworth
Emanuel
Emerson
Engel
English (PA)
Eshoo
Etheridge
Fallin
Farr
Fattah
Ferguson
Filner
Forbes
Fortenberry
Fossella
Frank (MA)
Frelinghuysen
Gerlach
Giffords
Gilchrest
Gillibrand
Gohmert
Gonzalez
Goodlatte
Gordon
Granger
Graves
Green, Al
Green, Gene
Grijalva
Gutierrez
Hall (NY)
Hall (TX)
Hare

Harman
Hastings (FL)
Hastings (WA)
Hayes
Herseth Sandlin
Higgins
Hill
Hinchey
Hirono
Hobson
Hodes
Holden
Holt
Honda
Hooley
Hoyer
Hulshof
Inslee
Israel
Jackson (IL)
Jefferson
Johnson (GA)
Johnson (IL)
Jordan
Kagen
Kanjorski
Kaptur
Keller
Kildee
Kilpatrick
Kind
King (IA)
King (NY)
Kirk
Klein (FL)
Kline (MN)
Knollenberg
Kucinich
Kuhl (NY)
Lampson
Langevin
Lantos
Larsen (WA)
Larson (CT)
Latham
LaTourette
Lee
Levin
Lewis (GA)
Lewis (KY)
Lipinski
LoBiondo
Loeb sack
Lowey
Lucas
Lynch
Mahoney (FL)
Maloney (NY)
Markey
Marshall
Matheson
Matsui
McCarthy (CA)
McCarthy (NY)
McCollum (MN)
McCotter
McDermott
McGovern
McHugh
McIntyre
McMorris
Rodgers
McNerney
McNulty
Meek (FL)
Meeks (NY)
Melancon
Michaud
Miller (MI)
Miller (NC)
Miller, Gary
Miller, George
Mitchell
Mollohan
Moore (KS)
Moore (WI)
Murphy (CT)
Murphy, Patrick
Murphy, Tim
Murtha
Musgrave
Nadler
Napolitano
Neal (MA)
Neugebauer
Nunes
Oberstar
Obey
Oliver

Ortiz
Pallone
Pascarell
Pastor
Payne
Pearce
Peterson (MN)
Peterson (PA)
Pickering
Platts
Pomeroy
Porter
Price (NC)
Pryce (OH)
Putnam
Rahall
Rangel
Regula
Rehberg
Reichert
Renzi
Reyes
Reynolds
Richardson
Rodriguez
Rogers (AL)
Rogers (KY)
Rogers (MI)
Ros-Lehtinen
Roskam
Ross
Rothman
Roybal-Allard
Ruppersberger
Rush
Ryan (OH)
Salazar
Sánchez, Linda
T.
Sanchez, Loretta
Sarbanes
Saxton
Schakowsky
Schiff
Schmidt
Schwartz
Scott (GA)
Scott (VA)
Serrano
Sestak
Shays
Shea-Porter
Sherman
Shimkus
Shuler
Shuster
Simpson
Sires
Skelton
Slaughter
Smith (NE)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Solis
Souder
Space
Spratt
Stupak
Sullivan
Sutton
Tanner
Tauscher
Taylor
Terry
Thompson (CA)
Thompson (MS)

Weller
Westmoreland
Wexler
Whitfield
Wicker

Wilson (OH)
Wolf
Woolsey
Wu
Wynn

NAYS—72

Aderholt
Bachmann
Baker
Barrett (SC)
Barton (TX)
Bishop (UT)
Blackburn
Blunt
Boehner
Brady (TX)
Broun (GA)
Brown-Waite,
Ginny
Burton (IN)
Calvert
Campbell (CA)
Cannon
Cantor
Carter
Coble
Culberson
Davis (KY)
Deal (GA)
Doolittle
Dreier

Duncan
Feeney
Flake
Foxy
Franks (AZ)
Gallegly
Garrett (NJ)
Gingrey
Goode
Heller
Hensarling
Hunter
Inglis (SC)
Johnson, Sam
Jones (NC)
Kingston
Lamborn
Lewis (CA)
Lungren, Daniel
E.
Mack
Manzullo
McCrery
McHenry
McKeon

Mica
Miller (FL)
Myrick
Pence
Petri
Pitts
Poe
Price (GA)
Radanovich
Ramstad
Rohrabacher
Royce
Ryan (WI)
Sali
Sensenbrenner
Sessions
Shadegg
Stearns
Tancredo
Thornberry
Walberg
Walden (OR)
Weldon (FL)
Wilson (SC)

NOT VOTING—35

Arcuri
Bachus
Bishop (GA)
Bonner
Boyd (FL)
Brown, Corrine
Carson
Conyers
Cubin
Davis, Jo Ann
Dingell
Doyle

Everett
Hastert
Herger
Hinojosa
Hoekstra
Issa
Jackson-Lee
(TX)
Jindal
Johnson, E. B.
Jones (OH)
Kennedy

LaHood
Linder
Lofgren, Zoe
Marchant
McCaul (TX)
Moran (KS)
Moran (VA)
Paul
Perlmutter
Stark
Visclosky
Wilson (NM)

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (during the vote). Members are advised there are less than 2 minutes remaining on this vote.

□ 1819

Ms. PRYCE of Ohio and Mr. BURGESS changed their vote from “nay” to “yea.”

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Mr. PERLMUTTER. Mr. Speaker, due to a family emergency I missed the following votes on Thursday, September 27, 2007. I would have voted as follows: Taylor Amendment, Allows multiple peril and flood insurance coverage of apartment buildings up to the total of the number of dwelling units times the maximum coverage limit per residential unit—“yes”; Motion to Recommit H.R. 3121—“no”; Final Passage of H.R. 3121—Flood Insurance Reform and Modernization Act of 2007—“yes”; Motion to Recommit H.R. 3567—“no”; Final passage H.R. 3567—Small Business Investment Expansion Act of 2007—“yes.”

PERSONAL EXPLANATION

Ms. EDDIE BERNICE JOHNSON of Texas. Mr. Speaker, due to a family health emergency, I was unable to be present for rollcall votes 891–923 on Monday, September 24 through Thursday, September 27, 2007. Had I been present, I would have voted in the fol-

lowing manner: “yea” on rollcall votes 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 911, 913, 915, 916, 917, 918, 919, 921, and 923; “nay” on rollcall votes 910, 912, 914, 920, and 922.

AUTHORIZING THE CLERK TO MAKE CORRECTIONS IN EN-GROSSMENT OF H.R. 3567, SMALL BUSINESS INVESTMENT EXPAN-SION ACT OF 2007

Ms. VELÁZQUEZ. Mr. Speaker, I ask unanimous consent that the Clerk be authorized to make technical corrections in the engrossment of H.R. 3567, to include corrections in spelling, punctuation, section numbering and cross-referencing, and the insertion of appropriate headings.

The SPEAKER pro tempore (Mr. MCINTYRE). Is there objection to the request of the gentlewoman from New York?

There was no objection.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 946

Mrs. MALONEY of New York. Mr. Speaker, I ask unanimous consent to remove Representative EMANUEL CLEAVER as a cosponsor of H.R. 946, the Consumer Overdraft Protection Fair Practices Act. He was added to the bill in error.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from New York?

There was no objection.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Sherman Williams, one of his secretaries.

LEGISLATIVE PROGRAM

(Mr. BLUNT asked and was given permission to address the House for 1 minute.)

Mr. BLUNT. Mr. Speaker, I yield to the representative of the majority leader, the gentlelady from Florida (Ms. WASSERMAN SCHULTZ), for the purpose of inquiring about next week’s schedule.

Ms. WASSERMAN SCHULTZ. Mr. Speaker, on Monday the House will meet at 12:30 p.m. for morning-hour business and 2 p.m. for legislative business, with votes rolled until 6:30 p.m.

We will consider several bills under suspension of the rules. A list of these bills will be announced by the close of business tomorrow.

On Tuesday, the House will meet at 9 a.m. for morning-hour business and 10 a.m. for legislative business.

On Wednesday and Thursday the House will meet at 10 a.m. for legislative business.

On Friday there will be no votes in the House.