



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

September 26, 2007
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

H.R. 3567 – Small Business Investment Expansion Act of 2007

(Rep. Altmire (D) Pennsylvania and 3 cosponsors)

The Administration strongly opposes House passage of H.R. 3567.

The Administration strongly opposes the proposed “Angel Investor” program. The Administration does not support providing capital to high net worth individuals to support their investments. The best way to strengthen small business is through an economic framework that encourages investment at all levels through broad-based and reasonable tax rates and reduced regulatory impediments to the flow of capital. This approach will have a more significant impact than any targeted program.

The Administration also strongly opposes the proposed change to the definition of a small business for the purposes of venture capital investment. This redefinition strips the elements of independent ownership and control that identify small business ownership under current law. Not only would this change be inequitable for actual small businesses, but it would be a step backward from our recent progress in addressing the misidentification of large firms as small businesses for Federal procurement purposes. By eliminating the concept of affiliation for venture capital operating companies, the provision would allow large businesses, not-for-profit organizations, and colleges and universities to own and control small businesses and benefit from programs designed for independent small businesses. The Administration believes that the intent of this provision is to allow for reasonable, non-controlling investment in small business. Unfortunately, the current language is overly broad, and the Administration strongly opposes this provision unless it is amended to ensure that ownership and control rests positively with the entrepreneur.

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