OLYMPIA J. SNOWE, MAINE, CHAIR
JOHN F. KERRY, MASSACHUSETTS, RANKING MEMBER

CHRISTOPHER S. BOND, MISSOURI
CONRAD BURNS, MONTANA
ROBERT F. BENNETT, UTAH
MICHAEL ENZI, WYOMING
PETER G. FITZGERALD, ILLINOIS
MIKE CRAPO, IDAHO
GEORGE ALLEN, VIRGINIA
JOHN ENSIGN, NEVADA
NORM COLEMAN, MINNESOTA

CARL LEVIN, MICHIGAN
TOM HARKIN, IOWA
JOSEPH I. LIEBERMAN, CONNECTICUT
MARY LANDRIEU, LOUISIANA
JOHN EDWARDS, NORTH CAROLINA
MARIA CANTWELL, WASHINGTON
EVAN BAYH, INDIANA
MARK PRYOR, ARKANSAS

EMILIA DiSANTO, REPUBLICAN STAFF DIRECTOR
PATRICIA R. FORBES, DEMOCRATIC STAFF DIRECTOR AND CHIEF COUNSEL

United States Senate

COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP
WASHINGTON, DC 20510–6350

May 19, 2003

The Honorable Judd Gregg
Chairman
Appropriations Subcommittee for Commerce,
Justice, State and Judiciary
United States Senate
Washington, DC 20510

Dear Judd:

As your Subcommittee prepares to take up appropriations legislation for Fiscal Year 2004, I write to request that you consider appropriate funding for two of the Small Business Administration's (SBA) programs designed to assist the nation's smallest businesses – the New Markets Venture Capital (NMVC) Program and the Microloan Program.

The NMVC Program is geared toward generating equity investments in small businesses located in low-income communities and providing them with technical assistance to help them develop their businesses. The SBA launched the program in 2001 and approved seven New Markets Venture Capital Companies. The SBA intended to announce a second round of financing this Spring until the program's funding was rescinded in the 2003 Omnibus Appropriations Bill.

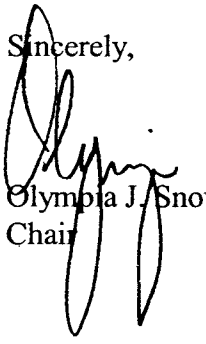
If funding is restored, industry representatives estimate that as much as $170 million in additional investment capital would become available to small businesses located in economically distressed areas. Estimates are that the program could make as much as $150 million in equity capital available this year to small businesses, which would support new and existing jobs. In the current economic climate, these resources would certainly welcome.

Similarly, the SBA's Microloan Program has been a valuable resource to small entrepreneurs throughout the country, and I ask that your Committee provide adequate funding for the program in Fiscal Year 2004. The Microloan Program is designed to support the credit needs of very small businesses and self-employed entrepreneurs. Through non-profit intermediary lenders, the program provides short-term, fixed rate loans of up to $35,000 to small enterprises.

In addition, the Microlending Intermediaries receive an annual grant from the SBA to enable them to provide technical assistance to borrowers, including financial and business planning, management and marketing assistance and ongoing technical support as the businesses develop. Shortfalls in technical assistance funding has resulted in the cutback of this assistance to the lending intermediaries and ultimately the Microloan borrowers.

Thank you for your consideration of these requests. If you have any questions or need additional information, please let me know or have your staff contact Greg Wach, my Banking Counsel on the Committee, at 224-5175.

Sincerely,



Olympia J. Snowe
Chair