

6.15.17 Markup

Statements for the Record (H.R. 2333, H.R. 2364, H.R. 2056)

H.R. 2333 Chairman Chabot Opening Statement

Thank you all. The SBIC program jumpstarts and enhances the flow of venture and private equity capital available to small businesses. Created by the Small Business Investment Act of 1958, the program utilizes a privately owned and SBA licensed model to increase access to capital.

With over 300 SBICs operating in the country and more than \$28 billion of capital under management, the program in Fiscal Year 2016 invested more than \$6 billion in approximately 1,200 small businesses, all while running on a zero subsidy cost to the American taxpayer.

In 2015, I introduced, and our Committee favorably reported, an SBIC bill that focused on increasing the Family of Funds limit. That bill was signed into law as part of the Consolidated Appropriations Act of 2016.

Mr. Knight's bill that we have before us today is similar to that bill but concentrates on the Individual Leverage Limit instead. Currently set at \$150 million, the individual limit determines how much capital can be provided to a small business by an SBIC that has only one fund under management. To better utilize this program and allow an increase in capital to small businesses, H.R. 2333 increases the Individual Leverage Limit to \$175 million.

I want to thank Mr. Knight and Ms. Chu for their leadership. With the prospect of small business expansion and job creation resulting from this increase, I urge my colleagues to support the bill.

H.R. 2364 Chairman Chabot Opening Statement

Thank you all. As outlined in the Small Business Investment Act, banks and federal savings associations are limited to the amount of capital or surplus they can invest in an SBIC. Currently, the limit is set at 5 percent.

Ms. Chu's bill increases this investment threshold to 15 percent and requires any investment above the 5 percent mark to be subject to approval by the bank's regulator.

Further, this new 15 percent limit brings parity to the program with rules by the Office of the Comptroller of the Currency, which limit an SBIC investment by a financial institution or federal savings association to 15 percent.

As the nation's small businesses continue to experience difficulties accessing capital, the SBIC program delivers needed assistance and has a track record of success to prove it.

In their infancy, some of the nation's most prominent companies, such as Apple and FedEx, have received some form of SBIC financing in the past. By increasing a financial institution's or federal savings association's SBIC investment level, the program will continue to be a job creator. I want to thank Ms. Chu and Mr. Knight for their leadership on this issue. I urge my colleagues to support the bill.

H.R. 2056 Chairman Chabot Opening Statement

Thank you all. Throughout this markup and over the years, this Committee has worked in a bipartisan fashion to make important reforms to programs to benefit small businesses across the nation. H.R. 2056, the *Microloan Modernization Act of 2017*, is no different.

As we all remember, we started the process of looking to improve the Microloan program with legislation last Congress. This year's legislation builds on that momentum.

The Microloan program acutely targets small dollar borrowers, thus making it an important tool at SBA's disposal. With that in mind, this Committee's goal is to ensure the program is running efficiently and appropriately for small businesses.

To fully service small dollar borrowers, H.R. 2056 raises the lending volume a microloan intermediary has at its disposal from 5 million to 6 million dollars. Further, to measure the full utilization of the program by microlenders across the country, H.R. 2056 directs both the SBA and the Government Accountability Office to study the program and report back to Congress.

As we continue to see signs of economic improvement, we must still steadfastly defend the nation's smallest businesses and startups. H.R. 2056 makes important changes to the program that will enhance a small dollar borrower's ability to grow and create jobs.

I want to thank the gentlelady, Ms. Murphy and all of the Members on this Committee who have taken a leading role in this legislation. I urge my colleagues to support the bill.

H.R. 2056 Chairman Chabot Statement on Bacon's Amendment

If there is no further discussion on the amendment, allow me to thank the gentleman for his work. I support this amendment to provide flexibility to the 25/75 Rule without eliminating it.

With more and more technical assistance being offered by microlenders at the pre-loan stage of their conversations, this amendment updates the outdated 25/75 Rule. By increasing the ratio to 50 percent, small dollar borrowers will receive more thorough assistance when they need it most, before the loan, instead of when a small business is in the post-loan position. I support this amendment.