

House OKs expanding programs for small businesses  
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By Jerome L. Sherman, Pittsburgh Post-Gazette

WASHINGTON -- The House yesterday overwhelmingly approved a bill to expand access to U.S. Small Business Administration programs, handing a significant victory to Pennsylvania's Rep. Jason Altmire.

The freshman Democrat from McCandless said he hopes to meet the needs of smaller businesses that could form the basis of a high-tech corridor in the Pittsburgh region while also providing more incentives for investments in firms owned by military veterans, women and minorities.

Some critics, including the Bush administration and the National Small Business Administration, or NSBA, warned that the bill goes too far, opening up government benefits to rich financiers and large venture capital companies.

Under current law, a small business is one with fewer than 500 employees, and that figure includes the staff size of outside firms investing capital in the business. Mr. Altmire's legislation would let a company keep the "small" classification even if it partners with a large private investor.

Michael Stamler, director of the SBA's press office, said the agency "strongly opposes" this change.

"The provision would allow large businesses, not-for-profit organizations, and colleges and universities to own and control small businesses and benefit from programs designed for independent small businesses," he said in an e-mail message.

Large venture capital firms would have a significant advantage at picking firms that receive federal contracts or financial help, warned Kyle Kempf, government affairs director for the NSBA.

"The repercussions of this bill are sweeping, and no one has had time to look at it," said Mr. Kempf, whose organization represents more than 150,000 small businesses across the country.

Mr. Altmire said the criticisms were unfounded, since companies with large financial backers would still have to apply to participate in SBA programs.

"If you're doing well and you have a deep-pocketed [investor], you're not going to qualify," he said.

Mr. Altmire yesterday supported an amendment to his bill, offered by Rep. Steve Chabot, R-Ohio, that narrowed the definition of a small business to one where a venture capital company isn't the majority owner.

Still, Mr. Altmire said small businesses shouldn't be immediately disqualified from SBA programs because they have access to private capital, arguing that many new high-tech companies need huge influxes of money to keep up with research and development.

He cited the experiences of tech companies in Western Pennsylvania, including Renal Solutions, a medical device firm based in Marshall.

Peter M. DeComo, the chairman and CEO of the seven-year-old company, said Renal Solutions benefited immensely from about \$800,000 in Small Business Innovation Research grants in its early years. But it now would be unable to apply for new SBA money because it receives support from outside investors, including UPMC.

"It really stifles innovation," Mr. DeComo said of the limitations. "All of the money we've raised is focused on first-generation products."

He argued that venture capital firms wouldn't make their investment decisions only based on quick access to government money. They want to support companies that have long-term growth potential on their own.

Both the National Venture Capital Association and the Biotechnology Industry Organization support Mr. Altmire's bill.

The final vote on the bill was 325-72. It now goes to the Senate.

Another controversial provision involves the creation of an Angel Investment Program, which would put up \$2 million in matching funds for "angel" investors, or wealthy individuals willing to back small businesses. The program, which would receive \$10 million in its first year, would also create a federal database of angel investors and make it available to businesses.

Mr. Stamler said "the SBA does not support providing capital to high net worth individuals to support their investments," while Mr. Altmire said it was an important source of capital for small businesses.

The bill also would make changes to the Small Business Investment Company program, simplifying the rules that oversee how much debt a small business can carry. It also would increase SBA-backed surety bonds from \$2 million to \$3 million.

## **Political forum maps out Tech Belt concept**

By Rick Stouffer

TRIBUNE-REVIEW

Tuesday, October 2, 2007

Pittsburgh and Cleveland can cooperate to turn the Rust Belt into a Technology Belt, create jobs and compete nationally and internationally, according to two members of the U.S. House of Representatives.

Jason Altmire and Tim Ryan on Monday brought together more than 100 politicians, academics and business people to talk regional cooperation.

Altmire, D-McCandless, and Ryan, D-Niles, Ohio, whose district includes Akron, Canton and Youngstown, are hoping to get technology, life sciences, health care and manufacturing leaders within the Cleveland-Pittsburgh corridor to work together.

"We want to create a Technology Belt -- we're tired of hearing about the Rust Belt," said Altmire by phone from an all-day forum yesterday at Youngstown State University.

"In these regions, Cleveland to Pittsburgh, we have so many assets competing with each other -- Cleveland with Case Western University and the Cleveland Clinic -- and Pittsburgh with UPMC, CMU and Pitt. We wanted to bring the leaders together to compete as a region," Altmire said.

Altmire said he and Ryan can't pass region-specific legislation, but they can push laws that take advantage of the region's assets. Altmire sponsored the Small Business Investment Expansion Act of 2007 passed by the House last week by a vote of 325-72.

Cooperation across state lines already is under way, between the Pittsburgh Life Sciences Greenhouse and its Cleveland counterpart, BioEnterprise.

"This corridor is rich with assets, and the group brought together is pretty dynamic," said Greenhouse CEO John W. Manzetti yesterday. "It's good to take advantage of common interests."

Dan Flynn, CEO and founder of Accipiter Systems Inc. in Pine, feels the Altmire-Ryan proposal is on the right track. His five-year-old company designs and builds equipment that allows computers to communicate.

"We need to build teams of experts working together," Flynn said.

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