

POSEY) that the House suspend the rules and pass the bill, H.R. 2726, as amended.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

## CREATING FINANCIAL PROSPERITY FOR BUSINESSES AND INVESTORS ACT

Mr. GARRETT. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 6427) to improve the operation of United States capital markets, and for other purposes.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 6427

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

### SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the “Creating Financial Prosperity for Businesses and Investors Act”.

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.

#### TITLE I—SMALL BUSINESS CAPITAL FORMATION ENHANCEMENT

Sec. 101. Annual review of government-business forum on capital formation.

#### TITLE II—SEC SMALL BUSINESS ADVOCATE

Sec. 201. Establishment of Office of the Advocate for Small Business Capital Formation and Small Business Capital Formation Advisory Committee.

#### TITLE III—SUPPORTING AMERICA’S INNOVATORS

Sec. 301. Investor limitation for qualifying venture capital funds.

#### TITLE IV—FIX CROWDFUNDING

Sec. 401. Crowdfunding vehicles.

Sec. 402. Crowdfunding exemption from registration.

#### TITLE V—FAIR INVESTMENT OPPORTUNITIES FOR PROFESSIONAL EXPERTS

Sec. 501. Definition of accredited investor.

#### TITLE VI—U.S. TERRITORIES INVESTOR PROTECTION

Sec. 601. Termination of exemption.

#### TITLE I—SMALL BUSINESS CAPITAL FORMATION ENHANCEMENT

### SEC. 101. ANNUAL REVIEW OF GOVERNMENT-BUSINESS FORUM ON CAPITAL FORMATION.

Section 503 of the Small Business Investment Incentive Act of 1980 (15 U.S.C. 80c-1) is amended by adding at the end the following:

“(e) The Commission shall—

“(1) review the findings and recommendations of the forum; and

“(2) each time the forum submits a finding or recommendation to the Commission, promptly issue a public statement—

“(A) assessing the finding or recommendation of the forum; and

“(B) disclosing the action, if any, the Commission intends to take with respect to the finding or recommendation.”.

### TITLE II—SEC SMALL BUSINESS ADVOCATE

#### SEC. 201. ESTABLISHMENT OF OFFICE OF THE ADVOCATE FOR SMALL BUSINESS CAPITAL FORMATION AND SMALL BUSINESS CAPITAL FORMATION ADVISORY COMMITTEE.

(a) OFFICE OF THE ADVOCATE FOR SMALL BUSINESS CAPITAL FORMATION.—Section 4 of the Securities Exchange Act of 1934 (15 U.S.C. 78d) is amended by adding at the end the following:

“(j) OFFICE OF THE ADVOCATE FOR SMALL BUSINESS CAPITAL FORMATION.—

“(1) OFFICE ESTABLISHED.—There is established within the Commission the Office of the Advocate for Small Business Capital Formation (hereafter in this subsection referred to as the “Office”).

“(2) ADVOCATE FOR SMALL BUSINESS CAPITAL FORMATION.—

“(A) IN GENERAL.—The head of the Office shall be the Advocate for Small Business Capital Formation, who shall—

“(i) report directly to the Commission; and

“(ii) be appointed by the Commission, from among individuals having experience in advocating for the interests of small businesses and encouraging small business capital formation.

“(B) COMPENSATION.—The annual rate of pay for the Advocate for Small Business Capital Formation shall be equal to the highest rate of annual pay for other senior executives who report directly to the Commission.

“(C) NO CURRENT EMPLOYEE OF THE COMMISSION.—An individual may not be appointed as the Advocate for Small Business Capital Formation if the individual is currently employed by the Commission.

“(3) STAFF OF OFFICE.—The Advocate for Small Business Capital Formation, after consultation with the Commission, may retain or employ independent counsel, research staff, and service staff, as the Advocate for Small Business Capital Formation determines to be necessary to carry out the functions of the Office.

“(4) FUNCTIONS OF THE ADVOCATE FOR SMALL BUSINESS CAPITAL FORMATION.—The Advocate for Small Business Capital Formation shall—

“(A) assist small businesses and small business investors in resolving significant problems such businesses and investors may have with the Commission or with self-regulatory organizations;

“(B) identify areas in which small businesses and small business investors would benefit from changes in the regulations of the Commission or the rules of self-regulatory organizations;

“(C) identify problems that small businesses have with securing access to capital, including any unique challenges to minority-owned and women-owned small businesses;

“(D) analyze the potential impact on small businesses and small business investors of—

“(i) proposed regulations of the Commission that are likely to have a significant economic impact on small businesses and small business capital formation; and

“(ii) proposed rules that are likely to have a significant economic impact on small businesses and small business capital formation of self-regulatory organizations registered under this title;

“(E) conduct outreach to small businesses and small business investors, including through regional roundtables, in order to solicit views on relevant capital formation issues;

“(F) to the extent practicable, propose to the Commission changes in the regulations or orders of the Commission and to Congress any legislative, administrative, or personnel changes that may be appropriate to mitigate problems identified under this paragraph and

to promote the interests of small businesses and small business investors;

“(G) consult with the Investor Advocate on proposed recommendations made under subparagraph (F); and

“(H) advise the Investor Advocate on issues related to small businesses and small business investors.

“(5) ACCESS TO DOCUMENTS.—The Commission shall ensure that the Advocate for Small Business Capital Formation has full access to the documents and information of the Commission and any self-regulatory organization, as necessary to carry out the functions of the Office.

“(6) ANNUAL REPORT ON ACTIVITIES.—

“(A) IN GENERAL.—Not later than December 31 of each year after 2016, the Advocate for Small Business Capital Formation shall submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a report on the activities of the Advocate for Small Business Capital Formation during the immediately preceding fiscal year.

“(B) CONTENTS.—Each report required under subparagraph (A) shall include—

“(i) appropriate statistical information and full and substantive analysis;

“(ii) information on steps that the Advocate for Small Business Capital Formation has taken during the reporting period to improve small business services and the responsiveness of the Commission and self-regulatory organizations to small business and small business investor concerns;

“(iii) a summary of the most serious issues encountered by small businesses and small business investors, including any unique issues encountered by minority-owned and women-owned small businesses and their investors, during the reporting period;

“(iv) an inventory of the items summarized under clause (iii) (including items summarized under such clause for any prior reporting period on which no action has been taken or that have not been resolved to the satisfaction of the Advocate for Small Business Capital Formation as of the beginning of the reporting period covered by the report) that includes—

“(I) identification of any action taken by the Commission or the self-regulatory organization and the result of such action;

“(II) the length of time that each item has remained on such inventory; and

“(III) for items on which no action has been taken, the reasons for inaction, and an identification of any official who is responsible for such action;

“(v) recommendations for such changes to the regulations, guidance and orders of the Commission and such legislative actions as may be appropriate to resolve problems with the Commission and self-regulatory organizations encountered by small businesses and small business investors and to encourage small business capital formation; and

“(vi) any other information, as determined appropriate by the Advocate for Small Business Capital Formation.

“(C) CONFIDENTIALITY.—No report required by subparagraph (A) may contain confidential information.

“(D) INDEPENDENCE.—Each report required under subparagraph (A) shall be provided directly to the committees of Congress listed in such subparagraph without any prior review or comment from the Commission, any commissioner, any other officer or employee of the Commission, or the Office of Management and Budget.

“(7) REGULATIONS.—The Commission shall establish procedures requiring a formal response to all recommendations submitted to the Commission by the Advocate for Small

Business Capital Formation, not later than 3 months after the date of such submission.

“(8) **GOVERNMENT-BUSINESS FORUM ON SMALL BUSINESS CAPITAL FORMATION.**—The Advocate for Small Business Capital Formation shall be responsible for planning, organizing, and executing the annual Government-Business Forum on Small Business Capital Formation described in section 503 of the Small Business Investment Incentive Act of 1980 (15 U.S.C. 80c-1).

“(9) **RULE OF CONSTRUCTION.**—Nothing in this subsection may be construed as replacing or reducing the responsibilities of the Investor Advocate with respect to small business investors.”.

(b) **SMALL BUSINESS CAPITAL FORMATION ADVISORY COMMITTEE.**—Title I of the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.) is amended by adding at the end the following:

**“SEC. 40. SMALL BUSINESS CAPITAL FORMATION ADVISORY COMMITTEE.**

“(a) **ESTABLISHMENT AND PURPOSE.**—

“(1) **ESTABLISHMENT.**—There is established within the Commission the Small Business Capital Formation Advisory Committee (hereafter in this section referred to as the ‘Committee’).

“(2) **FUNCTIONS.**—

“(A) **IN GENERAL.**—The Committee shall provide the Commission with advice on the Commission’s rules, regulations, and policies with regard to the Commission’s mission of protecting investors, maintaining fair, orderly, and efficient markets, and facilitating capital formation, as such rules, regulations, and policies relate to—

“(i) capital raising by emerging, privately held small businesses (‘emerging companies’) and publicly traded companies with less than \$250,000,000 in public market capitalization (‘smaller public companies’) through securities offerings, including private and limited offerings and initial and other public offerings;

“(ii) trading in the securities of emerging companies and smaller public companies; and

“(iii) public reporting and corporate governance requirements of emerging companies and smaller public companies.

“(B) **LIMITATION.**—The Committee shall not provide any advice with respect to any policies, practices, actions, or decisions concerning the Commission’s enforcement program.

“(b) **MEMBERSHIP.**—

“(1) **IN GENERAL.**—The members of the Committee shall be—

“(A) the Advocate for Small Business Capital Formation;

“(B) not fewer than 10, and not more than 20, members appointed by the Commission, from among individuals—

“(i) who represent—

“(I) emerging companies engaging in private and limited securities offerings or considering initial public offerings (‘IPO’) (including the companies’ officers and directors);

“(II) the professional advisors of such companies (including attorneys, accountants, investment bankers, and financial advisors); and

“(III) the investors in such companies (including angel investors, venture capital funds, and family offices);

“(ii) who are officers or directors of minority-owned small businesses or women-owned small businesses;

“(iii) who represent—

“(I) smaller public companies (including the companies’ officers and directors);

“(II) the professional advisors of such companies (including attorneys, auditors, underwriters, and financial advisors); and

“(III) the pre-IPO and post-IPO investors in such companies (both institutional, such as venture capital funds, and individual, such as angel investors); and

“(iv) who represent participants in the marketplace for the securities of emerging companies and smaller public companies, such as securities exchanges, alternative trading systems, analysts, information processors, and transfer agents; and

“(C) three non-voting members—

“(i) one of whom shall be appointed by the Investor Advocate;

“(ii) one of whom shall be appointed by the North American Securities Administrators Association; and

“(iii) one of whom shall be appointed by the Administrator of the Small Business Administration.

“(2) **TERM.**—Each member of the Committee appointed under subparagraph (B), (C)(ii), or (C)(iii) of paragraph (1) shall serve for a term of 4 years.

“(3) **MEMBERS NOT COMMISSION EMPLOYEES.**—Members appointed under subparagraph (B), (C)(ii), or (C)(iii) of paragraph (1) shall not be treated as employees or agents of the Commission solely because of membership on the Committee.

“(c) **CHAIRMAN; VICE CHAIRMAN; SECRETARY; ASSISTANT SECRETARY.**—

“(1) **IN GENERAL.**—The members of the Committee shall elect, from among the members of the Committee—

“(A) a chairman;

“(B) a vice chairman;

“(C) a secretary; and

“(D) an assistant secretary.

“(2) **TERM.**—Each member elected under paragraph (1) shall serve for a term of 3 years in the capacity for which the member was elected under paragraph (1).

“(d) **MEETINGS.**—

“(1) **FREQUENCY OF MEETINGS.**—The Committee shall meet—

“(A) not less frequently than four times annually, at the call of the chairman of the Committee; and

“(B) from time to time, at the call of the Commission.

“(2) **NOTICE.**—The chairman of the Committee shall give the members of the Committee written notice of each meeting, not later than 2 weeks before the date of the meeting.

“(e) **COMPENSATION AND TRAVEL EXPENSES.**—Each member of the Committee who is not a full-time employee of the United States shall—

“(1) be entitled to receive compensation at a rate not to exceed the daily equivalent of the annual rate of basic pay in effect for a position at level V of the Executive Schedule under section 5316 of title 5, United States Code, for each day during which the member is engaged in the actual performance of the duties of the Committee; and

“(2) while away from the home or regular place of business of the member in the performance of services for the Committee, be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Government service are allowed expenses under section 5703 of title 5, United States Code.

“(f) **STAFF.**—The Commission shall make available to the Committee such staff as the chairman of the Committee determines are necessary to carry out this section.

“(g) **REVIEW BY COMMISSION.**—The Commission shall—

“(1) review the findings and recommendations of the Committee; and

“(2) each time the Committee submits a finding or recommendation to the Commission, promptly issue a public statement—

“(A) assessing the finding or recommendation of the Committee; and

“(B) disclosing the action, if any, the Commission intends to take with respect to the finding or recommendation.

“(h) **FEDERAL ADVISORY COMMITTEE ACT.**—The Federal Advisory Committee Act (5 U.S.C. App.) shall not apply with respect to the Committee and its activities.”.

(c) **ANNUAL GOVERNMENT-BUSINESS FORUM ON SMALL BUSINESS CAPITAL FORMATION.**—Section 503(a) of the Small Business Investment Incentive Act of 1980 (15 U.S.C. 80c-1(a)) is amended by inserting “(acting through the Office of the Advocate for Small Business Capital Formation and in consultation with the Small Business Capital Formation Advisory Committee)” after “Securities and Exchange Commission”.

**TITLE III—SUPPORTING AMERICA'S INNOVATORS**

**SEC. 301. INVESTOR LIMITATION FOR QUALIFYING VENTURE CAPITAL FUNDS.**

Section 3(c)(1) of the Investment Company Act of 1940 (15 U.S.C. 80a-3(c)(1)) is amended—

(1) by inserting after “one hundred persons” the following: “(or, with respect to a qualifying venture capital fund, 250 persons)”;

(2) by adding at the end the following:

“(C) The term ‘qualifying venture capital fund’ means any venture capital fund (as defined pursuant to section 203(1)(1) of the Investment Advisers Act of 1940 (15 U.S.C. 80b-3(1)(1)) with no more than \$10,000,000 in invested capital, as such dollar amount is annually adjusted by the Commission to reflect the change in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the Department of Labor.”.

**TITLE IV—FIX CROWDFUNDING**

**SEC. 401. CROWDFUNDING VEHICLES.**

(a) **AMENDMENTS TO THE SECURITIES ACT OF 1933.**—The Securities Act of 1933 (15 U.S.C. 77a et seq.) is amended—

(1) in section 4A(f)(3), by inserting “by any of paragraphs (1) through (14) of” before “section 3(c)”;

(2) in section 4(a)(6)(B), by inserting after “any investor” the following: “, other than a crowdfunding vehicle (as defined in section 2(a) of the Investment Company Act of 1940).”.

(b) **AMENDMENTS TO THE INVESTMENT COMPANY ACT OF 1940.**—The Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.) is amended—

(1) in section 2(a), by adding at the end the following:

“(55) The term ‘crowdfunding vehicle’ means a company—

“(A) whose purpose (as set forth in its organizational documents) is limited to acquiring, holding, and disposing securities issued by a single company in one or more transactions and made pursuant to section 4(a)(6) of the Securities Act of 1933;

“(B) which issues only one class of securities;

“(C) which receives no compensation in connection with such acquisition, holding, or disposition of securities;

“(D) no associated person of which receives any compensation in connection with such acquisition, holding or disposition of securities unless such person is acting as or on behalf of an investment adviser registered under the Investment Advisers Act of 1940 or registered as an investment adviser in the State in which the investment adviser maintains its principal office and place of business;

“(E) the securities of which have been issued in a transaction made pursuant to section 4(a)(6) of the Securities Act of 1933, where both the crowdfunding vehicle and the company whose securities it holds are co-issuers;

“(F) which is current in its ongoing disclosure obligations under Rule 202 of Regulation Crowdfunding (17 C.F.R. 227.202);

“(G) the company whose securities it holds is current in its ongoing disclosure obligations under Rule 202 of Regulation Crowdfunding (17 C.F.R. 227.202); and

“(H) is advised by an investment adviser registered under the Investment Advisers Act of 1940 or registered as an investment adviser in the State in which the investment adviser maintains its principal office and place of business.”; and

(2) in section 3(c), by adding at the end the following:

“(15) Any crowdfunding vehicle.”.

#### SEC. 402. CROWDFUNDING EXEMPTION FROM REGISTRATION.

Section 12(g)(6) of the Securities Exchange Act of 1934 (15 U.S.C. 78l(g)(6)) is amended—

(1) by striking “The Commission” and inserting the following:

“(A) IN GENERAL.—The Commission”;

(2) by striking “section 4(6)” and inserting “section 4(a)(6)”; and

(3) by adding at the end the following:

“(B) TREATMENT OF SECURITIES ISSUED BY CERTAIN ISSUERS.—An exemption under subparagraph (A) shall be unconditional for securities offered by an issuer that had a public float of less than \$75,000,000 as of the last business day of the issuer's most recently completed semiannual period, computed by multiplying the aggregate worldwide number of shares of the issuer's common equity securities held by non-affiliates by the price at which such securities were last sold (or the average bid and asked prices of such securities) in the principal market for such securities or, in the event the result of such public float calculation is zero, had annual revenues of less than \$50,000,000 as of the issuer's most recently completed fiscal year.”.

#### TITLE V—FAIR INVESTMENT OPPORTUNITIES FOR PROFESSIONAL EXPERTS

##### SEC. 501. DEFINITION OF ACCREDITED INVESTOR.

Section 2(a)(15) of the Securities Act of 1933 (15 U.S.C. 77b(a)(15)) is amended—

(1) by redesignating clauses (i) and (ii) as subparagraphs (A) and (F), respectively; and

(2) in subparagraph (A) (as so redesignated), by striking “; or” and inserting a semicolon, and inserting after such subparagraph the following:

“(B) any natural person whose individual net worth, or joint net worth with that person's spouse, exceeds \$1,000,000 (which amount, along with the amounts set forth in subparagraph (C), shall be adjusted for inflation by the Commission every 5 years to the nearest \$10,000 to reflect the change in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics) where, for purposes of calculating net worth under this subparagraph—

“(i) the person's primary residence shall not be included as an asset;

“(ii) indebtedness that is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of the sale of securities, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of sale of securities exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability); and

“(iii) indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence at the time of the sale of securities shall be included as a liability;

“(C) any natural person who had an individual income in excess of \$200,000 in each of

the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;

“(D) any natural person who is currently licensed or registered as a broker or investment adviser by the Commission, the Financial Industry Regulatory Authority, or an equivalent self-regulatory organization (as defined in section 3(a)(26) of the Securities Exchange Act of 1934), or the securities division of a State or the equivalent State division responsible for licensing or registration of individuals in connection with securities activities;

“(E) any natural person the Commission determines, by regulation, to have demonstrable education or job experience to qualify such person as having professional knowledge of a subject related to a particular investment, and whose education or job experience is verified by the Financial Industry Regulatory Authority or an equivalent self-regulatory organization (as defined in section 3(a)(26) of the Securities Exchange Act of 1934); or”.

#### TITLE VI—U.S. TERRITORIES INVESTOR PROTECTION

##### SEC. 601. TERMINATION OF EXEMPTION.

(a) IN GENERAL.—Section 6(a) of the Investment Company Act of 1940 (15 U.S.C. 80a-6(a)) is amended by striking paragraph (1).

(b) EFFECTIVE DATE AND SAFE HARBOR.—

(1) EFFECTIVE DATE.—Except as provided in paragraph (2), the amendment made by subsection (a) shall take effect on the date of the enactment of this Act.

(2) SAFE HARBOR.—With respect to a company that is exempt under section 6(a)(1) of the Investment Company Act of 1940 (15 U.S.C. 80a-6(a)(1)) on the day before the date of the enactment of this Act, the amendment made by subsection (a) shall take effect on the date that is 3 years after the date of the enactment of this Act.

(3) EXTENSION OF SAFE HARBOR.—The Securities and Exchange Commission, by rule and regulation upon its own motion, or by order upon application, may conditionally or unconditionally, under section 6(c) of the Investment Company Act of 1940 (15 U.S.C. 80a-6(c)), further delay the effective date for a company described in paragraph (2) for a maximum of 3 years following the initial 3-year period if, before the end of the initial 3-year period, the Commission determines that such a rule, regulation, motion, or order is necessary or appropriate in the public interest and for the protection of investors.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from New Jersey (Mr. GARRETT) and the gentleman from New York (Ms. VELÁZQUEZ) each will control 20 minutes.

The Chair recognizes the gentleman from New Jersey.

#### GENERAL LEAVE

Mr. GARRETT. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous materials on this bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. GARRETT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise today in support of H.R. 6427, the Creating Financial Prosperity for Businesses and Investors Act. It is a compilation of legislative

initiatives that the Financial Services Committee has worked on in a very constructive and bipartisan manner during the 114th Congress.

For 6 years, our committee, and, in particular, the Subcommittee on Capital Markets and Government Sponsored Enterprises, has sought to break through the bipartisan gridlock in Washington and to ensure that the SEC, or the Securities and Exchange Commission, fulfills an important part of its mission to facilitate capital formation.

For example, the JOBS Act of 2012, much of which originated in our committee, has already been a measurable success, as hundreds of companies have used its provisions to file for an initial public offering, and other businesses have been able to raise well over \$50 billion worth of capital through private channels.

Altogether, this translates to more growth, more innovation, and, most importantly, more jobs here for Americans who have been struggling in an economy that is producing only 1-2 percent growth, at best.

We didn't stop at the JOBS Act, and both Republicans and Democrats on our committee came together and continued to generate good ideas that modernize our Nation's security laws for the benefit of the small- and medium-sized enterprises, which often pay a disproportionate share of the costs that come along with regulation.

For example, during this Congress, our subcommittee has put forward nearly 40 bills to do just that, the vast majority of which gained, again, bipartisan support in both committee and here on the House floor. A year ago this month, a number of these measures were signed into law at the White House by the President.

Today, we bring together a package of another six bills on the House floor with the hopes that we, once again, can improve the environment in which entrepreneurs and small businesses can operate.

The provisions under H.R. 6427 include the following:

First, a bill from Mr. CARNEY and Mr. DUFFY that would create an Office of the Advocate for Small Business Capital Formation at the SEC. For too long, Mr. Speaker, the SEC has operated in a bureaucratic silo and ignored the needs of small and growing businesses and entrepreneurs. So we have Mr. DUFFY's bill, which gives small businesses a permanent voice at the SEC, and it passed out of committee unanimously by a vote of 56-0. It also passed in the House overwhelmingly.

Secondly, Mr. Speaker, is a bill from Mr. POLIQUIN that would require the SEC to respond to recommendations made at its annual government small business forum, ensuring that the SEC no longer simply ignores the ideas generated by small businesses at this event. This bill, again, passed our committee by a vote of 55-1 and passed the House by a vote of 390-1 earlier this year.

It also includes two bills from Mr. McHENRY, who is on the floor and will be speaking later, one which would fix some of the more unworkable provisions of the crowd funding title of the JOBS Act, and a second bill that would modernize the threshold for when venture capital funds would have to register with the SEC. Again, there was huge bipartisan support, both passing out of committee 57-2 and garnering near-unanimous support here on the House floor.

There are two more.

Another title includes a bill from DAVE SCHWEIKERT that would reform the definition of an accredited investor for certain securities offerings so that it is not just the wealthy or the well-connected who are able to invest in these companies. This bill passed the House earlier, again, with near-unanimous support.

Finally, we have a bill from our Democratic colleague, Ms. VELÁZQUEZ, that would make a technical correction to an outdated law that exempts investment companies from having to register in U.S. territories.

In conclusion, Mr. Speaker, H.R. 6427 contains innovation and much-needed legislation to help get our economy off the slow growth track that it has been on for too long, and it continues the good bipartisanship that our committee is known for.

I want to take this moment to thank all my colleagues over the years for their hard work and willingness to work with us in a bipartisan manner to move legislation like this.

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In particular, I thank our chairman, JEB HENSARLING, for his tremendous leadership of our full Financial Services Committee and for all the work that he has done to improve our capital markets in this country and to create a financial system that works for the benefit of all Americans.

Mr. Speaker, I reserve the balance of my time.

Ms. VELÁZQUEZ. Mr. Speaker, I yield myself such time as I may consume.

I rise in support of H.R. 6427, a bipartisan package of commonsense measures that will help small businesses raise capital and better protect investors and retirees of the U.S. territories.

Today's bill contains numerous bipartisan solutions to ensure the SEC is more responsive to small business regulatory concerns. For example, it creates a new Office of the Advocate for Small Business Capital Formation and a new Small Business Advisory Committee. Taken together, these efforts will ensure the agency is more responsive to entrepreneurs' needs.

Furthermore, we have all heard that demand for small business capital outstrips supply. H.R. 6427 makes targeted changes to attract more investors to the small business market. By expanding definition of accredited investor, raising the investor cap on small ven-

ture capital funds, and making improvements to the equity crowdfunding rules implemented under the JOBS Act, this bill will help more startups and fast-growing businesses secure financing.

Beyond the small business provisions, today's bill will provide investors and retirees in Puerto Rico and other U.S. territories the same protections as their mainland counterparts. For 7 decades, the Investment Company Act of 1940 provided U.S. investors with basic safeguards, regulating everything from leverage limits to capitalization levels, to preventing conflicts of interest.

Due to a historical artifact, however, all funds located in and sold only to residents of U.S. territories are exempted from the act. The reason is U.S. territories were deemed to be too geographically distant from Washington, D.C. Obviously, the cost of air travel today is no longer an issue. Regulators routinely travel to Hawaii and Alaska to conduct oversight. In fact, SEC Chair White testified earlier this year that the exemption should be removed.

To close the loophole and provide territorial residents with the protections they deserve, I introduced the U.S. Territories Investor Protection Act. Over the past year, we met with stakeholders, heard their concerns and further fine-tuned the bill.

Investment companies will have an initial 3-year compliance period, with an option at the approval of the SEC, for an additional 3 years. This balances investor protections while granting more than reasonable time for financial institutions to comply. It is important to note that if investment companies need further relief, they are able to request such a reprieve under existing law.

I thank Chairman HENSARLING, Ranking Member WATERS, and Congressman GARRETT for working with me on this provision. Their cooperation was critical to developing an approach that would apply the act in a manner sensitive to investors and investment companies alike.

In sum, I will argue that this is a strong bill. It will reduce compliance costs, facilitate access to capital for thousands of small businesses, and better protect investors and retirees in territories like Puerto Rico.

I urge Members to support this legislation, and I reserve the balance of my time.

Mr. GARRETT. Mr. Speaker, I yield such time as he may consume to the gentleman from North Carolina (Mr. McHENRY). I appreciate all of his hard work for the JOBS Act and all the rest of his work as vice chair of the committee and the time together that we had.

Mr. McHENRY. Mr. Speaker, I thank my colleague for his kind words and for his leadership on important issues in the capital markets.

Today I rise to support the Creating Financial Prosperity for Businesses and Investors Act.

Mr. Speaker, the title doesn't do the act justice. This is about helping families, communities, small businesses, entrepreneurs, those that are risk-takers in our society trying to make our society better, more prosperous, and helping families and communities like the one I represent in western North Carolina be better off. We need a growing economy to help families, to help small businesses, to help make us more prosperous as Americans.

So this act deals with a couple of those areas in particular for families, small businesses, and entrepreneurs so they can gain greater access to lending, to loans, to capital that they need to help businesses grow and create jobs.

Two of those bills, to that end, I authored earlier this year, which we passed with over 400 votes, as individual stand-alone items through the House of Representatives. Those two bills, Supporting America's Innovators Act, and the Fix Crowdfunding Act, in particular, amend existing securities laws to make it easier for small businesses and entrepreneurs to use innovative forms of capital formation. Investment crowdfunding and angel investing are two of those areas, in particular, to support those ideas that enable us to create jobs.

Those two bills were a part of the larger package, that are a part of the innovation initiative that Leader MCCARTHY and I launched at the beginning of this year. A number of bills have moved through the House with wide bipartisan support that update outdated laws.

So, today, this package is an important step in the right direction; but our work is not done. We have to continue to work with our Federal regulators and Members on both sides of the aisle to ensure that we update and ensure investment crowdfunding, angel investing, and other areas of innovation can actually be better deployed across our society and to more people.

I urge my colleagues to vote "yes" and ensure this bipartisan bill has wide approval here in the House today.

Ms. VELÁZQUEZ. Mr. Speaker, I continue to reserve the balance of my time.

Mr. GARRETT. Mr. Speaker, I yield such time as he may consume to the gentleman from Arizona (Mr. SCHWEIKERT).

Mr. SCHWEIKERT. Mr. Speaker, I am here to speak about one of the ideas in this package that I have, shall we say, 5 or 6 years in; and the interesting thing, it was a conversation back and forth with a number of Democrats on the other side. It was one of those—it started as sort of a philosophical debate.

Often you hear us fussing at each other here on the floor, and we will get into these debates of, well, the concentration of wealth in the country;

you know, the number of folks who now hold so much wealth.

Yet, if you take a step backwards and look at the way we have our laws set up in this country, we don't decide that you get to invest in certain types of activities because of your talent. We don't decide you get to invest in certain activities because you are an expert in the technology or the business model.

We actually have a series of rules that, if you have \$1 million, you and your wife have a certain income, then you are allowed to invest. You think about that. So if I came to you right now and said, I am going to judge you by the size of your bank account and not by your competence, that would be pretty outrageous.

I guess for years and years, none of us had really sort of talked about it, thought about it in that way, that the arbitrary rules that the SEC and we had allowed to continue were a world where we judged people by their wealth and then gave them additional opportunities instead of handing those same opportunities to people because of their expertise in investing or the technology, their expertise in understanding the risk profile of such technology. I am hoping that is where we are heading.

There was a number of compromises to make both sides feel comfortable, and that is actually one of the reasons we had such a bipartisan vote; and to that, I also thank my friend, Chairman GARRETT. I am going to miss you because you have worked hard to shepherd many of these concepts through for years now.

I think this is a great start because we are going to start judging our brothers and sisters by their talents and not necessarily their bank account size, and that is why I am so happy on this one.

Ms. VELÁZQUEZ. Mr. Speaker, I am prepared to close. I yield myself such time as I may consume.

Mr. Speaker, access to capital is the lifeblood of every business. By expanding the pool of accredited investors and venture capital firms, improving the equity crowdfunding rules, and giving small business a bigger voice in SEC decisionmaking, H.R. 6427 provides the tools necessary to inject much-needed equity capital into our Main Street businesses.

Finally, closing the U.S. territories loophole in the Investment Company Act of 1940 will harmonize regulatory oversight and give millions of investors and retirees, mostly in Puerto Rico, the peace of mind that their hard-earned money will receive the same level of protection afforded to those on the mainland.

I thank the chairman, ranking member, and all of the cosponsors for their hard work in bringing this bipartisan package to the floor. I urge Members to support this bill, and I yield back the balance of my time.

Mr. GARRETT. Mr. Speaker, I yield myself such time as I may consume.

I rise again to support the legislation. It dawns on me also that, as I rise today, this may be the last time that I rise on the floor. So let me just say what an honor it has been to stand at this podium to bring forth legislation like this, as I have done over the last 14 years, and to end where I began, to do so in a bipartisan manner, that they tell me we should be able to pass through today in a pretty overwhelmingly bipartisan manner as well.

The gentleman from Arizona ended his remarks with the statement: Every day is a new beginning.

So I look at that as my days ahead. This legislation is a new beginning for capital formation and is a new beginning for bipartisanship in future legislation as well.

I thank my colleagues from the other side of the aisle that I have had the honor and privilege to work with on this legislation and other legislation as well. I thank my colleagues from my side of the aisle that I have had similar opportunity to do so as well. We have gone through challenging times, from good economic times and bad—maybe more bad than good—but, through it all, I think we have done so with the American public's interest in mind.

Behind me also are some of our members of our committee who I also wish to recognize for their work as well. They have left a profound impact on myself during the time that I have known them, and I thank them humbly for their being willing to put up with me and to deal with me throughout the years, but be able to work together for the benefit of the American public as well.

I think that, together, we have done great things. I look forward to watching what other great things will be done in a bipartisan manner as well.

I think my time may be just about out, but let me also just say this as well. I want to end where I began, which was thanking the chairman of this committee, Mr. JEB HENSARLING, for his leadership and, most importantly, for his friendship in the years I have known him in this capacity.

I urge every Member to support the underlying legislation, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New Jersey (Mr. GARRETT) that the House suspend the rules and pass the bill, H.R. 6427.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds being in the affirmative, the ayes have it.

Mr. GARRETT. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, further proceedings on this motion will be postponed.

□ 1715

## COMBAT-INJURED VETERANS TAX FAIRNESS ACT OF 2016

Mr. BRADY of Texas. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 5015) to restore amounts improperly withheld for tax purposes from severance payments to individuals who retired or separated from service in the Armed Forces for combat-related injuries, and for other purposes, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 5015

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

### SECTION 1. SHORT TITLE.

This Act may be cited as the "Combat-Injured Veterans Tax Fairness Act of 2016".

### SEC. 2. FINDINGS.

Congress makes the following findings:

(1) Approximately 10,000 to 11,000 individuals are retired from service in the Armed Forces for medical reasons each year.

(2) Some of such individuals are separated from service in the Armed Forces for combat-related injuries (as defined in section 104(b)(3) of the Internal Revenue Code of 1986).

(3) Congress has recognized the tremendous personal sacrifice of veterans with combat-related injuries by, among other things, specifically excluding from taxable income severance pay received for combat-related injuries.

(4) Since 1991, the Secretary of Defense has improperly withheld taxes from severance pay for wounded veterans, thus denying them their due compensation and a significant benefit intended by Congress.

(5) Many veterans owed redress are beyond the statutory period to file an amended tax return because they were not or are not aware that taxes were improperly withheld.

### SEC. 3. RESTORATION OF AMOUNTS IMPROPERLY WITHHELD FOR TAX PURPOSES FROM SEVERANCE PAYMENTS TO VETERANS WITH COMBAT-RELATED INJURIES.

(a) IN GENERAL.—Not later than one year after the date of the enactment of this Act, the Secretary of Defense shall—

(1) identify—

(A) the severance payments—

(i) that the Secretary paid after January 17, 1991;

(ii) that the Secretary computed under section 1212 of title 10, United States Code;

(iii) that were not considered gross income pursuant to section 104(a)(4) of the Internal Revenue Code of 1986; and

(iv) from which the Secretary withheld amounts for tax purposes; and

(B) the individuals to whom such severance payments were made; and

(2) with respect to each person identified under paragraph (1)(B), provide—

(A) notice of—

(i) the amount of severance payments in paragraph (1)(A) which were improperly withheld for tax purposes; and

(ii) such other information determined to be necessary by the Secretary of the Treasury to carry out the purposes of this section; and

(B) instructions for filing amended tax returns to recover the amounts improperly withheld for tax purposes.

(b) EXTENSION OF LIMITATION ON TIME FOR CREDIT OR REFUND.—

(1) PERIOD FOR FILING CLAIM.—If a claim for credit or refund under section 6511(a) of the