

Mr. MORTON. Mr. Chairman, before you adjourn the hearing, I wonder if Mr. Stults would provide an additional statement analyzing the overlap among the agencies involved—the Small Business Administration, the Internal Revenue Service, the SEC, and any other regulatory agency, so we get this from the broad general aspects down to specifics, not from the Government's point of view, but from your point of view.

Mr. STULTS. Yes, sir.

Mr. MORTON. Could we have that, Mr. Chairman?

The CHAIRMAN. It may be included in the record.

(The information to be furnished for inclusion in the record at this point follows:)

NATIONAL ASSOCIATION OF SMALL BUSINESS INVESTMENT COMPANIES,
Washington, D.C., June 12, 1968.

Mr. JOE L. EVINS,
Chairman, Select Committee on Small Business, House of Representatives, Rayburn
House Office Building, Washington, D.C.

DEAR Mr. CHAIRMAN: At the end of our appearance before the House Small Business Committee on May 22, you kindly gave us permission to supplement our testimony with additional material. Attached are several items which were specifically discussed during our testimony.

I. The SBIC Tax Bill. I am enclosing a copy of H.R. 10410 which was introduced by Mr. Patman on May 29, 1967 and which is still pending before the House Ways and Means Committee. We hope very much it will be passed during this session. I am also enclosing a section-by-section analysis of the bill.

II. The Small Business Investment Act Amendments of 1967. I have summarized the most important features of last year's legislation.

III. NASBIC's Application to the Securities and Exchange Commission. During the hearings, Mr. Conte asked a question regarding our application to the SEC to have publicly-owned SBICs exempted from provisions of the Investment Company Act of 1940. Our General Counsel, Charles M. Noone, is preparing a memorandum on various overlapping regulatory authorities which will cover this point. Mr. Noone's memorandum will be sent to you in the next day or two. He will also send you a copy of our formal application to the Commission. I would like to point out, however, that we are not attempting to curtail stockholder protection in any way; we are only attempting to have one agency, rather than two, regulate SBICs in this field.

Thank you again for your continuing support for our industry and for the small businesses we are serving.

Sincerely,

WALTER B. STULTS,
Executive Director.

[H.R. 10410, 90th Cong., first sess.]

A BILL To amend the Internal Revenue Code of 1954 with respect to the income tax treatment of small business investment companies

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Small Business Investment Company Tax Amendments of 1967".

SEC. 2. (a) Section 166 of the Internal Revenue Code of 1954 (relating to bad debts) is amended by redesignating subsection (h) as (i), and by inserting after subsection (g) the following new subsection:

"(h) SPECIAL RULE FOR SMALL BUSINESS INVESTMENT COMPANIES.—Notwithstanding section 165(g)(1) and subsection (e) of this section, subsections (a), (b), and (c) of this section shall apply, in the case of a taxpayer which is a small business investment company operating under the Small Business Investment Act of 1958, as amended, to a debt of a small business concern which is evidenced by a security as defined in section 165(g)(2)(C).

(b) Section 165(j)(4) of the Internal Revenue Code of 1954 (relating to losses) is amended by striking out "section 1243." and inserting in lieu thereof "sections 166(h) and 1243."