

**Remarks of the Honorable Robert Hurt before the Capital Markets
Subcommittee**

**Hearing on Legislative Proposals to Promote Job Creation, Capital
Formation, and Market Certainty**

March 16, 2011

Mr. Chairman, thank you for holding today's hearing on these important legislative proposals that will facilitate job creation by increasing the flow of private capital to small businesses.

As noted by Republican and Democrat members in last week's hearing with SEC officials, there is serious concern about the effects of the new government mandate for advisers to private equity included in Dodd-Frank.

These unnecessary registration requirements, which do not make the financial system more stable or less risky, will impose an undue burden on small and mid-sized private equity firms and will decrease capital available to spur job growth.

Even though the new regulations do not go into effect until July, private equity firms are already spending capital on complying instead of providing financing to companies that need private capital to survive, expand, and create jobs.

This is why I have introduced H.R. 1082, the Small Business Capital Access and Job Preservation Act, with bipartisan support. If enacted, private equity advisers will be given the same exemption under Title IV of Dodd-Frank that venture capital advisers received. This will allow small businesses to access capital, expand, and get people back to work.

Today, the committee will hear from Ms. Pamela Hendrickson of the Riverside Company, and she will tell the story of a great example of the relationship between private equity and small business in Martinsville, Virginia, the heart of Virginia's 5th District. Unemployment in Martinsville last year exceeded 20 percent, and, like all areas of my district, is in dire need of jobs.

Commonwealth Laminating and Coating, which manufactures solar control window films, worked with the Riverside to invest in upgrading the company's production capacity. This endeavor created 61 much-needed jobs for residents of the area at a critical time.

This is just one example of private equity-backed companies that employ over 1,500 people in the 5th District of Virginia and 58,000 statewide.

With unemployment still unacceptably high in the 5th District and across the country, now is not the time to impose onerous and unnecessary regulatory requirements that force firms to divert essential capital from preserving and creating jobs.

I look forward to the testimony of our distinguished witnesses and thank them for their appearance before the subcommittee today.

Thank you, Mr. Chairman. I yield back the balance of my time.