

106TH CONGRESS
1ST SESSION

H. R. 2812

To provide for a community development venture capital program.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 8, 1999

Mr. MCGOVERN (for himself, Mr. DAVIS of Illinois, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. HINCHEY, Mr. FROST, Mr. FATTAH, Mr. MARTINEZ, Ms. LEE, and Ms. MILLENDER-MCDONALD) introduced the following bill; which was referred to the Committee on Small Business

A BILL

To provide for a community development venture capital program.

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 “Community Develop-
5 ment Venture Capital Assistance Act of 1999”.

6 **SEC. 2. FINDINGS.**

7 Congress finds that—

8 (1) there is a need for the development and ex-
9 pansion of organizations that provide private equity
10 capital to smaller businesses in areas in which eq-

1 (1) by redesignating section 32 as section 33;

2 and

3 (2) by inserting after section 31 the following:

4 **“SEC. 32. COMMUNITY DEVELOPMENT VENTURE CAPITAL**
5 **ACTIVITIES.**

6 “(a) DEFINITIONS.—In this section:

7 “(1) COMMUNITY DEVELOPMENT VENTURE
8 CAPITAL ORGANIZATION.—The term ‘community de-
9 velopment venture capital organization’ means a pri-
10 vately-controlled organization that—

11 “(A) has a primary mission of promoting
12 community development in low-income commu-
13 nities, as defined by the Administrator, through
14 investment in private business enterprises; or

15 “(B) administers or is in the process of es-
16 tablishing a community development venture
17 capital fund for the purpose of making equity
18 investments in private business enterprises in
19 such communities.

20 “(2) DEVELOPMENTAL ORGANIZATION.—The
21 term ‘developmental organization’—

22 “(A) means a public or private entity, in-
23 cluding a college or university, that provides
24 technical assistance to community development
25 venture capital organizations or that conducts

1 research or training in community development
2 venture capital investment; and

3 “(B) may include an intermediary organi-
4 zation.

5 “(3) INTERMEDIARY ORGANIZATION.—The term
6 ‘intermediary organization’—

7 “(A) means a private, nonprofit entity that
8 has—

9 “(i) a primary mission of promoting
10 community development through invest-
11 ment in private businesses in low-income
12 communities; and

13 “(ii) significant prior experience in
14 providing technical assistance or financial
15 assistance to community development ven-
16 ture capital organizations;

17 “(B) may include community development
18 venture capital organizations.

19 “(b) AUTHORITY.—In order to promote the develop-
20 ment of community development venture capital organiza-
21 tions, the Administrator, may—

22 “(1) enter into contracts with 1 or more devel-
23 opmental organizations to carry out training and re-
24 search activities under subsection (c); and

1 “(2) make grants in accordance with this
2 section—

3 “(A) to developmental organizations to
4 carry out training and research activities under
5 subsection (c); and

6 “(B) to intermediary organizations to pro-
7 vide training and assistance under subsection
8 (d) to community development venture capital
9 organizations.

10 “(c) TRAINING AND RESEARCH ACTIVITIES OF DE-
11 VELOPMENTAL ORGANIZATIONS.—

12 “(1) IN GENERAL.—Subject to paragraph (2), a
13 developmental organization that receives a grant
14 under subsection (b)(2)(A) shall use the funds made
15 available through the grant for 1 or more of the fol-
16 lowing training and research activities:

17 “(A) ENHANCEMENT OF PROFESSIONAL
18 SKILLS.—Creating and operating training pro-
19 grams to enhance the professional skills for in-
20 dividuals in community development venture
21 capital organizations or operating private com-
22 munity development venture capital funds.

23 “(B) INCREASING INTEREST IN COMMU-
24 NITY DEVELOPMENT VENTURE CAPITAL.—Cre-
25 ating and operating a program to select and

1 place students and recent graduates from busi-
2 ness and related professional schools as interns
3 with community development venture capital or-
4 ganizations and intermediary organizations for
5 a period of up to 1 year, and to provide sti-
6 pends for such interns during the internship pe-
7 riod.

8 “(C) PROMOTING ‘BEST PRACTICES’.—Or-
9 ganizing an annual national conference for com-
10 munity development venture capital organiza-
11 tions to discuss and share information on the
12 best practices regarding issues relevant to the
13 creation and operation of community develop-
14 ment venture capital organizations.

15 “(D) MOBILIZING ACADEMIC RE-
16 SOURCES.—Encouraging the formation of 1 or
17 more centers for the study of community devel-
18 opment venture capital at graduate schools of
19 business and management, providing funding
20 for the development of materials for courses on
21 topics in this area, and providing funding for
22 research on economic, operational, and policy
23 issues relating to community development ven-
24 ture capital.

1 “(2) LIMITATION.—The Administrator shall en-
2 sure that not more than 25 percent of the amount
3 made available to carry out this section is used for
4 activities described in paragraph (1).

5 “(d) USE OF GRANT FUNDS BY INTERMEDIARY OR-
6 GANIZATIONS.—An intermediary organization that re-
7 ceives a grant under subsection (b)(2)(B) shall use the
8 funds made available through the grant to provide training
9 and assistance with respect to marketing, management,
10 and technical issues to promote the development of com-
11 munity development venture capital organizations, which
12 assistance may include grants to community development
13 venture capital organizations for the start up costs and
14 operating support of those organizations.

15 “(e) MATCHING REQUIREMENT.—The Administrator
16 shall require, as a condition of any grant made to an inter-
17 mediary organization under section (b)(2)(B), that a
18 matching amount equal to the amount of such grant be
19 provided from sources other than the Federal Govern-
20 ment.

21 “(f) REGULATIONS.—The Administrator may pro-
22 mulgate such regulations as may be necessary to carry out
23 this section, which regulations may take effect upon
24 issuance.

1 “(g) AUTHORIZATION OF APPROPRIATIONS.—There
2 is authorized to be appropriated to carry out this section
3 a total of \$20,000,000 for fiscal years 2000 through
4 2003.”.

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