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HOUSE OF REPRESENTATIVES

REPORT
110–350

PROVIDING FOR 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

SEPTEMBER 26, 2007.—Referred to the House Calendar and ordered to be printed

Mr. CARDOZA, from the Committee on Rules,
submitted the following

R E P O R T

[To accompany H. Res. 682]

The Committee on Rules, having had under consideration House Resolution 682, by a non-record vote, report the same to the House with the recommendation that the resolution be adopted.

SUMMARY OF PROVISIONS OF THE RESOLUTION

The resolution provides for consideration of H.R. 3567, the Small Business Investment Expansion Act of 2007, under a structured rule. The rule provides one hour of general debate equally divided and controlled by the chairman and ranking minority member of the Committee on Small Business. The rule waives all points of order against consideration of the bill except clauses 9 and 10 of rule XXI. The rule provides that the bill shall be considered as read. All points of order against provisions in the bill are waived.

The rule makes in order only those amendments printed in this report. The amendments made in order may be offered only in the order printed in this report, may be offered only by a Member designated in this report, shall be considered as read, shall be debatable for the time specified in this report equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for a division of the question in the House or in the Committee of the Whole. All points of order against the amendments except for clauses 9 and 10 of rule XXI are waived. The rule provides one motion to recommit with or without instructions. Finally the rule provides that, notwithstanding the operation of the previous question, the Chair may postpone further consideration of the bill to a time designated by the Speaker.

59–008

EXPLANATION OF WAIVERS

The waiver of all points of order against consideration of the bill (except for clauses 9 and 10 of rule XXI) includes a waiver of clause 4(a) of rule XIII, requiring a three-day layover of the committee report. The committee is not aware of any points of order against provisions in the bill. The waiver of all points of order against provisions in the bill is prophylactic in nature.

COMMITTEE VOTES

The results of each record vote on an amendment or motion to report, together with the names of those voting for and against, are printed below:

Rules Committee record vote No. 318

Date: September 26, 2007.
Measure: H.R. 3567.
Motion by: Mr. Dreier.
Summary of motion: To grant an open rule.
Results: Defeated 3–8.
Vote by Members: Hastings (FL)—Nay; Matsui—Nay; Cardoza—Nay; Welch—Nay; Castor—Nay; Arcuri—Nay; Sutton—Nay; Dreier—Yea; Diaz-Balart—Yea; Hastings (WA)—Yea; Slaughter—Nay.

SUMMARY OF AMENDMENTS MADE IN ORDER

Chabot (OH), The amendment establishes a bright line standard of majority stock ownership for determining whether a venture capital company is affiliated with the companies in which it invests. (10 minutes)

Inslee (WA)/Welch (VT), The amendment expands the definition of operational assistance in Section 351 of the Small Business Investment Act, to include assistance to help small businesses achieve energy efficiency and implement sustainable practices that reduce the use of non-renewable resources or minimize environmental impact and reduce overall costs and increase health of employees. (10 minutes)

Inslee (WA)/Welch (VT), The amendment would direct the SBA Administrator to give consideration to investments for small businesses that are creating new technologies, manufactured goods, or materials, or providing services to reduce carbon emissions in the US, reduce the use of non-renewable resources, minimize environmental impact, and relate people with the natural environment. (10 minutes)

TEXT OF AMENDMENTS MADE IN ORDER UNDER THE RULE

1. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE CHABOT OF OHIO, OR HIS DESIGNEE, DEBATABLE FOR 10 MINUTES

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;

"(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.".

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2. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE INSLEE OF WASHINGTON, OR HIS DESIGNEE, DEBATABLE FOR 10 MINUTES

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".

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3. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE INSLEE OF WASHINGTON, OR HIS DESIGNEE, DEBATABLE FOR 10 MINUTES

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

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.".

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