

115TH CONGRESS
1ST SESSION

S. 1969

To amend the Small Business Act to create a program to provide funding for 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 SENATE OF THE UNITED STATES

OCTOBER 17, 2017

Mr. BOOKER introduced the following bill; which was read twice and referred to the Committee on Small Business and Entrepreneurship

A BILL

To amend the Small Business Act to create a program to provide funding for 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 “Startup Opportunity
5 Accelerator Act of 2017” or the “SOAR Act”.

6 **SEC. 2. FINDINGS.**

7 Congress finds that—

1 (1) startups face common challenges as they
2 seek to transform their ideas into successful, high-
3 growth businesses;

4 (2) incubators and accelerators are new models
5 of growth that drive innovation by connecting entre-
6 preneurial individuals and teams to create viable
7 business ventures and social initiatives;

8 (3) startups have contributed greatly to the
9 United States economy, with research showing that
10 between 1982 and 2011, businesses 5 years or
11 younger were responsible for nearly every net new
12 job created;

13 (4) incubators and accelerators support prom-
14 ising startups through partnerships, mentoring, and
15 resources connecting them with seasoned entre-
16 preneurs;

17 (5) the goal of an incubator or an accelerator
18 is to help create and grow young businesses by pro-
19 viding them with necessary financial, technical, and
20 industry support and financial and technical serv-
21 ices; and

22 (6) startups offer unique opportunities for
23 growth and development for women, minority, and
24 veterans to become successful entrepreneurs and
25 leaders in new and developed fields.

1 **SEC. 3. FUNDING FOR ORGANIZATIONS THAT SUPPORT**
 2 **STARTUP BUSINESSES.**

3 The Small Business Act (15 U.S.C. 631 et seq.) is
 4 amended—

5 (1) by redesignating section 47 (15 U.S.C. 631
 6 note) as section 48; and

7 (2) by inserting after section 46 the following:

8 **“SEC. 47. FUNDING FOR ORGANIZATIONS THAT SUPPORT**
 9 **STARTUP BUSINESSES.**

10 “(a) DEFINITIONS.—In this section—

11 “(1) the term ‘accelerator’ means an organiza-
 12 tion that—

13 “(A) frequently provides, but is not exclu-
 14 sively designed to provide, seed investment in
 15 exchange for a small amount of equity;

16 “(B) works with a startup for a predeter-
 17 mined amount of time;

18 “(C) provides mentorship and instruction
 19 to scale businesses; or

20 “(D) offers startup capital or the oppor-
 21 tunity to raise capital from outside investors;

22 “(2) the term ‘disability’ has the meaning given
 23 the term in section 3 of the Americans with Disabil-
 24 ities Act of 1990 (42 U.S.C. 12102);

25 “(3) the term ‘eligible entity’ means an organi-
 26 zation—

1 “(A) that is located in the United States;

2 “(B) the primary purpose of which is to
3 support new small business concerns; and

4 “(C) that is often classified as an accel-
5 erator;

6 “(4) the term ‘new small business concern’
7 means a small business concern that has been in op-
8 eration for not more than 5 years;

9 “(5) the term ‘small business concern owned
10 and controlled by socially and economically disadvan-
11 taged individuals’ has the meaning given the term in
12 section 8(d)(3)(C); and

13 “(6) the term ‘State’ means any State of the
14 United States, the District of Columbia, the Com-
15 monwealth of Puerto Rico, and any territory or pos-
16 session of the United States.

17 “(b) FUNDING.—

18 “(1) IN GENERAL.—Not later than 1 year after
19 the date of enactment of this section, the Adminis-
20 trator shall develop and begin implementing a pro-
21 gram to award cash prizes or grants of not more
22 than \$50,000 to eligible entities to support new
23 small business concerns.

24 “(2) USE OF FUNDS.—A prize or grant under
25 this section—

1 “(A) may be used for construction costs,
2 space acquisition, and programmatic purposes;
3 and

4 “(B) may not be used to provide capital or
5 professional services to new small business con-
6 cerns directly or through the subaward of
7 funds.

8 “(3) DISBURSAL OF FUNDS.—In disbursing
9 funds under this section, the Administrator may use
10 incremental or scheduled payments.

11 “(c) APPLICATION.—

12 “(1) IN GENERAL.—An eligible entity desiring a
13 prize or grant under this section shall demonstrate
14 that the eligible entity will use the prize or grant to
15 provide assistance to not less than 10 new small
16 business concerns per year.

17 “(2) REQUIREMENTS.—In soliciting applica-
18 tions and awarding prizes or grants to eligible enti-
19 ties under this section, the Administrator shall em-
20 ploy a streamlined and inclusive approach that—

21 “(A) widely publicizes funding opportuni-
22 ties to a broad audience;

23 “(B) utilizes an easily accessible submis-
24 sion process or platform;

25 “(C) shall make every effort to minimize—

1 “(i) the use of forms, detailed budg-
2 ets, supporting documentation, or written
3 submissions; and

4 “(ii) any other burdensome require-
5 ment;

6 “(D) focuses on solution-based approaches
7 and results-based outcomes;

8 “(E) encourages innovation; and

9 “(F) allows proposals or pitches to be pre-
10 sented using various formats or media.

11 “(d) CRITERIA.—The Administrator shall establish
12 criteria for a prize or grant under this section shall give
13 priority to eligible entities that are providing or plan to
14 provide to new small business concerns—

15 “(1) office, manufacturing, or warehouse space,
16 including appropriate operations infrastructure;

17 “(2) access to capital either directly from the
18 eligible entity (using amounts other than the
19 amounts provided under the prize or grant) or
20 through guidance and contacts for acquiring capital
21 from outside investors;

22 “(3) access to professional services either di-
23 rectly from the eligible entity (using amounts other
24 than the amounts provided under the prize or grant)
25 or through guidance and contacts for acquiring pro-

1 professional services, including accounting and legal
2 services; or

3 “(4) a formal structured mentorship or develop-
4 mental program that assists new small business con-
5 cerns with building business skills and competencies.

6 “(e) CONSIDERATIONS IN CHOOSING RECIPIENTS.—

7 In determining whether to award a prize or grant under
8 this section to an eligible entity, the Administrator shall
9 take into account—

10 “(1) for eligible entities that have in operation
11 a program to support new small business concerns,
12 the record of the eligible entity in assisting new
13 small business concerns, including, for each of the 3
14 full years before the date on which the eligible entity
15 applies for a prize or grant under this section—

16 “(A) the retention rate of new small busi-
17 ness concerns in the program of the eligible en-
18 tity;

19 “(B) the average period of participation by
20 new small business concerns in the program of
21 the eligible entity;

22 “(C) the total, average, and median capital
23 raised by new small business concerns partici-
24 pating in the program of the eligible entity; and

1 “(D) the total, average, and median num-
2 ber of employees of new small business concerns
3 participating in the program of the eligible enti-
4 ty;

5 “(2) for all eligible entities—

6 “(A) the number of new small business
7 concerns assisted or anticipated to be assisted
8 by the eligible entity;

9 “(B) the number of new small business
10 concerns applying or anticipated to apply for
11 assistance from the eligible entity;

12 “(C) whether the program of the eligible
13 entity provides or would provide assistance to
14 individuals in gender, racial, or ethnic groups
15 underrepresented by existing programs to assist
16 new small business concerns; and

17 “(D) other metrics determined appropriate
18 by the Administrator;

19 “(3) the need in the geographic area to be
20 served by the program to be carried out using the
21 prize or grant for additional assistance for new small
22 business concerns, if the area has sufficient popu-
23 lation density, as determined by the Administrator;

24 “(4) the level of experience of the entrepre-
25 neurial leadership of the eligible entity; and

1 “(5) the ability of the eligible entity to use and
2 leverage local strengths, including human resources,
3 infrastructure, and educational institutions.

4 “(f) REQUIREMENT TO AWARD PRIZES AND GRANTS
5 TO CERTAIN ACCELERATORS.—In order to promote diver-
6 sity in entrepreneurship, the Administrator shall award
7 not less than 50 percent of amounts appropriated for
8 prizes or grants in a given fiscal year to—

9 “(1) accelerators located in geographically un-
10 derserved areas; and

11 “(2) accelerators for which not less than 50
12 percent of the small business concerns served by the
13 accelerator are small business concerns—

14 “(A) owned and controlled by socially and
15 economically disadvantaged individuals;

16 “(B) owned and controlled by women; or

17 “(C) that are not less than 51 percent
18 owned by one or more—

19 “(i) Native Americans;

20 “(ii) individuals participating in the
21 Transition Assistance Program of the De-
22 partment of Defense;

23 “(iii) individuals who—

24 “(I) served on active duty in any
25 branch of the Armed Forces, includ-

1 ing the National Guard and Reserves;
2 and

3 “(II) were discharged or released
4 from such service under conditions
5 other than dishonorable;

6 “(iv) formerly incarcerated individ-
7 uals; or

8 “(v) individuals with a disability.

9 “(g) MATCHING NONPUBLIC FUNDING REQUIRE-
10 MENT.—

11 “(1) IN GENERAL.—An eligible entity receiving
12 a prize or grant under this section shall obtain funds
13 from a private individual or entity (including a for-
14 profit or nonprofit entity) that are—

15 “(A) for the same purposes as a prize or
16 grant may be made under this section;

17 “(B) used to carry out the program of the
18 eligible entity carried out using the prize or
19 grant under this section; and

20 “(C) in an amount that is not to be less
21 than 50 percent of the amount of the prize or
22 grant under this section.

23 “(2) FORM OF NON-FEDERAL SHARE.—Not
24 more than 25 percent of the funds obtained under

1 paragraph (1) may be in the form of in-kind con-
2 tributions.

3 “(h) CONSEQUENCES OF FAILURE TO ABIDE BY
4 TERMS AND CONDITIONS OF PRIZE OR GRANT REQUIRE-
5 MENTS OF THIS SECTION.—The Administrator shall no-
6 tify each eligible entity receiving a prize or grant under
7 this section that failure to abide by the terms and condi-
8 tions of the prize or grant or the requirements of this sec-
9 tion may, in the discretion of the Administrator and in
10 addition to any other civil or criminal consequences, result
11 in the Administrator withholding payments or ordering
12 the eligible entity to return the prize or grant funds.

13 “(i) ANNUAL PROGRESS REPORTING BY RECIPIENTS
14 OF PRIZE OR GRANT.—Each eligible entity receiving a
15 prize or grant under this section shall submit to the Ad-
16 ministrator an annual report on the progress of the pro-
17 gram carried out using the amounts received under the
18 prize or grant, including—

19 “(1) the number of new small business concerns
20 participating in the program during each of the 3
21 years preceding the report;

22 “(2) the number of new small business concerns
23 applying to participate in the program during each
24 of the 3 years preceding the report;

1 “(3) the retention rate of new small business
2 concerns in the program;

3 “(4) the average period of participation in the
4 program by new small business concerns;

5 “(5) the total, average, and median capital
6 raised by new small business concerns participating
7 in the program;

8 “(6) the total, average, and median number of
9 employees of new small business concerns partici-
10 pating in the program;

11 “(7) the number of new small business con-
12 cerns—

13 “(A) owned and controlled by socially and
14 economically disadvantaged individuals;

15 “(B) owned and controlled by women; or

16 “(C) that are not less than 51 percent
17 owned by one or more—

18 “(i) Native Americans;

19 “(ii) individuals participating in the
20 Transition Assistance Program of the De-
21 partment of Defense;

22 “(iii) individuals who—

23 “(I) served on active duty in any
24 branch of the Armed Forces, includ-

1 ing the National Guard and Reserves;
2 and

3 “(II) were discharged or released
4 from such service under conditions
5 other than dishonorable;

6 “(iv) formerly incarcerated individ-
7 uals; or

8 “(v) individuals with a disability; and

9 “(8) other metrics determined appropriate by
10 the Administrator.

11 “(j) REPORT TO CONGRESS.—The Administrator
12 shall submit to Congress an annual report on the program
13 under this section, which shall include an assessment of
14 the effectiveness of the program, including an assessment
15 based on the metrics listed in subsection (i).

16 “(k) COORDINATION WITH OTHER SMALL BUSINESS
17 ADMINISTRATION PROGRAMS.—The Administrator shall
18 take appropriate action to encourage eligible entities re-
19 ceiving a prize or grant under this section to use and in-
20 corporate other programs of the Administration, such as
21 small business development centers, small business invest-
22 ment companies, loans under section 7(a), and assistance
23 under title V of the Small Business Investment Act of
24 1958 (15 U.S.C. 695 et seq.).

1 “(l) COORDINATION WITH THE DEPARTMENT OF
2 VETERANS AFFAIRS.—In consultation with the Secretary
3 of Veteran Affairs, the Administrator shall make available
4 outreach materials regarding the opportunities for vet-
5 erans within the program under this section for distribu-
6 tion and display at local facilities of the Department of
7 Veterans Affairs.

8 “(m) LISTING ON WEBSITE.—The Administrator
9 shall include a list of eligible entities receiving a prize or
10 grant under this section on the website of the Administra-
11 tion.

12 “(n) AUTHORIZATION OF APPROPRIATIONS.—There
13 are authorized to be appropriated to carry out this section
14 \$6,000,000 for each of the first 5 fiscal years beginning
15 after the date of enactment of this section.”.

○