



## H.R. 1219 – Supporting America’s Innovators Act (Rep. McHenry, R-NC)

CONTACT: [Jennifer Weinhart](#), 202-226-0706

### FLOOR SCHEDULE:

Expected to be considered on April 6, 2017 under a closed [rule](#).

### TOPLINE SUMMARY:

[H.R. 1219](#) would amend the [Investment Company Act of 1940](#) to provide an increase to the investor limitation from 100 to 250 persons for qualifying venture capital funds. Currently, the act limits the number of investors for qualifying venture capital funds to 100 persons, in order to be exempt from SEC registration.

### COST:

The Congressional Budget Office (CBO) [estimates](#) that implementing H.R. 1219 would have no significant effect on the agency’s costs or operations because only a relatively small number of companies would qualify for the broader exemption. Moreover, the SEC is authorized to collect fees sufficient to offset its annual appropriation; therefore, CBO estimates that the net effect on discretionary spending would be negligible, assuming appropriation actions consistent with that authority.

### CONSERVATIVE CONCERNS:

- **Expand the Size and Scope of the Federal Government?** No.
- **Encroach into State or Local Authority?** No.
- **Delegate Any Legislative Authority to the Executive Branch?** No.
- **Contain Earmarks/Limited Tax Benefits/Limited Tariff Benefits?** No.

### DETAILED SUMMARY AND ANALYSIS:

To qualify for the increase in the investor limitation, the venture capital fund would not be permitted to purchase more than \$10 million in equity from any single issuer, adjusted for inflation once every five years. According to the committee [report](#), benefits of this legislation would include permitting angel funds to obtain funds from a larger number of investors, giving more investment opportunities to potential investors while providing needed capital to startups.

Similar legislation passed in the 114<sup>th</sup> Congress, by a [vote](#) of 388-9, on July 5, 2016. The legislative bulletin for that bill can be found [here](#). Similar legislation was also included in the package legislation, H.R. 6427, which passed under suspension on December 5, 2016. The legislative bulletin for that bill can be found [here](#). A committee report can be found [here](#).

**COMMITTEE ACTION:**

H.R. 1219 was introduced on February 27, 2017 and was referred to the House Committee on Financial Services, where it was reported, 54-2, on March 9, 2017.

**ADMINISTRATION POSITION:**

A Statement of Administration Policy is not available.

**CONSTITUTIONAL AUTHORITY:**

According to the sponsor, Congress has the power to enact this legislation pursuant to the following: Article I, Section 8: clause 1: The Congress shall have Power To lay and collect Taxes, Duties, Imposts and Excises, to pay the Debts and provide for the common Defence and general Welfare of the United States; but all Duties, Imposts and Excises shall be uniform throughout the United States

---

**NOTE:** *RSC Legislative Bulletins are for informational purposes only and should not be taken as statements of support or opposition from the Republican Study Committee.*