

113TH CONGRESS
2^D SESSION

H. R. 4059

To amend the Small Business Act to create a grant program for governmental and other nonprofit organizations that support startup businesses in formation and early growth stages by providing entrepreneurs with resources and services to produce viable businesses, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 14, 2014

Mr. SCHNEIDER introduced the following bill; which was referred to the
Committee on Small Business

A BILL

To amend the Small Business Act to create a grant program for governmental and other nonprofit organizations that support startup businesses in formation and early growth stages by providing entrepreneurs with resources and services to produce viable businesses, 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,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Accelerate Our
5 Startups Act of 2014”.

1 **SEC. 2. GRANTS FOR ORGANIZATIONS THAT SUPPORT**
2 **STARTUP BUSINESSES.**

3 Add at the end of the Small Business Act (15 U.S.C.
4 631 et seq.) the following:

5 **“SEC. 48. GRANTS FOR NONPROFIT ORGANIZATIONS THAT**
6 **SUPPORT STARTUP BUSINESSES.**

7 “(a) GRANTS.—The Administrator shall develop and
8 implement, beginning not later than one year after the
9 date of the enactment of this section, a grant program
10 under this section for State and local governmental and
11 other nonprofit organizations that are located in the
12 United States and support startup businesses in the
13 United States to provide those organizations assistance to
14 use for construction costs, space acquisition, and pro-
15 grammatic purposes.

16 “(b) REQUIREMENT FOR RECIPIENTS.—A recipient
17 of a grant under this section must demonstrate to the sat-
18 isfaction of the Administrator that it will use the grant
19 to provide assistance to at least 5 client businesses per
20 year that have been in business for less than 5 years.

21 “(c) CRITERIA FOR GRANTS.—The Administrator
22 shall establish criteria for grants under this section favor-
23 ing recipients that provide startups the following:

24 “(1) Office, manufacturing, or warehouse space,
25 including appropriate operations infrastructure.

1 “(2) Access to capital (either directly from the
2 organization or through guidance and contacts for ac-
3 quiring capital from outside investors), except that
4 such capital may not be made available from the
5 grant funds (including by making subgrants).

6 “(3) Access to professional services (either di-
7 rectly from the organization or guidance and con-
8 tacts for acquiring those services) including account-
9 ing and legal services, except that litigation expenses
10 may not be made available from the grant funds.

11 “(4) A formal structured mentorship or devel-
12 opmental program that assists startups with build-
13 ing business skills and competencies.

14 “(d) CONSIDERATIONS TO BE APPLIED IN CHOOS-
15 ING RECIPIENTS.—In determining whether or not to make
16 a grant under this section to an organization, the Adminis-
17 trator shall take into account the following:

18 “(1) If the organization is an existing organiza-
19 tion, the previous record of that organization, as
20 measured by—

21 “(A) the number of participating client
22 businesses each of the previous 3 years, if appli-
23 cable;

24 “(B) the number of businesses applying
25 each of the previous 3 years, if applicable;

1 “(C) the retention rate of client businesses;

2 “(D) the average duration of client busi-
3 ness participation in program; total, average,
4 and median capital raised by participation cli-
5 ent businesses;

6 “(E) the total, average, and median num-
7 ber of employees of participating client busi-
8 nesses; and

9 “(F) other metrics deemed appropriate by
10 the Administrator.

11 “(2) Promoting growth in underserved geo-
12 graphic areas with sufficient population density.

13 “(3) How experienced the entrepreneurial lead-
14 ership of the organization is.

15 “(4) The ability of the organization to utilize
16 and leverage local strengths, including human re-
17 sources, infrastructure, or educational institutions.

18 “(e) REQUIREMENT OF FEE PAID BY PARTICIPATING
19 STARTUPS.—Each recipient of a grant under this section
20 shall require each participating client business in the pro-
21 gram assisted under this section to pay, at minimum, a
22 entry fee for participation in the program.

23 “(f) MATCHING PUBLIC FUNDING REQUIREMENT.—
24 The Small Business Administration shall require as condi-
25 tion of grant under this section, that the recipient obtain

1 a grant from a local or State government for the same
2 purposes as a grant may be made under this section, to
3 carry out the program of the recipient assisted under this
4 section. The amount of that grant from a local or State
5 government may not be less than $\frac{1}{2}$ the amount received
6 by that recipient under this section.

7 “(g) MATCHING NONPUBLIC FUNDING REQUIRE-
8 MENT.—The Small Business Administration shall require
9 as condition of grant under this section, that the recipient
10 obtain nonpublic (defined as private or nonprofit) funding
11 for the same purposes as a grant may be made under this
12 section, to carry out the program of the recipient assisted
13 under this section. The amount of that funding from a
14 nonpublic source may not be less than $\frac{1}{2}$ the amount re-
15 ceived by that recipient under this section.

16 “(h) CONSEQUENCES OF FAILURE TO ABIDE BY
17 TERMS AND CONDITIONS OF GRANT OR REQUIREMENTS
18 OF THIS SECTION.—Each recipient shall be notified that
19 failure to abide by the terms and conditions of the grant
20 or the requirements of this section may, in the discretion
21 of the Administrator and in addition to any other civil or
22 criminal consequences, result in recapture by the Adminis-
23 tration of the grant funds.

24 “(i) ANNUAL PROGRESS REPORTING BY RECIPIENTS
25 OF GRANTS.—Each recipient of a grant under this section

1 shall annually report to the Administrator on the progress
2 of the program assisted under this section, including—

3 “(1) the number of participating client busi-
4 nesses each of the previous 3 years, if applicable;

5 “(2) the number of businesses applying each of
6 the previous 3 years, if applicable;

7 “(3) the retention rate of client businesses;

8 “(4) the average duration of client business
9 participation in program;

10 “(5) the total, average, and median capital
11 raised by participation client businesses;

12 “(6) the total, average, and median number of
13 employees of participating client businesses; and

14 “(7) other metrics deemed appropriate by the
15 Administrator.

16 “(j) REPORT TO CONGRESS.—The Administrator
17 shall report annually to Congress the Administrator’s as-
18 sessment of the effectiveness of the grant program under
19 this section including the metrics listed in subsection (i).

20 “(k) COORDINATION WITH OTHER SMALL BUSINESS
21 ADMINISTRATION PROGRAMS.—The Administrator shall
22 take appropriate action to encourage grantees under this
23 section to utilize and incorporate Small Business Adminis-
24 tration programs, such as Small Business Development

1 Centers; Small Business Investment Companies, section
2 7(a) loans, and section 504 loans.

3 “(l) LISTING ON WEBSITE.—The Administrator shall
4 include a list of recipients of the grants under this section
5 on the Small Business Administration website.

6 “(m) DEFINITION.—In this section, the term ‘State’
7 includes the District of Columbia, the Commonwealth of
8 Puerto Rico, and any other territory or possession of the
9 United States.

10 “(n) AUTHORIZATION OF APPROPRIATION.—There
11 are authorized to be appropriated to carry out this section
12 \$5,000.000 for each fiscal year beginning with the first
13 fiscal year that begins after the date of the enactment of
14 this Act and each of the succeeding 4 fiscal years.”.

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