

116TH CONGRESS
1ST SESSION

S. 2149

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

JULY 17, 2019

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 2019” or the “SOAR Act”.

6 **SEC. 2. FINDINGS.**

7 Congress finds that—

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

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

9 (3) 4 metropolitan areas in 3 States—the San
10 Francisco Bay Area, New York City, Boston, and
11 Los Angeles—receive nearly 75 percent of all ven-
12 ture capital investment, which is a critical source of
13 funding for high-growth startups;

14 (4) of startups that receive venture capital
15 funding, 2 percent are African-American-owned, 6
16 percent are Latino-owned, and only 13 percent are
17 owned solely by women;

18 (5) incubators and accelerators are new models
19 of growth that drive innovation by connecting entre-
20 preneurial individuals and teams to create viable
21 business ventures and social initiatives;

22 (6) incubators and accelerators support prom-
23 ising startups through partnerships, mentoring, and
24 resources connecting them with seasoned entre-
25 preneurs;

1 (7) the goal of an incubator or an accelerator
 2 is to help create and grow young businesses by pro-
 3 viding them with necessary financial, technical, and
 4 industry support and financial and technical serv-
 5 ices; and

6 (8) startups offer unique opportunities for
 7 growth and development for women, minority, and
 8 veterans to become successful entrepreneurs and
 9 leaders in new and developed fields.

10 **SEC. 3. FUNDING FOR ORGANIZATIONS THAT SUPPORT**
 11 **STARTUP BUSINESSES.**

12 (a) IN GENERAL.—The Small Business Act (15
 13 U.S.C. 631 et seq.) is amended—

14 (1) by redesignating section 49 (15 U.S.C. 631
 15 note) as section 50; and

16 (2) by inserting after section 48 the following:

17 **“SEC. 49. FUNDING FOR ORGANIZATIONS THAT SUPPORT**
 18 **STARTUP BUSINESSES.**

19 “(a) DEFINITIONS.—In this section—

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

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

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

3 “(C) provides mentorship and instruction
4 to scale businesses; or

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

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

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

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

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

15 “(C) that is often classified as an accel-
16 erator;

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

20 “(5) the term ‘small business concern owned
21 and controlled by socially and economically disadvan-
22 taged individuals’ has the meaning given the term in
23 section 8(d)(3)(C); and

24 “(6) the term ‘State’ means any State of the
25 United States, the District of Columbia, the Com-

1 monwealth of Puerto Rico, and any territory or pos-
2 session of the United States.

3 “(b) FUNDING.—

4 “(1) IN GENERAL.—Not later than 1 year after
5 the date of enactment of this section, the Adminis-
6 trator shall develop and begin implementing a pro-
7 gram to award cash grants of not more than
8 \$100,000 to eligible entities to support new small
9 business concerns.

10 “(2) USE OF FUNDS.—A grant under this sec-
11 tion—

12 “(A) may be used for construction costs,
13 space acquisition, and programmatic purposes;
14 and

15 “(B) may not be used to provide capital or
16 professional services to new small business con-
17 cerns directly or through the subaward of
18 funds.

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

22 “(c) APPLICATION.—

23 “(1) IN GENERAL.—An eligible entity desiring a
24 grant under this section shall demonstrate that the
25 eligible entity will use the grant to provide assistance

1 to not less than 10 new small business concerns per
2 year.

3 “(2) REQUIREMENTS.—In soliciting applica-
4 tions and awarding grants to eligible entities under
5 this section, the Administrator shall employ a
6 streamlined and inclusive approach that—

7 “(A) widely publicizes funding opportuni-
8 ties to a broad audience, including through the
9 use of digital resources such as the website of
10 the Administration and social media;

11 “(B) utilizes an easily accessible submis-
12 sion process or platform;

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

14 “(i) the use of forms, detailed budg-
15 ets, supporting documentation, or written
16 submissions; and

17 “(ii) any other burdensome require-
18 ment;

19 “(D) focuses on solution-based approaches
20 and results-based outcomes;

21 “(E) encourages innovation; and

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

24 “(d) CRITERIA.—The Administrator shall establish
25 criteria for a grant under this section shall give priority

1 to eligible entities that are providing or plan to provide
2 to new small business concerns—

3 “(1) office, manufacturing, or warehouse space,
4 including appropriate operations infrastructure;

5 “(2) access to capital either directly from the
6 eligible entity (using amounts other than the
7 amounts provided under the grant) or through guid-
8 ance and contacts for acquiring capital from outside
9 investors;

10 “(3) access to professional services either di-
11 rectly from the eligible entity (using amounts other
12 than the amounts provided under the grant) or
13 through guidance and contacts for acquiring profes-
14 sional services, including accounting and legal serv-
15 ices; or

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

19 “(e) CONSIDERATIONS IN CHOOSING RECIPIENTS.—
20 In determining whether to award a grant under this sec-
21 tion to an eligible entity, the Administrator shall take into
22 account—

23 “(1) for eligible entities that have in operation
24 a program to support new small business concerns,
25 the record of the eligible entity in assisting new

1 small business concerns, including, for each of the 3
2 full years before the date on which the eligible entity
3 applies for a grant under this section—

4 “(A) the retention rate of new small busi-
5 ness concerns in the program of the eligible en-
6 tity;

7 “(B) the average period of participation by
8 new small business concerns in the program of
9 the eligible entity;

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

13 “(D) the total, average, and median num-
14 ber of employees of new small business concerns
15 participating in the program of the eligible enti-
16 ty;

17 “(2) for all eligible entities—

18 “(A) the number of new small business
19 concerns assisted or anticipated to be assisted
20 by the eligible entity;

21 “(B) the number of new small business
22 concerns applying or anticipated to apply for
23 assistance from the eligible entity;

24 “(C) whether the program of the eligible
25 entity provides or would provide assistance to

1 individuals in gender, racial, or ethnic groups
2 underrepresented by existing programs to assist
3 new small business concerns; and

4 “(D) other metrics determined appropriate
5 by the Administrator;

6 “(3) the need in the geographic area to be
7 served by the program to be carried out using the
8 grant for additional assistance for new small busi-
9 ness concerns, if the area has sufficient population
10 density, as determined by the Administrator;

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

13 “(5) the ability of the eligible entity to use and
14 leverage local strengths, including human resources,
15 infrastructure, and educational institutions.

16 “(f) REQUIREMENT TO AWARD GRANTS TO CERTAIN
17 ACCELERATORS.—In order to promote diversity in entre-
18 preneurship, the Administrator shall award not less than
19 50 percent of amounts appropriated for grants in a given
20 fiscal year to—

21 “(1) accelerators located in an area described in
22 subparagraph (A), (B), or (C) of section 3(p)(1);
23 and

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

4 “(A) owned and controlled by socially and
5 economically disadvantaged individuals;

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

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

9 “(i) Native Americans;

10 “(ii) individuals participating in the
11 Transition Assistance Program of the De-
12 partment of Defense;

13 “(iii) individuals who—

14 “(I) served on active duty in any
15 branch of the Armed Forces, includ-
16 ing the National Guard and Reserves;
17 and

18 “(II) were discharged or released
19 from such service under conditions
20 other than dishonorable;

21 “(iv) formerly incarcerated individ-
22 uals; or

23 “(v) individuals with a disability.

24 “(g) MATCHING NONPUBLIC FUNDING REQUIRE-
25 MENT.—

1 “(1) IN GENERAL.—An eligible entity receiving
2 a grant under this section shall obtain funds from
3 a private individual or entity (including a for-profit
4 or nonprofit entity) that are—

5 “(A) for the same purposes as a grant may
6 be made under this section;

7 “(B) used to carry out the program of the
8 eligible entity carried out using the grant under
9 this section; and

10 “(C) in an amount that is not to be less
11 than 50 percent of the amount of the grant
12 under this section.

13 “(2) FORM OF NON-FEDERAL SHARE.—Not
14 more than 25 percent of the funds obtained under
15 paragraph (1) may be in the form of in-kind con-
16 tributions.

17 “(h) CONSEQUENCES OF FAILURE TO ABIDE BY
18 TERMS OR CONDITIONS OF GRANT OR REQUIREMENTS OF
19 THIS SECTION.—The Administrator shall notify each eli-
20 gible entity receiving a grant under this section that fail-
21 ure to abide by the terms and conditions of the grant or
22 the requirements of this section may, in the discretion of
23 the Administrator and in addition to any other civil or
24 criminal consequences, result in the Administrator with-

1 holding payments or ordering the eligible entity to return
2 the grant funds.

3 “(i) ANNUAL PROGRESS REPORTING BY RECIPIENTS
4 OF GRANT.—Each eligible entity receiving a grant under
5 this section shall submit to the Administrator an annual
6 report on the progress of the program carried out using
7 the amounts received under the grant, including—

8 “(1) the number of new small business concerns
9 participating in the program during each of the 3
10 years preceding the report;

11 “(2) the number of new small business concerns
12 applying to participate in the program during each
13 of the 3 years preceding the report;

14 “(3) the retention rate of new small business
15 concerns in the program;

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

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

21 “(6) the total, average, and median number of
22 employees of new small business concerns partici-
23 pating in the program;

24 “(7) the number of new small business con-
25 cerns—

1 “(A) owned and controlled by socially and
2 economically disadvantaged individuals;

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

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

6 “(i) Native Americans;

7 “(ii) individuals participating in the
8 Transition Assistance Program of the De-
9 partment of Defense;

10 “(iii) individuals who—

11 “(I) served on active duty in any
12 branch of the Armed Forces, includ-
13 ing the National Guard and Reserves;
14 and

15 “(II) were discharged or released
16 from such service under conditions
17 other than dishonorable;

18 “(iv) formerly incarcerated individ-
19 uals; or

20 “(v) individuals with a disability; and

21 “(8) other metrics determined appropriate by
22 the Administrator.

23 “(j) REPORT TO CONGRESS.—The Administrator
24 shall submit to Congress an annual report on the program
25 under this section, which shall include an assessment of

1 the effectiveness of the program, including an assessment
2 based on the metrics listed in subsection (i).

3 “(k) COORDINATION WITH OTHER SMALL BUSINESS
4 ADMINISTRATION PROGRAMS.—The Administrator shall
5 take appropriate action to encourage eligible entities re-
6 ceiving a grant under this section to use and incorporate
7 other programs of the Administration, such as small busi-
8 ness development centers, small business investment com-
9 panies, loans under section 7(a), assistance under title V
10 of the Small Business Investment Act of 1958 (15 U.S.C.
11 695 et seq.), and resource partners of the Administration,
12 including women’s business centers and veteran’s business
13 outreach centers.

14 “(l) COORDINATION WITH THE DEPARTMENT OF
15 VETERANS AFFAIRS.—In consultation with the Secretary
16 of Veteran Affairs, the Administrator shall make available
17 outreach materials regarding the opportunities for vet-
18 erans within the program under this section for distribu-
19 tion and display at local facilities of the Department of
20 Veterans Affairs.

21 “(m) LISTING ON WEBSITE.—The Administrator
22 shall include a list of eligible entities receiving a grant
23 under this section on the website of the Administration.

24 “(n) AUTHORIZATION OF APPROPRIATIONS.—There
25 are authorized to be appropriated to carry out this section

1 \$6,000,000 for each of the first 5 fiscal years beginning
2 after the date of enactment of this section.”.

3 (b) TECHNICAL AND CONFORMING AMENDMENT.—
4 Effective on January 1, 2020, section 49(f)(1) of the
5 Small Business Act, as added by subsection (a), is amend-
6 ed to read as follows:

7 “(1) accelerators located in an area described in
8 subparagraph (A), (B), or (C) of section 31(b);
9 and”.

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