

House Passes Bipartisan Bill To Help Startups

Jim Abrams, Associated Press

WASHINGTON (AP) — Showing that they can on occasion work together, House lawmakers on Thursday overwhelmingly passed a package of bills making it easier for small businesses and startups to raise the capital they need to grow and hire new workers.

Republicans praised what they referred to as the JOBS Act, insisting that President Barack Obama's support for it shows they can work with him in the nation's interest. "It is a welcome sign that we can put our differences aside and work together to produce results to help boost the economy and get people back to work," House Majority Leader Eric Cantor, R-Va., said.

Democrats, while saying the legislation deserved a yes vote, said the measure was a modest effort by Republicans to prove they can accomplish something in an otherwise do-nothing Congress.

Rep. Jared Polis, D-Colo., said that while the measure would free up capital flow for startups, "it's not a jobs solution for our country, it's not a jobs bill."

"In fact, I think the frustration of some is that to a certain extent it represents the spinning of the wheels that has typified this Congress," Polis said.

Of the six bills in the package, four had already passed the House by large margins. The legislation now goes to the Senate, where Democratic leaders have said they will soon put forth a similar small business promotion package. The House vote was 390-23.

The bills would make it easier for small companies to go public by providing them a temporary reprieve from Securities and Exchange Commission regulations; remove SEC restrictions preventing small businesses from using advertisements to solicit investors; and remove SEC restrictions on "crowdfunding" so entrepreneurs can raise equity capital from a large pool of small investors.

They also raise from \$5 million to \$50 million the ceiling for shares a private company can sell as part of a public offering before having to register with the SEC, raise the SEC registration threshold from 500 to 1,000 shareholders and increase the number of shareholders permitted to invest in a community bank from 500 to 2,000.

Republican freshman Rep. Stephen Fincher of Tennessee, who sponsored the package, cited reports that the United States now ranks 12th in the world in terms of ease of access to venture capital. "Reducing these regulations will help small companies raise capital, grow their business and create private jobs for Americans," he said.

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White House spokeswoman Amy Brundage said Obama had proposed many of the same ideas in the jobs bill he introduced last fall and in legislation promoting startups. "Today's vote shows both sides should be able to find common ground on this issue and the president urges them to pass a bill and bring it to his desk without delay," she said.

Sen. Chuck Schumer, D-N.Y., a member of the Senate Democratic leadership, said at a Senate Banking Committee hearing Tuesday that he expected the Senate to act soon on a similar package. "The Senate version could even go a little further than the House version, and I would also hope that we take some needed precautions on investor protection," he said.

All six of the bills came to the floor this week with Republican sponsors, although one — increasing the number of people who can invest in a community bank before it has to register with the SEC — passed 420-2 last November in almost identical form under the co-sponsorship of a Democrat, Rep. Jim Himes of Connecticut. The new version is sponsored by Arizona Republican Rep. Ben Quayle, who is now engaged in a tough primary battle.

The otherwise cordial debate on the bill Wednesday was interrupted when Rep. Barney Frank, D-Mass., referred to GOP statements on the Quayle bill as "hypocritical and dishonest." Frank, senior Democrat on the House Financial Services Committee, was barred from speaking on the floor for the rest of the day.

The two sides remain far apart on more comprehensive job creation proposals, with Republicans rejecting administration ideas on infrastructure spending and Democrats opposed to GOP bills that would boost development of domestic energy resources or curb environmental and other federal agency regulations.

House Democratic leader Nancy Pelosi, who voted for the bill, said it was "meager" as a jobs bill and prodded Republicans to act on a stalled highway infrastructure bill that could foster thousands of construction jobs.

Cantor said small businesses drive most job creation in the country and that the bill would remove red tape that has discouraged them from expanding. He also acknowledged that "congressional performance in producing results has been brought into question" and said bill would help regain the confidence of voters.

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