

## [H.R. 3784, SEC Small Business Advocate Act of 2015](#)

### FLOOR SITUATION

On Monday, February 1, 2016, the House will consider [H.R. 3784](#), the SEC Small Business Advocate Act of 2015, under suspension of the rules. H.R. 3784 was introduced on October 21, 2015 by Rep. John Carney (D-DE), and was referred to the Committee on Financial Services, which ordered the bill reported by a vote of 56 to 0 on December 9, 2015.

### SUMMARY

H.R. 3784 would establish the Office for Small Business Capital Formation (Office) and the Small Business Capital Formation Advisory Committee (Committee) within the Securities and Exchange Commission (SEC) to help small businesses resolve problems with the SEC; analyze the potential impact of proposed rules and regulations that are likely to have a significant effect on small businesses; and conduct outreach to small businesses in order to solicit views on relevant capital formation issues. The bill also requires the newly established Office and Committee to submit certain reports to Congress.

### BACKGROUND

A small business is generally defined as an independently owned and operated business that is not dominant in its field of operation and meets certain employee size standards that vary for different types of government small business programs. Of the over 142 million people working in the private sector in the U.S., 42 percent work for themselves or for businesses with fewer than 100 employees.<sup>1</sup> H.R. 3784 will promote capital formation and create an office within the SEC to advocate for small businesses and entrepreneurs seeking equity capital as well as the investors in these businesses.

According to the Committee, “The SEC has a three-part mission: to protect investors; to maintain fair, orderly, and efficient markets; and to facilitate capital formation. The SEC acknowledges that promoting capital formation ‘is necessary to sustain economic growth.’ Although the SEC’s budget is now almost four times the size it was in 2000, the SEC has given short shrift to the capital formation component of its statutory mandate – to the detriment of entrepreneurs and start-up ventures. A

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<sup>1</sup> See Small Business Majority website, [Small business and the healthcare crisis](#)

permanent office dedicated to small business capital formation within the SEC is a logical outcome of the JOBS Act since the SEC has taken little to no action to advance the many recommendations the agency has received from its annual Government-Business Forum on Small Business Capital Formation (Forum) to help small businesses and EGCs access the capital markets.”

According to the bill sponsor, “Every American relies on small business -- from employment to shopping needs. Considering the crucial role they play in our economy and job creation, providing resources for their success is a no-brainer. The SEC has done an admirable job supporting and advancing the priorities of small businesses. This legislation will help provide the SEC with more tools to understand their needs and concerns.”<sup>2</sup>

### **COST**

The Congressional Budget Office (CBO) [estimates](#) implementing the bill would cost \$7 million over the 2016 to 2020 period. However, the SEC is authorized to collect fees sufficient to offset its annual appropriation; therefore, CBO estimates that implementing H.R. 3784 would have a negligible effect on net discretionary costs, assuming appropriation actions consistent with that authority.

### **STAFF CONTACT**

For questions or further information please contact [John Huston](#) with the House Republican Policy Committee by email or at 6-5539.

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<sup>2</sup> See Rep. John Carney Press Release, [“Congressmen Carney, Duffy, Quigley, And Crenshaw Introduce Bill To Expand Small Businesses’ Voice At The SEC.”](#) October 27, 2015.