

115TH CONGRESS  
1ST SESSION

# H. R. 2489

To amend the Small Business Investment Act of 1958 and the Small Business Act to include small business investment companies in the Small Business Innovation Research Program and the Small Business Technology Transfer Program, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 17, 2017

Ms. VELÁZQUEZ introduced the following bill; which was referred to the Committee on Small Business

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## A BILL

To amend the Small Business Investment Act of 1958 and the Small Business Act to include small business investment companies in the Small Business Innovation Research Program and the Small Business Technology Transfer Program, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. CALCULATION OF LEVERAGE OF SMALL BUSI-**  
2 **NESS INVESTMENT COMPANIES THAT INVEST**  
3 **IN SBIR OR STTR PARTICIPANTS.**

4 Section 303(b)(2) of the Small Business Investment  
5 Act of 1958 (15 U.S.C. 683(b)(2)) is amended by adding  
6 at the end the following new subparagraph:

7 “(E) INVESTMENTS IN SBIR AND STTR  
8 PARTICIPANTS.—

9 “(i) IN GENERAL.—Subject to clause  
10 (ii), in calculating the outstanding leverage  
11 of a company for purposes of subpara-  
12 graph (A), the Administrator shall exclude  
13 the amount of any investment made in an  
14 SBIR or STTR participant, if such invest-  
15 ment is made in the first fiscal year after  
16 the date of enactment of this subparagraph  
17 or any fiscal year thereafter by a company  
18 licensed in the applicable fiscal year.

19 “(ii) LIMITATIONS.—

20 “(I) AMOUNT OF EXCLUSION.—

21 The amount excluded under clause (i)  
22 for a company shall not exceed 33  
23 percent of the private capital of that  
24 company.

25 “(II) MAXIMUM INVESTMENT.—

26 A company shall not make an invest-

1                   ment in any one SBIR or STTR par-  
2                   ticipant in an amount equal to more  
3                   than 20 percent of the private capital  
4                   of that company.

5                   “(III) OTHER TERMS.—The ex-  
6                   clusion of amounts under clause (i)  
7                   shall be subject to such terms as the  
8                   Administrator may impose to ensure  
9                   that there is no cost (as that term is  
10                  defined in section 502 of the Federal  
11                  Credit Reform Act of 1990 (2 U.S.C.  
12                  661a)) with respect to purchasing or  
13                  guaranteeing any debenture involved.

14                  “(iii) DEFINITIONS.—In this sub-  
15                  section, the term ‘SBIR or STTR partici-  
16                  pant’ means a small business concern that  
17                  receives contracts or grants pursuant to  
18                  section 9 of the Small Business Act.”.

19 **SEC. 2. INCLUSION OF SMALL BUSINESS INVESTMENT COM-**  
20 **PANIES IN SBIR AND STTR.**

21                  Section 9 of the Small Business Act (15 U.S.C. 638)  
22 is amended—

23                  (1) by striking “or private equity firm invest-  
24                  ment” each place such term appears and inserting  
25                  “private equity firm, or SBIC investment”;

1           (2) by striking “or private equity firms” and in-  
2           serting “private equity firms, or SBICs”;

3           (3) in subsection (e)—

4                 (A) in paragraph (12)(B), by striking  
5                 “and” at the end;

6                 (B) in paragraph (13)(B), by striking the  
7                 period at the end and inserting “; and”; and

8                 (C) by adding at the end the following new  
9                 paragraph:

10                 “(14) the term ‘SBIC’ means a small business  
11                 investment company as defined in section 103 of the  
12                 Small Business Investment Act of 1958.”; and

13                 (4) in the heading for subsection (dd), by strik-  
14                 ing “OR PRIVATE EQUITY FIRMS” and inserting  
15                 “PRIVATE EQUITY FIRMS, OR SBICs”.

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