Mitchell	Ross	Spratt
Moore (KS)	Rothman	Stark
Moore (WI)	Roybal-Allard	Sutton
Moran (VA)	Ruppersberger	Tancredo
Murphy (CT)	Rush	Tanner
Murphy, Patrick	Ryan (OH)	Tauscher
Murtha	Salazar	Taylor
Nadler	Sánchez, Linda T.	Thompson (CA)
Napolitano	Sanchez, Loretta	Thompson (MS)
Neal (MA)	Sarbanes	Towns
Oberstar	Saxton	Tsongas
Obey	Scalise	Udall (CO)
Olver	Schiff	Udall (NM)
Ortiz	Schwartz	Van Hollen
Pallone	Scott (GA)	Velázquez
Pascrell	Scott (VA)	Visclosky
Pastor	Serrano	Walz (MN)
Payne	Sestak	Wasserman Schultz
Perlmutter	Shea-Porter	Waters
Pomeroy	Sherman	Watt
Porter	Shimkus	Waxman
Price (NC)	Sires	Welch (VT)
Ramstad	Skelton	Wilson (NM)
Rangel	Slaughter	Wilson (OH)
Regula	Smith (NJ)	Wolf
Reyes	Snyder	Woolsey
Richardson	Solis	Wu
Rodriguez	Space	Yarmuth
Rogers (AL)	Speier	
Roskam		

NAYS—175

Aderholt	Franks (AZ)	Neugebauer
Akin	Frelinghuysen	Nunes
Alexander	Gallegly	Paul
Altmire	Garrett (NJ)	Pearce
Bachus	Gerlach	Pence
Barrett (SC)	Gingrey	Peterson (MN)
Bartlett (MD)	Goode	Petri
Barton (TX)	Goodlatte	Pitts
Bilirakis	Granger	Platts
Bishop (UT)	Graves	Poe
Blackburn	Gutierrez	Price (GA)
Boehner	Hall (TX)	Putnam
Bonner	Hastings (WA)	Radanovich
Bono Mack	Hayes	Rahall
Boozman	Heller	Rehberg
Boren	Hensarling	Reichert
Boustany	Herger	Renzi
Boyda (KS)	Hobson	Reynolds
Brady (TX)	Hoekstra	Rogers (KY)
Broun (GA)	Hunter	Rogers (MI)
Brown (SC)	Inglis (SC)	Rohrabacher
Brown, Corrine	Issa	Ros-Lehtinen
Buchanan	Johnson (IL)	Royce
Burgess	Johnson, E. B.	Ryan (WI)
Burton (IN)	Johnson, Sam	Sali
Buyer	Jordan	Schakowsky
Calvert	Keller	Schmidt
Camp (MI)	King (IA)	Sensenbrenner
Cannon	King (NY)	Sessions
Cantor	Kingston	Shadegg
Carter	Kirk	Shays
Chabot	Kline (MN)	Shuler
Chandler	Kuhl (NY)	Shuster
Clyburn	Lamborn	Simpson
Coble	Latham	Smith (NE)
Cole (OK)	LaTourette	Smith (TX)
Conaway	Latta	Smith (WA)
Costello	Lewis (CA)	Souder
Crenshaw	Lewis (KY)	Stearns
Culberson	Linder	Stupak
Davis (KY)	Lucas	Sullivan
Davis, David	Mack	Terry
Davis, Lincoln	Marchant	Thornberry
Deal (GA)	Marshall	Tiahrt
Dent	Matheson	Tiberi
Diaz-Balart, L.	McCarthy (CA)	Turner
Diaz-Balart, M.	McCaul (TX)	Upton
Drake	McHenry	Walberg
Dreier	McKeon	Walden (OR)
Duncan	McMorris Rodgers	Wamp
Ehlers	Meek (FL)	Watson
Emanuel	Miller (FL)	Weldon (FL)
English (PA)	Miller (MI)	Westmoreland
Everett	Miller, Gary	Whitfield (KY)
Fallin	Mollohan	Wilson (SC)
Feeney	Moran (KS)	Wittman (VA)
Flake	Musgrave	Young (AK)
Fossella	Myrick	Young (FL)
Foxx		

NOT VOTING—15

Blunt	Lynch	Tierney
Cubin	Murphy, Tim	Walsh (NY)
Doolittle	Peterson (PA)	Weiner
Jefferson	Pickering	Weller
Kaptur	Pryce (OH)	Wexler

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (during the vote). There are 2 minutes remaining on the vote.

□ 1655

Messrs. KIRK, COSTELLO, and CHANDLER changed their vote from ''yea'' to ''nay.''

So (two-thirds not being in the affirmative) the motion was rejected.

The result of the vote was announced as above recorded.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, the Chair will postpone further proceedings today on motions to suspend the rules on which a recorded vote or the yeas and nays are ordered, or on which the vote is objected to under clause 6 of rule XX.

Record votes on postponed questions will be taken tomorrow.

SMALL BUSINESS FINANCING IMPROVEMENTS ACT OF 2008

Ms. VELÁZQUEZ. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 7175) to amend the Small Business Act to improve the section 7(a) lending program, and for other purposes.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 7175

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 ''Small Business Financing Improvements Act of 2008''.

(b) TABLE OF CONTENTS.—

Sec. 1. Short title; table of contents.

TITLE I—7(A) LOAN PROGRAM

Sec. 101. Loan pooling.
Sec. 102. Alternative size standard.

TITLE II—504 CDC PROGRAM

Sec. 201. Definitions.
Sec. 202. Eligibility of development companies to be designated as certified development companies.
Sec. 203. Definition of rural areas.
Sec. 204. Businesses in low-income areas.
Sec. 205. Combinations of certain goals.
Sec. 206. Refinancing.
Sec. 207. Additional equity injections.
Sec. 208. Loan liquidations.
Sec. 209. Closing costs.
Sec. 210. Uniform leasing policy.

TITLE III—SMALL BUSINESS INVESTMENT COMPANY PROGRAM

Sec. 301. Simplified maximum leverage limits.
Sec. 302. Simplified aggregate investment limitations.

TITLE I—7(A) LOAN PROGRAM

SEC. 101. LOAN POOLING.

Section 5(g)(1) of the Small Business Act (15 U.S.C. 634(g)(1)) is amended—

(1) by inserting ''(A)'' before ''The Administration'';

(2) by striking the colon and all that follows and inserting a period; and

(3) by adding at the end the following:

''(B) A trust certificate issued under subparagraph (A) shall be based on, and backed by, a trust or pool approved by the Administrator and composed solely of the guaranteed portion of such loans.

''(C) The interest rate on a trust certificate issued under subparagraph (A) shall be either—

''(i) the lowest interest rate on any individual loan in the pool; or

''(ii) the weighted average interest rate of all loans in the pool, subject to such limited variations in loan characteristics as the Administrator determines appropriate to enhance marketability of the pool certificates.''.

SEC. 102. ALTERNATIVE SIZE STANDARD.

Section 3(a) of the Small Business Act (15 U.S.C. 632(a)) is amended by adding at the end the following:

''(5) OPTIONAL SIZE STANDARD.—

''(A) IN GENERAL.—The Administrator shall establish an optional size standard for business loan applicants under section 7(a) and development company loan applicants under title V of the Small Business Investment Act of 1958, which uses maximum tangible net worth and average net income as an alternative to the use of industry standards.

''(B) INTERIM RULE.—Until the date on which the optional size standards established under subparagraph (A) are in effect, the alternative size standard in section 121.301(b) of title 13, Code of Federal Regulations, or any successor thereto, may be used by business loan applicants under section 7(a) and development company loan applicants under title V of the Small Business Investment Act of 1958.''.

TITLE II—504 CDC PROGRAM

SEC. 201. DEFINITIONS.

Section 103(6) of the Small Business Investment Act of 1958 (15 U.S.C. 662(6)) is amended to read as follows:

''(6) the term 'development company' means an entity incorporated under State law with the authority to promote and assist the growth and development of small-business concerns in the areas in which it is authorized to operate by the Administration, and the term 'certified development company' means a development company which the Administration has determined meets the criteria of section 506;''.

SEC. 202. ELIGIBILITY OF DEVELOPMENT COMPANIES TO BE DESIGNATED AS CERTIFIED DEVELOPMENT COMPANIES.

Section 506 of the Small Business Investment Act of 1958 (15 U.S.C. 697c) is amended to read as follows:

''SEC. 506. CERTIFIED DEVELOPMENT COMPANIES.

''(a) AUTHORITY TO ISSUE DEBENTURES.—A development company may issue debentures pursuant to this Act if the Administration certifies that the company meets the following criteria:

''(1) SIZE.—The development company is required to be a small concern with fewer than 500 employees and not under the control of any entity which does not meet the Administration's size standards as a small business, except that any development company which was certified by the Administration prior to December 31, 2005 may continue to issue debentures.

''(2) PURPOSE.—The primary purpose of the development company is to benefit the community by fostering economic development to create and preserve jobs and stimulate private investment.

''(3) PRIMARY FUNCTION.—The primary function of the development company is to accomplish its purpose by providing long term financing to small businesses by the utilization of the Certified Development

Company Economic Development Loan Program. It may also provide or support such other local economic development activities to assist the community.

''(4) NON-PROFIT STATUS.—The development company is a non-profit corporation, except that a development company certified by the Administration prior to January 1, 1987, may retain its status as a for-profit corporation.

''(5) GOOD STANDING.—The development company is in good standing in its State of incorporation and in any other State in which it conducts business, and is in compliance with all laws, including taxation requirements, in its State of incorporation and in any other State in which it conducts business.

''(6) MEMBERSHIP.—The development company should have at least 25 members (or stockholders if the corporation is a for-profit entity), none of whom may own or control more than 20 percent of the company's voting membership, consisting of representation from each of the following groups (none of which are in a position to control the development company): —

''(A) Government organizations that are responsible for economic development.

''(B) Financial institutions that provide commercial long term fixed asset financing.

''(C) Community organizations that are dedicated to economic development.

''(D) Businesses.

''(7) BOARD OF DIRECTORS.—The development company has a board of directors that—

''(A) is elected from the membership by the members;

''(B) should represent at least 3 of the 4 groups enumerated in subsection (a)(6) with no group is in a position to control the company; and

''(C) meets on a regular basis to make policy decisions for such company.

''(8) PROFESSIONAL MANAGEMENT AND STAFF.—The development company has full-time professional management, including a chief executive officer to manage daily operations, and a full-time professional staff qualified to market the Certified Development Company Economic Development Loan Program and handle all aspects of loan approval and servicing, including liquidation, if appropriate. The development company is required to be independently managed and operated to pursue its economic development mission and to employ its chief executive officer directly, with the following exceptions:

''(A) A development company may be an affiliate of another local non-profit service corporation (specifically excluding another development company) whose mission is to support economic development in the area in which the development company operates. In such a case:

''(i) The development company may satisfy the requirement for full-time professional staff by contracting with a local non-profit service corporation (or one of its non-profit affiliates), or a governmental or quasi-governmental agency, to provide the required staffing.

''(ii) The development company and the local non-profit service corporation may have partially common boards of directors.

''(B) A development company in a rural area (as defined in section 501(f)) shall be deemed to have satisfied the requirements of a full-time professional staff and professional management ability if it contracts with another certified development company which has such staff and management ability and which is located in the same general area to provide such services.

''(C) A development company that has been certified by the Administration as of December 31, 2005, and that has contracted with a for-profit company to provide services as of such date may continue to do so.

''(b) AREA OF OPERATIONS.—The Administration shall specify the area in which an applicant is certified to provide assistance to small businesses under this title, which may not initially exceed its State of incorporation unless it proposes to operate in a local economic area which is required to include part of its State of incorporation and may include adjacent areas within several States. After a development company has demonstrated its ability to provide assistance in its area of operations, it may request the Administration to be allowed to operate in one or more additional States as a multi-state certified development company if it satisfies the following criteria:

''(1) Each additional State is contiguous to the State of incorporation, except the States of Alaska and Hawaii shall be deemed to be contiguous to any State abutting the Pacific ocean.

''(2) It demonstrates its proficiency in making and servicing loans under the Certified Development Company Economic Development Loan Program by—

''(A) requesting and receiving designation as an accredited lender under section 507 or a premier certified lender under section 508; and

''(B) meeting or exceeding performance standards established by the Administration.

''(3) The development company adds to the membership of its State of incorporation additional membership from each additional State and the added membership meets the requirements of subsection (a)(6).

''(4) The development company adds at least one member to its board of directors in the State of incorporation, providing that added member was selected by the membership of the development company.

''(5) The company meets such other criteria or complies with such conditions as the Administration deems appropriate.

''(c) PROCESSING OF EXPANSION APPLICATIONS.—The Administration shall respond to the request of a certified development company for certification as a multi-state company on an expedited basis within 30 days of receipt of a completed application if the application demonstrates that the development company meets the requirements of subsection (b)(1) through (b)(4).

''(d) USE OF FUNDS LIMITED TO STATE WHERE GENERATED.—Any funds generated by a not-for-profit development company from making loans under the Certified Development Company Economic Development Loan Program which remain after payment of staff, operating and overhead expenses shall be retained by the development company as a reserve for future operations, for expanding its area of operations in a local economic area as authorized by the Administration, or for investment in other local economic development activity in the State from which the funds were generated.

''(e) ETHICAL REQUIREMENTS.—

''(1) IN GENERAL.—Certified development companies, their officers, employees and other staff, shall at all times act ethically and avoid activities which constitute a conflict of interest or appear to constitute a conflict of interest. No one may serve as an officer, director or chief executive officer of more than one certified development company.

''(2) PROHIBITED CONFLICT IN PROJECT LOANS.—As part of a project under the Certified Development Company Economic Development Loan Program, no certified development company may recommend or approve a guarantee of a debenture by the Administration that is collateralized by a subordinated lien position on the property being constructed or acquired and also provide, or be affiliated with a corporation or other entity, for-profit or non-profit, which provides, financing collateralized by a prior lien on the same property. Upon approval by the Administrator, abusiness development company that was participating as a first mortgage lender, either directly or through an affiliate, for the Certified Development Company Economic Development Loan Program in either fiscal years 2004 or 2005 may continue to do so.

''(3) OTHER ECONOMIC DEVELOPMENT ACTIVITIES.—Operation of multiple programs to assist small business concerns in order for a certified development company to carry out its economic development mission shall not be deemed a conflict of interest, but notwithstanding any other provision of law, no development company may accept funding from any source, including but not limited to any department or agency of the United States Government—

''(A) if such funding includes any conditions, priorities or restrictions upon the types of small businesses to which they may provide financial assistance under this title; or

''(B) if it includes any conditions or imposes any requirements, directly or indirectly, upon any recipient of assistance under this title unless the department or agency also provides all of the financial assistance to be delivered by the development company to the small business and such conditions, priorities or restrictions are limited solely to the financial assistance so provided.''.

SEC. 203. DEFINITION OF RURAL AREAS.

Section 501 of the Small Business Investment Act of 1958 (15 U.S.C. 695) is amended by adding at the end the following new subsection:

''(f) As used in subsection (d)(3)(D), the term 'rural' shall include any area other than—

''(1) a city or town that has a population greater than 50,000 inhabitants; and

''(2) the urbanized area contiguous and adjacent to such a city or town.''.

SEC. 204. BUSINESSES IN LOW-INCOME AREAS.

Section 501(d)(3) of the Small Business Investment Act of 1958 (15 U.S.C. 695(d)(3)) is amended by inserting after ''business district revitalization'' the following: ''or expansion of businesses in low-income communities that would be eligible for new market tax credit investments under section 45D of the Internal Revenue Code of 1986 (26 U.S.C. 45D)''.

SEC. 205. COMBINATIONS OF CERTAIN GOALS.

Section 501(e) of the Small Business Investment Act of 1958 (15 U.S.C. 695(e)) is amended by adding at the end the following:

''(7) A small business concern that is unconditionally owned by more than one individual, or a corporation whose stock is owned by more than one individual, is deemed to achieve a public policy goal under subsection (d)(3) if a combined ownership share of at least 51 percent is held by individuals who are in one of the groups listed as public policy goals specified in subsection (d)(3)(C) or (d)(3)(E).''.

SEC. 206. REFINANCING.

Section 502 of the Small Business Investment Act of 1958 (15 U.S.C. 696) is amended by adding at the end the following:

''(7) PERMISSIBLE DEBT REFINANCING.—Any financing approved under this title may also include a limited amount of debt refinancing for debt that was not previously guaranteed by the Administration. If the project involves expansion of a small business which has existing indebtedness collateralized by fixed assets, a limited amount may be refinanced and added to the expansion cost, providing—

''(A) the proceeds of the indebtedness were used to acquire land, including a building situated thereon, to construct a building thereon or to purchase equipment;

''(B) the borrower has been current on all payments due on the existing debt for at least the past year; and

''(C) the financing under the Certified Development Company Economic Development Loan Program will provide better terms or rate of interest than now exists on the debt.''.

SEC. 207. ADDITIONAL EQUITY INJECTIONS.

Clause (ii) of section 502(3)(B) of the Small Business Investment Act of 1958 (15 U.S.C. 696(3)(B)) is amended to read as follows:

''(ii) FUNDING FROM INSTITUTIONS.—

''(I) If a small business concern provides the minimum contribution required under paragraph (C), not less than 50 percent of the total cost of any project financed pursuant to clauses (i), (ii), or (iii) of subparagraph (C) shall come from the institutions described in subclauses (I), (II), and (III) of clause (i).

''(II) If a small business concern provides more than the minimum contribution required under paragraph (C), any excess contribution may be used to reduce the amount required from the institutions described in subclauses (I), (II), and (III) of clause (i) except that the amount from such institutions may not be reduced to an amount less than the amount of the loan made by the Administration.''.

SEC. 208. LOAN LIQUIDATIONS.

Section 510 of the Small Business Investment Act of 1958 (15 U.S.C. 697g) is amended—

(1) by redesignating subsection (e) as subsection (g); and

(2) by inserting after subsection (d) the following:

''(e) PARTICIPATION.—

''(1) MANDATORY.—Any certified development company which elects not to apply for authority to foreclose and liquidate defaulted loans under this section or which the Administration determines to be ineligible for such authority shall contract with a qualified third-party to perform foreclosure and liquidation of defaulted loans in its portfolio. The contract shall be contingent upon approval by the Administration with respect to the qualifications of the contractor, the terms and conditions of liquidation activities, and the ability to reimburse such contractor.

''(2) COMMENCEMENT.—The provisions of this subsection shall not require any development company to liquidate defaulted loans until the Administration has adopted and implemented a program to compensate and reimburse development companies as provided under subsection (f).

''(f) COMPENSATION AND REIMBURSEMENT.—

''(1) REIMBURSEMENT OF EXPENSES.—The Administration shall reimburse each certified development company for all expenses paid by such company as part of the foreclosure and liquidation activities if the expenses—

''(A) were approved in advance by the Administration either specifically or generally; or

''(B) were incurred by the company on an emergency basis without Administration prior approval but which were reasonable and appropriate.

''(2) COMPENSATION FOR RESULTS.—The Administration shall develop a schedule to compensate and provide an incentive to qualified State or local development companies which foreclose and liquidate defaulted loans. The schedule shall be based on a percentage of the net amount recovered but shall not exceed a maximum amount. The schedule shall not apply to any foreclosure which is conducted pursuant to a contract between a development company and a qualified third-party to perform the foreclosure and liquidation.''.

SEC. 209. CLOSING COSTS.

Paragraph (4) of section 503(b) of the Small Business Investment Act of 1958 (15 U.S.C. 697(b)) is amended to read as follows:

''(4) the aggregate amount of such debenture does not exceed the amount of loans to be made from the proceeds of such debenture plus, at the election of the borrower under the Certified Development Company Economic Development Loan Program, other amounts attributable to the administrative and closing costs of such loans, except for the borrower's attorney fees;''.

SEC. 210. UNIFORM LEASING POLICY.

(a) IN GENERAL.—Section 502 of the Small Business Investment Act of 1958 (15 U.S.C. 696) is amended

(1) by striking paragraphs (4) and (5) and inserting the following:

''(4) LIMITATION ON LEASING.—If the use of a loan under this section includes the acquisition of a facility or the construction of a new facility, the small business concern assisted

''(A) shall permanently occupy and use not less than a total of 50 percent of the space in the facility; and

''(B) may, on a temporary or permanent basis, lease to others not more than 50 percent of the space in the facility.''; and

(2) by redesignating paragraph (6) as paragraph (5).

(b) POLICY FOR 7(A) LOANS.—Section 7(a)(28) of the Small Business Act (15 U.S.C. 636(a)(28)) is amended to read as follows:

''(28) LIMITATION ON LEASING.—If the use of a loan under this subsection includes the acquisition of a facility or the construction of a new facility, the small business concern assisted

''(A) shall permanently occupy and use not less than a total of 50 percent of the space in the facility; and

''(B) may, on a temporary or permanent basis, lease to others not more than 50 percent of the space in the facility.''.

TITLE III—SMALL BUSINESS INVESTMENT COMPANY PROGRAM

SEC. 301. SIMPLIFIED MAXIMUM LEVERAGE LIMITS.

Section 303(b) of the Small Business Investment Act of 1958 (15 U.S.C. 683(b)) is amended—

(1) by striking paragraph (2) and inserting the following:

''(2) MAXIMUM LEVERAGE.—

''(A) IN GENERAL.—The maximum amount of outstanding leverage made available to any one company licensed under section 301(c) of this Act may not exceed the lesser of—

''(i) 300 percent of such company's private capital; or

''(ii) $150,000,000.

''(B) MULTIPLE LICENSES UNDER COMMON CONTROL.—The maximum amount of outstanding leverage made available to two or more companies licensed under section 301(c) of this Act that are commonly controlled (as determined by the Administrator) and not under capital impairment may not exceed $225,000,000.''; and

(2) by striking paragraph (4).

SEC. 302. SIMPLIFIED AGGREGATE INVESTMENT LIMITATIONS.

Section 306(a) of the Small Business Investment Act of 1958 (15 U.S.C. 686(a)) is amended to read as follows:

''(a) PERCENTAGE LIMITATION ON PRIVATE CAPITAL.—If any small business investment company has obtained financing from the Administration and such financing remains outstanding, the aggregate amount of securities acquired and for which commitments may be issued by such company under the provisions of this title for any single enterprise shall not, without the approval of the Administration, exceed 10 percent of the sum of—

''(1) the private capital of such company; and

''(2) the total amount of leverage projected by the company in the company's business plan that was approved by the Administration at the time of the grant of the company's license.''.

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

The Chair recognizes the gentlewoman from New York.

GENERAL LEAVE

Ms. VELÁZQUEZ. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days to revise and extend their remarks and to include extraneous materials on the bill under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from New York?

There was no objection.

□ 1700

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

Mr. Speaker, I rise in support of this bill which would help entrepreneurs gain access to vital capital. Even before the recent troubles on Wall Street began, securing funding was an uphill battle for small businesses. Today, it is even more challenging than ever.

The effects of the current lending slump have been taxing. Liquidity challenges have caused lenders to cut lines of credit and recall loans to small firms. As these crucial sources of investment dry up, entrepreneurs have few places left to turn.

Venture capital investors, who have historically fueled the startup community, are becoming more and more cautious in doing so. At the same time, commercial banks have raised the bar for lending criteria on interest rates.

While the Small Business Administration has historically helped entrepreneurs during economic downturns, it is also failing to meet funding needs. In fact, the Small Business Administration lending is down 25 percent this year. Most small businesses rely on some form of loans or credit in order to meet their daily needs. Not surprisingly, the consequences of today's downturn in funding have had a crippling effect on their community.

The Small Business Financing Improvement Act of 2008 will help in small but important ways in part by enhancing the Small Business Administration lending programs. For example, it will improve the administration's 7(a) initiative, which is its most frequently used line of small business credit. It would also ease the flow of investments from venture capitalists. This will be particularly helpful as venture capital funding has a history of sparking innovation.

Furthermore, the bill I am proposing today will encourage lending from commercial banks. It will also do this by reducing the regulatory burden for financiers looking to fund small firms. In light of their current reluctance to make small business loans, this will be a tremendous incentive for banks to assist entrepreneurs.

This act will help thousands of small firms maintain and grow their companies. It will do this by allowing them to access the funds they need to go about their daily business and do everything from meet payroll to stock their shelves. Capital is the most basic and essential building block for small business ownership. After all, it is what allows entrepreneurs to start companies in the first place. For this reason, the bill has won full approval from the Small Business Administration.

I should also add that this provision has at one point or another been passed in the House.

Small businesses employ half of this Nation's workforce, and entire local economies depend on their success. The bill we're considering here today will be an important first step in ensuring that America's entrepreneurs can achieve their success. With this in mind, I urge my colleagues to support its passage.

I reserve the balance of my time.

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

Today I rise in support of H.R. 7175, the Small Business Lending Improvements Act of 2008. I especially would like to thank Chairwoman VELÁZQUEZ for working in a cooperative and bipartisan manner to bring this important bill to the House floor. Once again, she has done so. She has been working in such a manner for the last 2 years. I commend her for that.

All of us are aware of the recent turmoil in the financial markets. These problems also directly impact America's small businesses. Availability of credit is reduced thereby dampening the capacity of small businesses to create much-needed jobs. Yet it's not just the availability of credit that adversely impacts America's small business owners. These people are also ordinary men and women with the same concerns about the value of their homes, the safety of their investments, the spiking interest rates, and the outlook for the future of their children that every American has to be concerned about in these uncertain times.

The bill before us today will not remedy all of these problems, but it will make important improvements in the capacity of small businesses to obtain needed capital without further adding to the potential problems facing our financial sector.

Although the changes in the bill are modest, they include key components of H.R. 1336 that the House overwhelmingly passed back in 2007. These modifications will increase the availability of credit for small businesses and reduce unnecessary paperwork on lenders without undermining the scrutiny provided by the Small Business Administration of the lenders or borrowers.

Title I makes very modest changes to the operation of the SBA's core 7(a) lending program. Nevertheless, these changes will improve the liquidity in the small business lending market while making the loans available to more small businesses. It's important to note that nothing in title I changes the standards under which the SBA guarantees the issuance of loans or alters the fact that the program operates without any taxpayer subsidy. I want to reiterate that: Operates without any taxpayer subsidy.

I'm most proud of title II of H.R. 7175. It modifies and strengthens the loan program operated pursuant to title V of the Small Business Investment Act of 1958. Certified development companies, or CDCs, are vital to long-term economic and community development in my district and throughout the country. CDCs operate to provide long-term fixed-rate financing for small business concerns who find their financing needs cannot be met due to the loan limits of the 7-day loan program. And unlike many 7-day lenders, CDCs must be locally based so they have a key understanding of the needs of the communities they serve.

The first thing that title II does is change the name of the program. While this may sound minor, it will provide greater recognition to CDCs and enable them to better promote their important mission of local economic development.

Section 202 makes important technical changes to the definitions in the CDC program, including, most importantly, defining the term ''certified development company.'' As a corollary, title II eliminates the outdated term ''qualified state and local development company'' from the Small Business Investment Act of 1958.

In my estimation, section 203 is the most important provision in the bill. It statutorily establishes the procedures by which the SBA designates entities as CDCs. The most important requirements of the statutory procedures is the mandate that the CDC have local board members familiar with the economic development needs of the community. Even though the bill authorizes expansion only into neighboring states, the CDC must have representatives that understand the local economic development needs of the new state of operation.

Another very important aspect of the bill authorizes the CDCs to perform their own liquidations. Under the current process, the SBA performs liquidations and only receives about 20 cents on the dollar, a wholly inadequate return on guarantees issued by the Federal Government.

By having CDCs with their local expertise performing liquidations, the taxpayers will receive a better return on their guarantee, something essential given current conditions in the financial markets.

Title II also makes other changes providing greater financial opportunities for small businesses under the CDC program and enhance local economic development without placing any undue risk on the taxpayer.

Finally, title III of H.R. 7175 makes some technical changes to the operation of the small business investment company program. By making it easier to calculate investment limits, SBICs will be better able to manage their portfolios thereby increasing the overall value of their portfolios without placing the Federal taxpayer at any increased risk.

Together, all of these changes made will spur economic development, which is really one of the key things we need to do at this time.

For these reasons, I ask my colleagues to support passage of this.

I reserve the balance of my time.

Ms. VELÁZQUEZ. Mr. Speaker, I have no further speakers.

I reserve my time.

Mr. CHABOT. Mr. Speaker, I yield 2 minutes to the gentleman from Indiana (Mr. BURTON).

Mr. BURTON of Indiana. I thank the gentleman for yielding.

This appears to be a pretty good bill, but we're not going to help small business until we get an energy package that's going to lower the price of energy, gasoline, and other forms of energy in this country. We're sending $700 billion a year overseas that could be kept here in America by drilling here in America and getting energy out of the ground here in America creating hundreds of thousands of jobs. That's not going to happen. That's not going to happen until we get a good energy bill.

We're asked today to deal with a $700 billion piece of legislation that will help keep this country's economy afloat. And I submit to my colleagues tonight or today that even if we passed that and we solved this problem temporarily, we're going to be right back here if we don't deal with the energy crisis.

This energy crisis is taking money out of everybody's pockets: small business, big business, homeowners. If a person has to pay exorbitant prices to fill their gas tank to get their kids to and from school and to and from work, it's going to hurt them. It's going to hurt them when they have to buy groceries that are transported across this country by diesel fuel and trucks. And because of that, people's cost of living is going up and up and up. And if you don't think that's going to have an impact on their ability to pay their home mortgages, you're just not thinking straight.

We have to deal with the energy crisis so people can spend less on energy, can have that money for food for their kids, and to get to and from school and to and from work and to pay for their home mortgages.

I think we have to deal with the crisis that faces us right now. But I think all of us ought to be aware that until we solve the energy crisis, until we become energy independent or move rapidly in that direction, we're going to continue to have problems in the future with this economy. This economy cannot stand $4 a gallon gasoline. We just can't. And it is going to impact every area of this economy now and in the future.

Even if we pass this so-called bailout bill today or next week or tomorrow, whenever we pass it, it's not going to solve the problem until we deal with the energy crisis which is an integral part of the problems facing America.

Ms. VELÁZQUEZ. Mr. Speaker, I have no further speakers on this side, and I'm prepared to close.

Mr. CHABOT. Mr. Speaker, I yield back the balance of my time.

Ms. VELÁZQUEZ. Mr. Speaker, let me just say that small businesses are the innovators in this country and that for the last 7 years, this administration's failed policies have not provided the tools and resources for small businesses to be part of the energy solution and make this country energy independent.

We passed H.R. 6 last year. Let's get the White House and the administration to implement those provisions that will allow for small businesses to be part of innovation in relation to energy independence in this country.

I yield back the balance of my time.

The SPEAKER pro tempore (Mr. CAZAYOUX). The question is on the motion offered by the gentlewoman from New York (Ms. VELÁZQUEZ) that the House suspend the rules and pass the bill, H.R. 7175.

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. CHABOT. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this motion will be postponed.

The point of no quorum is considered withdrawn.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Ms. Curtis, one of its clerks, announced that the Senate agrees to the amendment of the House to the bill (S. 3001) ''An Act to authorize appropriations for fiscal year 2009 for military activities of the Department of Defense, for military construction, and for defense activities of the Department of Energy, to prescribe military personnel strengths for such fiscal year, and for other purposes.''.

□ 1715

RECOGNIZING THE 10TH ANNIVERSARY OF THE ESTABLISHMENT OF THE MINORITY AIDS INITIATIVE

Mr. PALLONE. Mr. Speaker, I ask unanimous consent that the Committee on Energy and Commerce be discharged from further consideration of the concurrent resolution, H. Con. Res. 426, and ask for its immediate consideration in the House.

The Clerk read the title of the concurrent resolution.

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

There was no objection.

The text of the concurrent resolution is as follows:

H. CON. RES. 426

Whereas the Minority AIDS Initiative was established on October 28, 1998, under the leadership of the Congressional Black Caucus, during the Chairmanship of Congresswoman Maxine Waters, to target funds for the awareness, prevention, testing, and treatment of HIV/AIDS toward racial and ethnic minority communities and toward community-based organizations and health care providers serving these communities;

Whereas HIV/AIDS is a devastating epidemic that continues to spread in communities throughout the United States;

Whereas there are more than 1,000,000 people living with HIV/AIDS in the United States today;

Whereas there are more than 14,000 AIDS-related deaths every year in the United States;

Whereas approximately 1 in 4 of the people living with HIV/AIDS in the United States do not know they are infected;

Whereas all racial and ethnic minorities are disproportionately impacted by HIV/AIDS;

Whereas African-Americans account for about half of new AIDS cases, although approximately 13 percent of the population as a whole is Black, and the Centers for Disease Control and Prevention (CDC) estimates that African-Americans accounted for 45 percent of new HIV infections in 2006;

Whereas Hispanic-Americans account for 19 percent of new AIDS cases, although only 15 percent of the population as a whole is Hispanic, and the CDC estimates that Hispanic-Americans accounted for 17 percent of new HIV infections in 2006;

Whereas Asian-Americans and Pacific Islanders account for 1 percent of new AIDS cases, and Native Americans and Alaskan Natives account for up to 1 percent of new AIDS cases;

Whereas approximately 70 percent of new AIDS cases are racial and ethnic minorities;

Whereas the CDC recently released new estimates of HIV infection, which indicate that approximately 56,300 new HIV infections occurred in the United States in 2006;

Whereas these new estimates are approximately 40 percent higher than the CDC's previous estimates of 40,000 new infections per year;

Whereas the CDC's data confirms that the most severe impact continues to be among gay and bisexual men of all races, and Black men and women;

Whereas the purpose of the Minority AIDS Initiative is to enable community based organizations and health care providers in minority communities to improve their capacity to deliver culturally and linguistically appropriate HIV/AIDS care and services;

Whereas the establishment of the Minority AIDS Initiative was announced on October 28, 1998, during a ''roll-out'' event sponsored by the Congressional Black Caucus, which featured the participation of President Bill Clinton, Secretary of Health and Human Services Donna Shalala, Congresswoman Maxine Waters, members of the Congressional Black Caucus, and representatives of HIV/AIDS service and advocacy organizations;

Whereas it was announced at this ''roll-out'' that the Minority AIDS Initiative would receive an initial appropriation of $156,000,000 in fiscal year 1999;

Whereas concerned Members of Congress, including members of the Congressional Black Caucus, the Congressional Hispanic Caucus, the Congressional Asian Pacific American Caucus, and the Congressional Hispanic Conference, continue to support the Minority AIDS Initiative;

Whereas the Minority AIDS Initiative continues to provide funding to community-based organizations, research institutions, minority-serving colleges and universities, health care organizations, State and local health departments, correctional institutions, and other providers of health information and services to help such entities address the HIV/AIDS epidemic within the minority populations they serve;

Whereas Congress codified the Minority AIDS Initiative within the most recent reauthorization of the Ryan White CARE Act;

Whereas the Minority AIDS Initiative fills gaps in HIV/AIDS outreach, awareness, prevention, treatment, surveillance, and infrastructure across communities of color; and

Whereas, October 28, 2008, is the 10th anniversary of the establishment of the Minority AIDS Initiative: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That the Congress—

(1) recognizes and commemorates the 10th anniversary of the establishment of the Minority AIDS Initiative;

(2) commends the efforts of community-based organizations and health care providers in minority communities to deliver culturally and linguistically appropriate HIV/AIDS care and services within the minority populations they serve;

(3) encourages racial and ethnic minorities to educate themselves about the prevention and treatment of HIV/AIDS and reduce HIV related stigma; and

(4) supports the continued funding of the Minority AIDS Initiative and other Federal programs to stop the spread of HIV/AIDS and provide effective, compassionate treatment and care to individuals affected by HIV/AIDS.

AMENDMENT OFFERED BY MR. PALLONE

Mr. PALLONE. Mr. Speaker, I have an amendment at the desk.

The Clerk read as follows:

Amendment offered by Mr. PALLONE:

Amend page 4, line 3, through page 5, line 9, to read as follows:

(1) recognizes and commemorates the 10th anniversary of the establishment of the Minority AIDS Initiative;

(2) commends the efforts of community-based organizations and health care providers in minority communities to deliver culturally and linguistically appropriate HIV/AIDS care and services within the minority populations they serve;

(3) encourages racial and ethnic minorities and all Americans to educate themselves about the prevention and treatment of HIV/AIDS and reduce HIV related stigma;

(4) encourages the Centers for Disease Control and Prevention to appropriately address populations significantly impacted by HIV/