



March 18, 2015

The Honorable Steve Chabot
Chairman
Committee on Small Business
U.S. House of Representatives
2361 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Ben Cardin
Ranking Member
Committee on Small Business
U.S. Senate
428A Russell Senate Office Building
Washington, D.C. 20510

The Honorable David Cicilline
U.S. House of Representatives
128 Cannon House Office Building
Washington, D.C. 20515

The Honorable James Risch
U.S. Senate
483 Russell Senate Office Building
Washington D.C. 20510

Dear Chairman Chabot, Rep. Cicilline, Ranking Member Cardin, and Rep. Risch:

On behalf of the National Small Business Association (NSBA), I am pleased to support the *Small Business Investment Company (SBIC) Capital Act of 2015 (H.R.1023, S. 552)*, which would expand the amount of capital available to small business investments they critically need in order to grow and create jobs. As the country's oldest nonpartisan small business advocacy organization, NSBA's members recently ranked access to capital and credit as one of our top ten priorities for 114th Congress to address. Your measures achieve this by providing greater access to credit and capital that is not available through banks or other private capital sources.

Representing more than 65,000 small-business owners nationwide, NSBA recognizes that capital is the lifeblood of any small business, and as the nation's small business lending market is slow to recover, small firms continue to face challenges with securing the financing they need to in order to continue to succeed. Start-up and expanding small businesses frequently do not have the assets necessary for a traditional bank loan, and smaller loans generally are less-profitable for banks. In fact, according to NSBA's 2014 Year-End Economic Report, 22 percent of small-business owners reported being unable to obtain adequate financing. Of those struggling to secure financing, more small-business owners report a lack of financing is hindering their ability to finance increased sales or increase inventory to meet demand.

The lending programs at the U.S. Small Business Administration (SBA) play an important role in this capital vacuum and the SBIC program fills a critical gap created in the market caused by the financial crisis. Specifically, the SBIC program guarantees loans to qualified investment funds, or SBICs. In turn,

these SBICs invest in promising small businesses by combining the SBA loan with privately raised capital, often at a two-to-one ratio. While these SBICs are licensed and regulated by the SBA, they are privately owned and operated.

Encouraging more investments for small businesses, H.R. 1023/S. 552 would increase from \$225 million to \$350 million the maximum amount of outstanding leverage to be made available by the SBA to two or more commonly controlled SBICs not under capital impairment and have a proven track record for success. Additionally, this SBA credit facility operates at a zero subsidy rate, meaning the leverage does not come at any additional cost to the taxpayer.

NSBA is pleased to support the *SBIC Capital Act*, as it will make it easier for America's small-business community to obtain the financing they need to expand their businesses, hire new employees, and maintain sustainable economic growth. I look forward to working with you to bring these measures to floor consideration in both the House and Senate.

Sincerely,

A handwritten signature in black ink, appearing to read "Todd McCracken", with a long horizontal flourish extending to the right.

Todd McCracken
President & CEO