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Thune, Shaheen, Fischer Introduce Legislation to Incentivize Capital Investments in Rural Businesses

WASHINGTON — U.S. Sens. John Thune (R-S.D.), Jeanne Shaheen (D-N.H.), and Deb Fischer (R-Neb.) today introduced the Rural Capital Access Act, legislation that would incentivize additional capital investments in rural America by improving the Small Business Investment Company's (SBIC's) ability to invest in rural businesses and encouraging greater participation in the Rural Business Investment Company (RBIC) program.

"Small businesses are critical to our state's economy," said Thune. "While South Dakota small businesses have persevered through the pandemic, relative to other parts of the country, there is always more work to be done to support our Main Street economies. My legislation would improve access to investment capital for rural businesses, which is oftentimes necessary to help businesses innovate and expand."

"Our rural businesses and entrepreneurs in New Hampshire are the backbone of our local economy, supplying jobs and spurring economic growth, but they often are denied access to venture capital," said Shaheen. "Rural businesses deserve every support possible to help them rebound, which is why this bipartisan legislation would increase coordination between the Small Business Administration and U.S. Department of Agriculture and make more funds available to invest in rural small businesses. I'm committed to working across the aisle to level the playing field for rural businesses and ensure they aren't left behind as we build back from the pandemic."

"Venture capital is critical for helping new businesses to grow, but businesses in rural America often have difficulty accessing this funding," said Fischer. "By granting these businesses access to additional resources, our legislation will create new opportunities for job creators in the Heartland."

"There is a real need for patient, more flexible capital for small businesses across America, particularly in rural areas," said Brett Palmer, president of the Small Business Investor Alliance. "Rural small businesses play a critical role in their communities – economic, social and civic."

"Even in the best of times and in the largest of cities, access to capital is a major challenge for many small businesses. For small companies in today's world, particularly those in rural areas, and it can be nearly impossible," Todd McCracken, president and CEO of National Small Business Association. "I applaud Sens. Thune, Shaheen and Fischer for their leadership and bipartisan efforts to expand the

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Small Business Investment Company program to better help rural small businesses find much-needed financing.”

The Rural Capital Access Act would:

- Provide SBICs with access to additional federally-backed leverage – leverage that is exempt from the \$175 million statutory cap – for investments made to qualifying small businesses located in rural areas.
- Allow the Small Business Administration (SBA), in consultation with U.S. Department of Agriculture (USDA), to extend to RBICs federally-backed leverage intended for SBICs that would otherwise go unused, as appropriate, to improve participation in the RBIC program.
- Establish an interagency working group between the SBA, USDA, and industry stakeholders to improve coordination in administering the vastly similar SBIC and RBIC programs, as well as develop recommendations to further improve access to capital and investment in rural areas through these programs, which would include recommendations to increase the number of licensees.

The SBIC program was established in 1958 to provide investment capital to small businesses across the nation. There are currently approximately 300 licensed SBICs in operation today, and the SBA is authorized to provide up to \$4 billion in federally-backed leverage each fiscal year to these SBICs to help supplement their investments in small businesses. However, the SBA does not generally provide up to this statutory cap.

The RBIC program was created by the 2002 Farm Bill to specifically help small businesses located in rural areas access investment capital. However, RBICs do not currently have access to federally-backed leverage and, as a result, there are very few licensed RBICs currently in operation.

In December 2020, Thune led a Commerce Committee subcommittee hearing to examine the lack of access to investment capital across Middle America.

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