

**Senator Olympia J. Snowe**  
**Opening Statement**  
**Ranking Member, Senate Committee on Small Business and Entrepreneurship**  
**Roundtable on SBA's Venture Capital Programs**  
**June 21, 2007**

Good morning and welcome to this roundtable on the Small Business Administration's (SBA) venture capital programs, the Small Business Investment Company (SBIC) program and the New Markets Venture Capital (NMVC) program. I would like to thank Senator Kerry for convening today's roundtable and all of you for traveling from near and far to be here today and being willing to share your views. I truly value the thoughtfulness that each of you has given to the recommendations that you bring to the table for the Committee to consider.

Small businesses are an integral part of our economic growth representing 99 percent of all employers, creating nearly 75 percent of all net new jobs, and employing 51 percent of the private-sector workforce. Our goal today is to examine the two pieces of legislation to reauthorize and improve the SBIC and NMVC programs that Senator Kerry and I introduced on Tuesday. Notably, both of those programs, which are so critical in enabling start-up small businesses to access the capital they need to establish operations, were included as part of reauthorization legislation that I steered through this Committee during the 109<sup>th</sup> Congress.

Turning first to SBICs, since its inception in 1958, the SBIC program has been tremendously successful in helping small businesses obtain capital not available through banks or private sources. Because of their substantial size, most private investment funds cannot dedicate resources to transactions below \$5 million. At the same time, there is significant demand by entrepreneurs for investments smaller than that amount. SBICs fill that gap and support thousands of small businesses each year. During Fiscal Year 2006 alone, the SBIC program invested \$2.987 billion in 2,121 small businesses. While it may take some time for those enterprises to become household names, we certainly should not discount that possibility. Some of the companies that have received SBIC investments at

one time during their history are Staples, FedEx, and Intel.

I believe Congress must reauthorize and strengthen the SBIC program as Senator Kerry and I have proposed, so that it can continue to assist start-up small businesses and, most vitally, create jobs. In particular, I also believe Congress must address prior funding commitments under the Participating Securities program that are set to expire. Although it is unfortunate that there is currently no appetite to reform the Participating Securities program, Congress and the SBA must make good on prior funding commitments so that SBICs can meet their business plans.

I would also like to spend just a few moments talking about the New Markets Venture Capital (NMVC) program, which will form the basis of the second part of today's discussion. The NMVC program, which specializes in providing investment dollars to small businesses in under-served, low-wealth urban and rural communities, has achieved some remarkable success since Congress created it in 2000. According to the Community Development Venture Capital Alliance, which is represented by Mr. Tesdell today, as of March 31, 2006, the six NMVC Companies had invested more than \$13.4 million of capital into 29 small businesses. Not only have the NMVC Companies brought investment dollars to under-invested areas, but they have also created or maintained 1,626 jobs in low-income communities.

Although the statistics I have just cited pertain to the entire nation, the NMVC program has also been a tremendous benefit to Maine. In 2003, Mike Cote (CO-tee) purchased Look's Canning Company in Whiting, Maine, which had become one of the last of what had been dozens of canneries along Maine's coast. Changing Look's name to Look's Gourmet Food Company, Mike worked with Wiscasset, Maine, based Coastal Enterprises, Inc., a New Markets Venture Capital Company, to use the New Markets Venture Capital program to grow the business. Look's Gourmet Food Company is now thriving by selling all-natural, high-quality, shelf-stable seafood products under the "Bar Harbor T" and

**“Atlantic T” brands all over the country. As Look’s took off, it was able to create 18 new jobs with benefits in Maine’s Washington County. That’s impressive for a company doing business in a county that had a 9.1 percent unemployment rate in February, the highest in Maine and more than double the national average.**

**I would like to work with Chairman Kerry, who was so instrumental in creating the NMVC program, to reauthorize and support the initiative, so that it can continue to deliver economic growth to our nation’s most under-served regions.**

**The entrepreneurial spirit of our 26 million small businesses dates back to our nation’s founding. Small businesses are the cornerstone of economic growth and job creation, and it is critical that we support the SBIC and NMVC programs that enable aspiring entrepreneurs to obtain the crucial financing dollars they need to start and grow their businesses. As stakeholders of the SBA’s venture capital programs, I encourage all of you to provide your honest assessments of the proposals discussed today, and I look forward to hearing your suggestions.**