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SUBCOMMITTEE ON CONTRACTING AND TECHNOLOGY MARKUP ON LEGISLATIONS TO MODERNIZE THE SBIR AND STTR PROGRAMS

HEARING

BEFORE THE

COMMITTEE ON SMALL BUSINESS
UNITED STATES
HOUSE OF REPRESENTATIVES

ONE HUNDRED ELEVENTH CONGRESS

FIRST SESSION

HEARING HELD
June 11, 2009

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SUBCOMMITTEE ON CONTRACTING AND TECHNOLOGY MARKUP OF LEGISLATION MODERNIZING THE SBIR AND STTR PROGRAMS; [H.R. 2769; H.R. 2767; H.R. 2747; H.R. 2772]

Thursday, June 11, 2009

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON SMALL BUSINESS,
Washington, DC.

The Subcommittee met, pursuant to call, at 10:00 a.m., in Room 2360 Rayburn House Office Building, Hon. Glenn Nye [chairman of the Subcommittee] presiding.

Present: Representatives Nye, Clarke, Schrader, Halvorson, Schock and Thompson.

Chairman NYE. Good morning. I would like to go ahead and call this morning's mark-up to order.

Today the Committee will consider legislation to reauthorize the Small Business Innovation Research and Small Business Technology Transfer Programs. Though immensely valuable, these initiatives are in sore need of modernization. In fact, they have not been updated for over eight years.

Needless to say, a lot has changed since then. The small business community has shifted dramatically, and it is critical that these programs reflect those changes. Entrepreneurs are proven innovators. Time and time again they have sparked critical industry breakthroughs. Today with the help of SBIR and STTR grants, they are leading the way to address everything from health care reform to national security threats.

SBIR and STTR are vital programs, but their continued success is not guaranteed. As of today, the health of these initiatives hinges on three primary factors.

First, they must remain highly competitive.

Second, awardees must have adequate access to investment.

And, finally, promising products should be commercialized and brought to market.

The four bills before us today are a comprehensive answer to those issues. I want to commend the sponsors of the legislation for their hard work: Ranking Member Schock, Representative Bright, Representative Halvorson, and Ranking Member Graves. They recognized that modernizing SBIR and STTR is a small business necessity, one that will help our entrepreneurs not only develop new products, but also grow and create jobs.

And I would now like to yield to our Ranking Member Schock for any opening remarks.

Mr. SCHOCK. Thank you, Mr. Chairman.

Good morning. Thank you all for being here as we mark up the legislation to reauthorize and modernize this Small Business Innovation and Small Business Technology Transfer Programs.

These two programs represent the kind of public-private partnership that truly has a positive impact on our nation's small businesses. In today's worsening economy, we are continually looking to our small, innovative companies to create new jobs and improve our economy. Small businesses can and will be the driving force to lead our economy out of this recession, and the SBIR and STTR Programs can be vital to their success.

For over 20 years, the SBIR and STTR Programs have provided critical funding for small companies with innovative ideas seeking to bring their products to market. In an ever changing world economy, we must insure that these programs keep up with the global demands that small businesses face on a daily basis from large competitors at home and abroad.

The legislation we have before us today goes a long way toward helping American small businesses compete globally and locally. I am pleased to have introduced one of these bills, House Resolution 2772, the SBIR and STTR Enhancement Act. This bill makes a wide variety of changes to the SBIR and STTR Programs designed to bring them into the 21st Century.

For example, the legislation raises the award levels to reflect the modern costs of doing business in high technology fields, award levels which have not been raised since the inception of the program.

The bill also provides the way small businesses and sponsoring agencies share information, by creating online databases to improve information flow between agencies and participants.

My legislation will also create an interagency policy committee among the participating agencies to report specific findings to the relevant congressional committees. The creation of these committees and databases will allow for greater oversight and better management of the SBIR Program.

Mr. Chairman, it is essential we make these changes to these programs so that our innovative small companies have an outlet for their ideas. I am very appreciative of you and your work, Chairman Velázquez for the bipartisan manner in which this Committee business has been conducted. I look forward to working with you on these pieces of legislation and urge my colleagues to support their passage.

Thank you, Mr. Chairman. I yield back.

Chairman NYE. Thank you, Mr. Schock.

Are there any other members who would like to be recognized at this point for opening remarks?

[No response.]

Chairman NYE. Okay. Seeing none, we will continue to consider the first bill, H.R. 2769, the Commercializing Small Business Research and Development Act, introduced by Representative Bright.

[The Bill H.R. 2769 is included in the appendix.]

Chairman NYE. Commercialization takes time and money, and as of now the majority of SBIR and STTR products never make it market. There are a number of reasons for this ranging from shortfalls in business development training to lack of communication be-

tween SBIR reps. and purchasing agencies. This bill will address those issues.

To begin, it starts a dialogue between agencies and SBIR officers. In doing so it gives small firms a leg up in winning contracts and promises to ease the R&D learning curve. By establishing training initiatives and mentoring programs, H.R. 2769 gives small firms the tools they need to innovate. Coupled with annual benchmarks for commercialization, these services will help more new technologies get to market. Once these products start selling, entrepreneurs can begin growing their businesses and creating new jobs.

I would now like to yield to Ranking Member Schock if he has any comments.

Okay. Are there any other members who wish to be recognized on this bill?

[No response.]

Chairman NYE. Okay. Seeing none, the Committee now moves to consideration of H.R. 2769. The Clerk will report the title of the bill.

The CLERK. To amend the Small Business Act to promote the commercialization of certain small business research and development projects and for other purposes.

Chairman NYE. I ask unanimous consent that the bill in its entirety be open for amendments at this time. Does any member seek recognition for the purpose of offering an amendment?

[No response.]

Chairman NYE. Seeing no amendments, the question is on reporting H.R. 2769 to the full Committee. All those in favor say aye.

[Chorus of ayes.]

Chairman NYE. All those opposed say no.

[No response.]

Chairman NYE. The ayes have it. The bill is adopted and reported to the full Committee.

SBIR and STTR are critical in promoting small business research, but once an idea has been fleshed out, it often requires additional funding. In these cases, outside investment goes a long way.

H.R. 2767, introduced by Ranking Member Graves, will allow entrepreneurs to access that kind of capital. The Investing in Tomorrow's Technology Act gives business owners the funds to see R&D from start to finish. Those resources are essential for industries like energy and biotechnology. In these areas, the most promising products are often the costliest to make. The process of medical R&D, for example, can take several years and millions of dollars.

In determining how those projects are financed, entrepreneurs should have the final say, not Washington bureaucrats. Ranking Member Graves has consistently worked to help small firms access equity capital. I want to thank him for his leadership on this important issue, and I urge support for H.R. 2767.

I would now like to yield to our Ranking Member or any other member of the Committee if they would like to add any remarks on this legislation.

[No response.]

Chairman NYE. The Committee now moves to the consideration of H.R. 2767.

[The Bill H.R. 2767 is included in the appendix.]

Chairman NYE. The Clerk will report the title of the bill.

The CLERK. To amend the Small Business Act to extend and improve the Small Business Innovation Research Program and the Small Business Technology Transfer Program and for other purposes.

Chairman NYE. I ask unanimous consent that the bill in its entirety be open for amendments at this time. Does any member seek recognition for the purpose of offering an amendment?

[No response.]

Chairman NYE. Seeing none, the question is on reporting H.R. 2767 to the full Committee. All those in favor say aye.

[Chorus of ayes.]

Chairman NYE. All those opposed say no.

[No response.]

Chairman NYE. The ayes have it. The bill is adopted and reported to the full Committee.

Innovation is a powerful force for growth, particularly in under served and rural regions. In these areas the development of new products is the surest path to job creation. With that in mind, Representative Halvorson has introduced H.R. 2747, the Rural Technology Development and Outreach Act.

This bill works to recruit and cultivate the next generation of innovators. It does so by reaching out to traditionally under served communities. It educates entrepreneurs about SBIR and STTR and encourages them to get involved in the programs. By providing technical assistance to these men and women, H.R. 2747 gives them the know-how to navigate the system.

In encouraging innovation, it is critical that we reach out to previously untapped communities and historically under represented groups, such as women and veterans. This bill will do that, and it will expand the small business tent. After all, a greater number of SBIR applicants means a deeper talent pool.

And of course, the more talented entrepreneurs we can attract, the more viable ideas we can bring to market. H.R. 2747 is an important legislative initiative, and I urge members to support its passage.

I would like now to yield to the Ranking Member if he has any comment.

I would now yield to the bill's sponsor, Representative Halvorson for any remarks.

Ms. HALVORSON. Good morning, and I would like to thank Mr. Nye for holding this mark-up.

The legislation we are examining is an important investment in small business. I know it will go a long way to help entrepreneurs in my home district, as well as rural regions across the country. As we work our way towards recovery, we are trying to do more than simply turn the tide. We are working toward growth that is sustainable, job creation that is lasting, and a recovery that revives the whole country, not just pockets here and there.

Already we have made real progress. This Congress has taken important steps to help small businesses, but if we are really going

to turn things around, we will need new foundation, one that supports Americans everywhere, from inner cities to rural regions.

Our country's rural areas are suffering. In terms of innovation they have really fallen behind the curve. While States like Massachusetts and California enjoy significant shares of research and development, places like my home State of Illinois struggle just to keep up.

The Real Technology Development and Outreach Act of 2009 will change that. This act recognizes that innovation is an economic necessity that innovates in the heartland. By expanding the SBIR and STTR Programs, it will make sure real entrepreneurs have the training and the technical assistance they need to adapt and grow.

Every year SBIR and STTR help 1,500 firms get off the ground. Still, many entrepreneurs do not know that these programs even exist. Through workshops and local marketing campaigns, we are going to increase awareness. By bringing more entrepreneurs into the program, we can broaden our talent pool and ultimately boost the number of products that make it into the market. This is critical because greater commercialization means greater job growth.

When it comes to R&D, knowledge is power. Through increased outreach, we can be sure that entrepreneurs know their options, but before they can win SBIR and STTR grants, they will need to understand the ins and the outs of the program.

The SBIR and STTR application process is complex. This bill will help break it down for entrepreneurs, and business owners need to know how to do things like select a purchasing agent/agency and meet program requirements. So with tools like training workshops and podcast seminars, we can give them that information.

And our efforts do not just focus on traditional entrepreneurs either. Rather, they actively recruit women, veterans, and minorities because the face of American business is changing, and it is time for SBIR to reflect that shift particularly in struggling regions.

When we talk about the challenges facing under served areas, we need to remember one thing. A shortage of resources does not mean a lack of ideas. Our rural areas have tremendous room for innovation. As we speak family farmers and biofuel entrepreneurs are unlocking new energy markets. With SBIR and STTR, they can take their technology even further, and we are going to give them the resources they need to pioneer a greener future, and their success will mean more than energy independence. It will create jobs and revitalize entire regions.

As we emerge from the recession, we are going to need that kind of growth and redevelopment. By investing in rural entrepreneurs, we can rebuild our economy from the foundation up, and this bill marks an important first step in the process.

I yield back.

Chairman NYE. Thank you, Ms. Halvorson.

Are there any other members that wish to be recognized on H. R. 2747?

[No response.]

Chairman NYE. Seeing none, the Committee now moves to consideration of H.R. 2747.

[The Bill H.R. 2747 is included in the appendix.]

Chairman NYE. The Clerk will report the title of the bill.

The CLERK. To amend the Small Business Act to improve outreach and support activities and to increase wide recipients from rural areas with respect to the Small Business Innovation Research Program and the Small Business Technology Transfer Program and for other purposes.

Chairman NYE. I ask unanimous consent that the bill in its entirety be open for amendments at this time. Does any member seek recognition for the purpose of offering an amendment?

[No response.]

Chairman NYE. Seeing no amendments, the question is on reporting H.R. 2747 to the full Committee. All those in favor say aye.

[Chorus of ayes.]

Chairman NYE. All those opposed say no.

[No response.]

Chairman NYE. The ayes have it. The bill is adopted and reported to the full Committee.

The final piece of legislation that we will consider is H.R. 2772, the SBIR and STTR Enhancement Act introduced by Ranking Member Schock.

This act makes important changes to the SBIR and STTR Programs. As I mentioned earlier, neither initiative has been updated in nearly a decade. H.R. 2772 will modernize them to increase efficiency and speed up the process of commercialization.

After more than eight years without an update, SBIR and STTR are wrapped in a lot of red tape. This bill will cut through those barriers. That is important because current regulations and application requirements are tricky to navigate. This bill breaks the process down. It creates fewer hoops for small firms to jump through and in doing so builds greater room for innovation.

Again, I want to recognize the Ranking Member for his work on this bill, and I urge members to support it.

At this time I would like to yield to Ranking Member Schock.

Mr. SCHOCK. Thank you, Mr. Chairman.

I will let the comments I made in the opening statement in support of this stand, and again, I appreciate your work to bring this together and make it a bipartisan bill and allow these amendments to stand.

Thanks.

Chairman NYE. All right. Thank you, Mr. Schock.

Are there any other members that wish to be recognized on H.R. 2772?

[No response.]

Chairman NYE. Seeing none, the Committee now moves to consideration of H.R. 2772.

[The Bill H.R. 2772 is included in the appendix.]

Chairman NYE. The Clerk will report the title of the bill.

The CLERK. To amend the Small Business Act to enhance the Small Business Innovation and Research Program and the Small Business Technology Transfer Program and for other purposes.

Chairman NYE. I ask unanimous consent that the bill in its entirety be open for amendments at this time. Does any member seek recognition for the purpose of offering an amendment?

[No response.]

Chairman NYE. Seeing no amendments, the question is on reporting H.R. 2772 to the full Committee. All those in favor say aye.

[Chorus of ayes.]

Chairman NYE. All those opposed.

[No response.]

Chairman NYE. The ayes have it. The bill is adopted and reported to the full Committee.

This concludes Subcommittee business for today. I ask unanimous consent that the Subcommittee is authorized to correct section numbers, punctuation, cross-references, and to make necessary technical and conforming corrections on the bills considered today.

Without objection, so ordered.

This mark-up is adjourned.

[Whereupon, at 10:20 a.m., the Subcommittee was adjourned.]

GLENN NYE, VIRGINIA
CHAIRMAN

AARON SCHOCK, ILLINOIS
RANKING MINORITY MEMBER

Congress of the United States
U.S. House of Representatives
Committee on Small Business
Subcommittee on Contracting and Technology
2361 Rayburn House Office Building
Washington, DC 20515-0515

STATEMENT
Of the Honorable Glenn Nye, Chairman
House Committee on Small Business, Subcommittee on Contracting and Technology
Mark Up on Legislation Reauthorizing the SBIR and STTR Programs
Thursday, June 11, 2009

Today, the Committee will consider legislation to reauthorize the Small Business Innovation Research and Small Business Technology Transfer programs. Though immensely valuable, these initiatives are in sore need of modernization. In fact, they haven't been updated in over 8 years. Needless to say, a lot has changed since then. The small business community has shifted dramatically, and it is critical that these programs reflect those changes.

Entrepreneurs are proven innovators. Time and again, they have sparked critical industry breakthroughs. Today, with the help of SBIR and STTR grants, they are leading the way to address everything from healthcare reform to national security threats.

SBIR and STTR are vital programs. But their continued success is not guaranteed. As of today, the health of these initiatives hinges on three primary factors. First, they must remain highly competitive. Second, awardees must have adequate access to investment. And lastly, promising products should be commercialized and brought to market.

The four bills before us today are a comprehensive answer to those issues. I want to commend the sponsors of the legislation for their hard work - Ranking Member Schock, Representative Bright, Representative Halvorson, and Ranking Member Graves. They recognize that modernizing SBIR and STTR is a small business necessity. One that will help our entrepreneurs not only develop new products, but also grow and create jobs.

I

111TH CONGRESS
1ST SESSION

H. R. 2769

To amend the Small Business Act to promote the commercialization of certain small business research and development projects, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 9, 2009

Mr. BRIGHT introduced the following bill; which was referred to the Committee on Small Business, and in addition to the Committee on Science and Technology, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

---

A BILL

To amend the Small Business Act to promote the commercialization of certain small business research and development projects, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Commercializing Small Business Research and Development Act".

SEC. 2. FOCUS ON COMMERCIALIZATION.

Section 9(a) of the Small Business Act (15 U.S.C. 638(a)) is amended by adding at the end the following:

"It is further the policy of Congress that the programs established in this section should focus on promoting research and development of projects governed by commercial business plans, which have significant potential to produce products or services for the marketplace or for acquisition by Federal agencies.".

SEC. 3. INCLUSION OF ENERGY-RELATED RESEARCH TOPICS AND RARE DISEASE-RELATED RESEARCH TOPICS AS DESERVING "SPECIAL CONSIDERATION" AS SBIR RESEARCH TOPICS.

Section 9(g)(3) of the Small Business Act (15 U.S.C. 638(g)(3)) is amended—

(1) in the matter preceding subparagraph (A) by inserting after "critical technologies" the following: "or pressing research priorities";

(2) at the end of subparagraph (A) by striking "or"; and

(3) by adding at the end the following:

"(C) the National Academy of Sciences, in the final report issued by the 'America's Energy Future: Technology Opportunities, Risks, and Tradeoffs' project, and in subsequent reports issued by the National Academy of Sciences on sustainability, energy, and alternative fuels;

"(D) the National Institutes of Health, in the annual report on the rare diseases research activities of the National Institutes of Health for fiscal year 2005, and in subsequent reports issued by the National Institutes of Health on rare diseases research activities; or

"(E) the National Academy of Sciences, in the final report issued by the 'Transit Research and Development: Federal Role in the National Program' project and the 'Transportation Research, Development and Technology Strategic Plan (2006–2010)' issued by the United States Department of Transportation Research and Innovative Technology Administration, and in subsequent reports issued by the National Academy of Sciences and United States Department of Transportation on transportation and infrastructure;".

SEC. 4. NANOTECHNOLOGY-RELATED RESEARCH TOPICS.

(a) SBIR.—Section 9(g)(3) of the Small Business Act (15 U.S.C. 638(g)(3)), as amended, is further amended—

(1) at the end of subparagraph (D) by striking "or";

(2) at the end of subparagraph (E) by adding "or"; and

(3) by adding at the end the following:

"(F) the national nanotechnology strategic plan required under section 2(c)(4) of the 21st Century Nanotechnology Research and Development Act (15 U.S.C. 7501(c)(4)) and in subsequent reports issued by the National Science and Technology Council Committee on Technology, focusing on areas of nanotechnology identified in such plan;".

(b) STTR.—Section 9(o)(3) of the Small Business Act (15 U.S.C. 638(o)(3)) is amended—

(1) at the end of subparagraph (A) by striking "or";

(2) at the end of subparagraph (B) by adding "or"; and

(3) by adding at the end the following:

"(C) by the national nanotechnology strategic plan required under section 2(c)(4) of the 21st Century Nanotechnology Research and Development Act (15 U.S.C. 7501(c)(4)) and in subsequent reports issued by the National Science and Technology Council Committee on

1 Technology, focusing on areas of nanotechnol-
2 ogy identified in such plan;".

3 **SEC. 5. CLARIFYING THE DEFINITION OF "PHASE THREE".**

4 Section 9(e) of the Small Business Act (15 U.S.C.
5 638(e)) is amended—

6 (1) in paragraph (4)(C) in the matter preceding
7 clause (i) by inserting after "a third phase" the fol-
8 lowing: ", which shall consist of work that derives
9 from, extends, or logically concludes efforts per-
10 formed under prior SBIR funding agreements
11 (which may be referred to as 'Phase III')";

12 (2) in paragraph (8) by striking "and" at the
13 end;

14 (3) in paragraph (9) by striking the period at
15 the end and inserting "; and"; and

16 (4) by adding at the end the following:

17 "(10) the term 'commercialization' means the
18 process of developing marketable products or serv-
19 ices and producing and delivering products or serv-
20 ices for sale (whether by the originating party or by
21 others) to government or commercial markets.".

22 **SEC. 6. AGENCY RESEARCH GOALS.**

23 Section 9 of the Small Business Act (15 U.S.C. 638)
24 is amended by striking subsection (h) and inserting the
25 following:

1 "(h) AGENCY RESEARCH GOALS.—

2 "(1) IN GENERAL.—In addition to the require-
3 ments of subsection (f), each Federal agency that is
4 required by this section to have an SBIR program
5 and that awards annually $5,000,000,000 or more
6 in procurement contracts shall, effective for fiscal
7 year 2010 and each fiscal year thereafter, establish
8 annual goals for commercialization of projects fund-
9 ed by SBIR awards.

10 "(2) SPECIFIC GOALS.—The goals required by
11 paragraph (1) shall include specific goals for each of
12 the following:

13 "(A) The percentage of SBIR projects that
14 receive funding for the third phase (as defined
15 in subsection (e)(4)(C)).

16 "(B) The percentage of SBIR projects that
17 are successfully integrated into a program of
18 record.

19 "(C) The amount of Federal dollars re-
20 ceived by SBIR projects through Federal con-
21 tracts, not including dollars received through
22 the SBIR program.

23 "(3) SUBMISSION TO COMMITTEES.—For each
24 fiscal year for which goals are required by paragraph
25 (1), the agency shall submit to the Committee on

1 Small Business of the House of Representatives and
2 the Committee on Small Business and Entrepre-
3 neurship of the Senate—
4 "(A) not later than 60 days after the be-
5 ginning of the fiscal year, the goals; and
6 "(B) not later than 90 days after the end
7 of the fiscal year, data on the extent to which
8 the goals were met and a description of the
9 methodology used to collect such data.".

10 **SEC. 7. COMMERCIALIZATION PROGRAMS.**

11 Section 9 of the Small Business Act (15 U.S.C. 638)
12 as amended, is further amended, by adding at the end the
13 following:

14 "(aa) COMMERCIALIZATION PROGRAMS.—
15 "(1) IN GENERAL.—Each agency required by
16 this section to conduct an SBIR program shall es-
17 tablish a commercialization program that supports
18 the progress of SBIR awardees to the third phase.
19 The commercialization program may include activi-
20 ties such as partnership databases, partnership con-
21 ferences, multiple second phases, mentoring between
22 prime contractors and SBIR awardees, multiple sec-
23 ond phases with matching private investment re-
24 quirements, jumbo awards, SBIR helpdesks, and
25 transition assistance programs. The agency shall in-

1 clude in its annual report an analysis of the various
2 activities considered for inclusion in the commer-
3 cialization program and a statement of the reasons
4 why each activity considered was included or not in-
5 cluded, as the case may be.

6 "(2) FUNDING FOR COMMERCIALIZATION PRO-
7 GRAMS.—

8 "(A) IN GENERAL.—From amounts made
9 available to carry out this paragraph, the Ad-
10 ministrator may, on petition by agencies re-
11 quired by this section to conduct an SBIR pro-
12 gram, transfer funds to such agencies to sup-
13 port the commercialization programs of such
14 agencies.

15 "(B) PETITIONS.—The Administrator shall
16 establish rules for making transfers under sub-
17 paragraph (A). The initial set of rules shall be
18 promulgated not later than 90 days after the
19 date of the enactment of this paragraph.

20 "(C) AUTHORIZATION OF APPROPRIA-
21 TIONS.—There is authorized to be appropriated
22 to the Administrator to carry out this para-
23 graph $27,500,000 for fiscal year 2010 and
24 each fiscal year thereafter.

1 "(3) FUNDING LIMITATION.—For payment of
2 expenses incurred to administer the commercializa-
3 tion programs described in paragraphs (1) and (2),
4 the head of an agency may use not more than an
5 amount equal to 1 percent of the funds set aside for
6 the agency's Small Business Innovation Research
7 program. Such funds—
8 "(A) shall not be subject to the limitations
9 on the use of funds in subsection (f)(2); and
10 "(B) shall not be used for the purpose of
11 funding costs associated with salaries and ex-
12 penses of employees of the Federal Govern-
13 ment.".

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111TH CONGRESS
1ST SESSION

H. R. 2767

To amend the Small Business Act to extend and improve the Small Business Innovation Research Program and the Small Business Technology Transfer Program, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 9, 2009

Mr. GRAVES introduced the following bill; which was referred to the Committee on Small Business, and in addition to the Committee on Science and Technology, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

---

A BILL

To amend the Small Business Act to extend and improve the Small Business Innovation Research Program and the Small Business Technology Transfer Program, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Investing in Tomorrow's Technology Act".

SEC. 2. EXTENSION OF TERMINATION DATES.

(a) SBIR.—Section 9(m) of the Small Business Act (15 U.S.C. 638(m)) is amended by striking "2008" and inserting "2011".

(b) STTR.—Section 9(n)(1)(A) of the Small Business Act (15 U.S.C. 638(n)(1)(A)) is amended by striking "2009" and inserting "2011".

SEC. 3. ENSURING THAT INNOVATIVE SMALL BUSINESSES WITH SUBSTANTIAL INVESTMENT FROM VENTURE CAPITAL OPERATING COMPANIES ARE ABLE TO PARTICIPATE IN THE SBIR AND STTR PROGRAMS.

Section 9 of the Small Business Act (15 U.S.C. 638) is amended by adding at the end the following:

"(aa) VENTURE CAPITAL OPERATING COMPANIES.—Effective only for the SBIR and STTR programs the following shall apply:

"(1) A business concern that has more than 500 employees shall not qualify as a small business concern.

"(2) In determining whether a small business concern is independently owned and operated under section 3(a)(1) or meets the small business size standards instituted under section 3(a)(2), the Administrator shall not consider a business concern to be affiliated with a venture capital operating com-

1 pany (or with any other business that the venture
2 capital operating company has financed) if—
3 "(A) the venture capital operating com-
4 pany does not own 50 percent or more of the
5 business concern; and
6 "(B) employees of the venture capital oper-
7 ating company do not constitute a majority of
8 the board of directors of the business concern.
9 "(3) A business concern shall be deemed to be
10 'independently owned and operated' if—
11 "(A) it is owned in majority part by one or
12 more natural persons or venture capital oper-
13 ating companies;
14 "(B) there is no single venture capital op-
15 erating company that owns 50 percent or more
16 of the business concern; and
17 "(C) there is no single venture capital op-
18 erating company the employees of which con-
19 stitute a majority of the board of directors of
20 the business concern.
21 "(4) If a venture capital operating company
22 controlled by a business with more than 500 employ-
23 ees (in this paragraph referred to as a 'VCOC under
24 large business control') has an ownership interest in
25 a small business concern that is owned in majority

1 part by venture capital operating companies, the
2 small business concern is eligible to receive an award
3 under the SBIR or STTR program only if—
4 "(A) not more than two VCOCs under
5 large business control have an ownership inter-
6 est in the small business concern;
7 "(B) the VCOCs under large business con-
8 trol do not collectively own more than 20 per-
9 cent of the small business concern; and
10 "(C) the VCOCs under large business con-
11 trol do not collaborate with each other to exer-
12 cise more control over the small business con-
13 cern than they could otherwise exercise individ-
14 ually.
15 "(5) The term 'venture capital operating com-
16 pany' means a business concern—
17 "(A) that—
18 "(i) is a Venture Capital Operating
19 Company, as that term is defined in regu-
20 lations promulgated by the Secretary of
21 Labor; or
22 "(ii) is an entity that—
23 "(I) is registered under the In-
24 vestment Company Act of 1940 (15
25 U.S.C. 80a–51 et seq.); or

1 "(II) is an investment company,
2 as defined in section 3(c)(14) of such
3 Act (15 U.S.C. 80a–3(c)(14)), which
4 is not registered under such Act be-
5 cause it is beneficially owned by less
6 than 100 persons; and
7 "(B) that is itself organized or incor-
8 porated and domiciled in the United States, or
9 is controlled by a business concern that is incor-
10 porated and domiciled in the United States.".

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111TH CONGRESS
1ST SESSION

H. R. 2747

To amend the Small Business Act to improve outreach and support activities and to increase award recipients from rural areas with respect to the Small Business Innovation Research Program and the Small Business Technology Transfer Program, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 8, 2009

Mrs. HALVORSON introduced the following bill; which was referred to the Committee on Small Business, and in addition to the Committee on Science and Technology, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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A BILL

To amend the Small Business Act to improve outreach and support activities and to increase award recipients from rural areas with respect to the Small Business Innovation Research Program and the Small Business Technology Transfer Program, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the "Rural Technology De-
5 velopment and Outreach Act".

1 **SEC. 2. OUTREACH AND SUPPORT ACTIVITIES.**

2 Section 9 of the Small Business Act (15 U.S.C. 638)
3 is amended by inserting after subsection (r) the following:

4 "(s) OUTREACH AND SUPPORT ACTIVITIES.—

5 "(1) IN GENERAL.—Subject to the other provi-
6 sions of this subsection, the Administrator shall
7 make grants on a competitive basis to organizations,
8 to be used by the organizations to do one or both
9 of the following:

10 "(A) To conduct outreach efforts to in-
11 crease participation in the programs under this
12 section.

13 "(B) To provide application support and
14 entrepreneurial and business skills support to
15 prospective participants in the programs under
16 this section.

17 "(2) AUTHORIZATION OF APPROPRIATIONS.—
18 There is authorized to be appropriated to the Ad-
19 ministrator $10,000,000 to carry out paragraph (1)
20 for each of fiscal years 2010 and 2011.

21 "(3) AMOUNT OF ASSISTANCE.—For each of
22 subparagraphs (A) and (B) of paragraph (1), the
23 amount of assistance provided to an organization
24 under that subparagraph in any fiscal year—

"(A) shall be equal to the total amount of matching funds from non-Federal sources provided by the organization; and

"(B) shall not exceed $250,000.

"(4) DIRECTION.—An organization receiving funds under paragraph (1) shall, in using those funds, direct its activities at one or both of the following:

"(A) Small business concerns located in geographic areas that are underrepresented in the programs under this section.

"(B) Small business concerns owned and controlled by women, small business concerns owned and controlled by service-disabled veterans, and small business concerns owned and controlled by minorities.

"(5) ADVISORY BOARD.—

"(A) ESTABLISHMENT.—Not later than 90 days after the date of the enactment of this subsection, the Administrator shall establish an advisory board for the activities carried out under this subsection.

"(B) NON-APPLICABILITY OF FACA.—The Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to the advisory board.

1 "(C) MEMBERS.—The members of the ad-
2 visory board shall include the following:
3 "(i) The Administrator (or the Ad-
4 ministrator's designee).
5 "(ii) For each Federal agency re-
6 quired by this section to conduct an SBIR
7 program, the head of the agency (or the
8 designee of the head of the agency).
9 "(iii) Representatives of small busi-
10 ness concerns that are current or former
11 recipients of SBIR awards, or representa-
12 tives of organizations of such concerns.
13 "(iv) Representatives of service pro-
14 viders of SBIR outreach and assistance, or
15 representatives of organizations of such
16 service providers.
17 "(D) DUTIES.—The advisory board shall
18 have the following duties:
19 "(i) To develop guidelines for awards
20 under paragraph (1), including guidelines
21 relating to award sizes, proposal require-
22 ments, measures for monitoring awardee
23 performance, and measures for deter-
24 mining the overall value of the activities
25 carried out by the awardees.

"(ii) To identify opportunities for coordinated outreach, technical assistance, and commercialization activities among Federal agencies, the recipients of the awards under paragraph (1), and applicants and recipients of SBIR awards, including opportunities such as—

"(I) podcasting or webcasting for conferences, training workshops, and other events;

"(II) shared online resources to match prospective applicants with the network of paragraph (1) recipients; and

"(III) venture capital conferences tied to technologies and sectors that cross agencies.

"(iii) To review and recommend revisions to activities under paragraph (1).

"(iv) To submit to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business and the Committee on Science and Technology of the House of Representatives an annual report on the activities

1 carried out under paragraph (1) and the
2 effectiveness and impact of those activities.
3 "(6) SELECTION CRITERIA.—In awarding
4 grants under this subsection, the Administrator shall
5 use selection criteria developed by the advisory board
6 established under paragraph (5). The criteria shall
7 include—
8 "(A) criteria designed to give preference to
9 applicants who propose to carry out activities
10 that will reach either an underperforming geo-
11 graphic area or an underrepresented population
12 group (as measured by the number of SBIR ap-
13 plicants);
14 "(B) criteria designed to give preference to
15 applicants who propose to carry out activities
16 that complement, and are integrated into, the
17 existing public-private innovation support sys-
18 tem for the targeted region or population;
19 "(C) criteria designed to give preference to
20 applicants who propose to measure the effec-
21 tiveness of the proposed activities; and
22 "(D) criteria designed to give preference to
23 applicants who include a Small Business Devel-
24 opment Center program that is accredited for
25 its technology services.

1 "(7) PEER REVIEW.—In awarding grants under
2 this subsection, the Administrator shall use a peer
3 review process. Reviewers shall include—
4 "(A) SBIR program managers for agencies
5 required by this section to conduct SBIR pro-
6 grams; and
7 "(B) private individuals and organizations
8 that are knowledgeable about SBIR, the innova-
9 tion process, technology commercialization, and
10 State and regional technology-based economic
11 development programs.
12 "(8) PER-STATE LIMITATIONS.—
13 "(A) IN GENERAL.—To be eligible to re-
14 ceive a grant under this subsection, the appli-
15 cant must have the written endorsement of the
16 Governor of the State where the targeted re-
17 gions or populations are located (if the regions
18 or populations are located in more than one
19 State, the applicant must have the written en-
20 dorsement of the Governor of each such State).
21 Such an endorsement must indicate that the
22 Governor will ensure that the activities to be
23 carried out under the grant will be integrated
24 with the balance of the State's portfolio of in-

1 vestments to help small business concerns com-
2 mercialize technology.
3 "(B) LIMITATION.—Each fiscal year, a
4 Governor may have in effect not more than one
5 written endorsement for a grant under para-
6 graph (1)(A), and not more than one written
7 endorsement for a grant under paragraph
8 (1)(B).
9 "(9) SPECIFIC REQUIREMENTS FOR AWARDS.—
10 In making awards under paragraph (1) the Adminis-
11 trator shall ensure that each award shall be for a pe-
12 riod of 2 fiscal years. The Administrator shall estab-
13 lish rules and performance goals for the disburse-
14 ment of funds for the second fiscal year, and funds
15 shall not be disbursed to a recipient for such a fiscal
16 year until after the advisory board established under
17 this subsection has determined that the recipient is
18 in compliance with the rules and performance
19 goals.".
20 **SEC. 3. RURAL PREFERENCE.**
21 Section 9 of the Small Business Act (15 U.S.C. 638),
22 as amended, is further amended by adding at the end the
23 following:
24 "(aa) RURAL PREFERENCE.—In making awards
25 under this section, Federal agencies shall give priority to

1 applications so as to increase the number of SBIR and
2 STTR award recipients from rural areas.".

3 **SEC. 4. OBTAINING SBIR APPLICANT'S CONSENT TO RE-**
4 **LEASE CONTACT INFORMATION TO ECO-**
5 **NOMIC DEVELOPMENT ORGANIZATIONS.**

6 Section 9 of the Small Business Act (15 U.S.C. 638),
7 as amended, is further amended by adding at the end the
8 following:

9 "(bb) CONSENT TO RELEASE CONTACT INFORMA-
10 TION TO ORGANIZATIONS.—

11 "(1) ENABLING CONCERN TO GIVE CONSENT.—
12 Each Federal agency required by this section to con-
13 duct an SBIR program shall enable a small business
14 concern that is an SBIR applicant to indicate to the
15 agency whether the agency has its consent to—

16 "(A) identify the concern to appropriate
17 local and State-level economic development or-
18 ganizations as an SBIR applicant; and

19 "(B) release the concern's contact informa-
20 tion to such organizations.

21 "(2) RULES.—The Administrator shall estab-
22 lish rules to implement this subsection. The rules
23 shall include a requirement that the agency include
24 in its SBIR application forms a provision through

1 which the applicant can indicate consent for pur-
2 poses of paragraph (1).".

3 **SEC. 5. INCREASED PARTNERSHIPS BETWEEN SBIR**
4 **AWARDEES AND PRIME CONTRACTORS, VEN-**
5 **TURE CAPITAL INVESTMENT COMPANIES,**
6 **AND LARGER BUSINESSES.**

7 Section 9 of the Small Business Act (15 U.S.C. 638),
8 as amended, is further amended by adding at the end the
9 following:

10 "(cc) INCREASED PARTNERSHIPS.—

11 "(1) IN GENERAL.—Each agency required by
12 this section to conduct an SBIR program shall es-
13 tablish initiatives by which the agency encourages
14 partnerships between SBIR awardees and prime
15 contractors, venture capital investment companies,
16 business incubators, and larger businesses, for the
17 purpose of facilitating the progress of the SBIR
18 awardees to the third phase.

19 "(2) DEFINITION.—In this subsection, the term
20 'business incubator' means an entity that provides
21 coordinated and specialized services to entrepre-
22 neurial businesses which meet selected criteria dur-
23 ing the businesses' startup phases, including pro-
24 viding services such as shared office space and office
25 services, access to equipment, access to telecommuni-

1 cations and technology services, flexible leases, spe-
2 cialized management assistance, access to financing,
3 mentoring and training services, or other coordi-
4 nated business or technical support services designed
5 to provide business development assistance to entre-
6 preneurial businesses during these businesses' start-
7 up phases.".

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111TH CONGRESS
1ST SESSION

H. R. 2772

To amend the Small Business Act to enhance the Small Business Innovation Research Program and the Small Business Technology Transfer Program, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 9, 2009

Mr. SCHOCK introduced the following bill; which was referred to the Committee on Small Business, and in addition to the Committee on Science and Technology, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

---

A BILL

To amend the Small Business Act to enhance the Small Business Innovation Research Program and the Small Business Technology Transfer Program, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "SBIR and STTR Enhancement Act".

SEC. 2. INCREASED NUMBER OF RESEARCH TOPIC SOLICITATIONS ANNUALLY AND SHORTENED PERIOD FOR FINAL DECISIONS ON APPLICATIONS.

(a) INCREASED NUMBER OF RESEARCH TOPIC SOLICITATIONS ANNUALLY.—Section 9(g)(2) of the Small Business Act (15 U.S.C. 638(g)(2)) is amended by inserting before the semicolon at the end the following: ", but not less often than twice per year".

(b) SHORTENED PERIOD FOR FINAL DECISIONS ON APPLICATIONS.—Section 9(g)(4) of the Small Business Act (15 U.S.C. 638(g)(4)) is amended by inserting before the semicolon at the end the following: ", but a final decision on each proposal shall be rendered not later than 90 days after the date on which the solicitation closes unless the Administrator determines, on a case by case basis, that a decision may be extended from 90 days to 180 days".

SEC. 3. AGENCIES SHOULD FUND VITAL R&D PROJECTS WITH THE POTENTIAL FOR COMMERCIALIZATION.

Section 9 of the Small Business Act (15 U.S.C. 638) is amended by adding at the end the following:

"(aa) MULTIPLE FIRST PHASE SBIR AWARDS REPORT.—The Administrator shall, on an annual basis, submit to the Committee on Small Business and the Com-

1 mittee on Science and Technology of the House of Rep-
2 resentatives and the Committee on Small Business and
3 Entrepreneurship of the Senate a list identifying each
4 small business concern that, for the period covered by the
5 preceding 5 fiscal years, received 15 or more first phase
6 SBIR awards and no second phase SBIR awards.".

7 **SEC. 4. FEDERAL AGENCY ENGAGEMENT WITH SBIR**
8 **AWARDEES THAT HAVE BEEN AWARDED MUL-**
9 **TIPLE PHASE ONE AWARDS BUT HAVE NOT**
10 **BEEN AWARDED PHASE TWO AWARDS.**

11 Section 9 of the Small Business Act (15 U.S.C. 638),
12 as amended, is further amended by adding at the end the
13 following:

14 "(bb) REQUIREMENTS RELATING TO FEDERAL
15 AGENCY ENGAGEMENT WITH CERTAIN FIRST PHASE
16 SBIR AWARDEES.—Each Federal agency required by this
17 section to conduct an SBIR program shall engage with
18 SBIR awardees that have been awarded multiple first
19 phase SBIR awards but have not been awarded any sec-
20 ond phase SBIR awards and shall develop performance
21 measures with respect to awardee progression in the SBIR
22 program.".

1 **SEC. 5. FUNDING FOR ADMINISTRATIVE, OVERSIGHT, AND**
2 **CONTRACT PROCESSING COSTS.**

3 Section 9 of the Small Business Act (15 U.S.C. 638),
4 as amended, is further amended by adding at the end the
5 following:

6 "(cc) ASSISTANCE FOR ADMINISTRATIVE, OVER-
7 SIGHT, AND CONTRACT PROCESSING COSTS.—

8 "(1) IN GENERAL.—From amounts made avail-
9 able to carry out this subsection, the Administrator
10 may, on petition by Federal agencies required by
11 this section to conduct an SBIR program, transfer
12 funds to such agencies to assist with the administra-
13 tive, oversight, and contract processing costs relating
14 to such program.

15 "(2) PETITIONS.—The Administrator shall es-
16 tablish rules for making transfers under paragraph
17 (1). The initial set of rules shall be promulgated not
18 later than 180 days after the date of the enactment
19 of this subsection.

20 "(3) LIMIT ON TRANSFER.—A Federal agency
21 may not receive under this subsection in a fiscal
22 year an amount greater than 3 percent of the SBIR
23 budget of such agency for such fiscal year.

24 "(4) AUTHORIZATION OF APPROPRIATIONS.—
25 There is authorized to be appropriated to the Ad-

1 ministrator to carry out this subsection $27,500,000
2 for each of fiscal years 2010 and 2011.".

3 **SEC. 6. COMPTROLLER GENERAL AUDIT OF HOW FEDERAL**
4 **AGENCIES CALCULATE EXTRAMURAL RE-**
5 **SEARCH BUDGETS.**

6 The Comptroller General of the United States shall
7 carry out a detailed audit of how Federal agencies cal-
8 culate extramural research budgets for purposes of calcu-
9 lating the size of the agencies' Small Business Innovation
10 Research Program and Small Business Technology Trans-
11 fer Program budgets. Not later than 1 year after the date
12 of the enactment of this Act, the Comptroller General shall
13 submit to the Committee on Small Business and the Com-
14 mittee on Science and Technology of the House of Rep-
15 resentatives and the Committee on Small Business and
16 Entrepreneurship of the Senate a report on the results
17 of the audit.

18 **SEC. 7. AGENCY DATABASES TO SUPPORT PROGRAM EVAL-**
19 **UATION.**

20 Section 9(k) of the Small Business Act (15 U.S.C.
21 638(k)) is amended—
22 (1) in paragraph (2)(A)—
23 (A) by striking "and" at the end of clause
24 (ii);

(B) by inserting "and" at the end of clause (iii); and

(C) by adding at the end the following new clause:

"(iv) information on the ownership structure of award recipients, both at the time of receipt of the award and upon completion of the award period;";

(2) by amending paragraph (3) to read as follows:

"(3) UPDATING INFORMATION FOR DATABASE.—

"(A) IN GENERAL.—A Federal agency shall not make a Phase I or Phase II payment to a small business concern under this section unless the small business concern has provided all information required under this subsection and available at the time with respect to the award under which the payment is made, and with respect to any other award under this section previously received by the small business concern or a predecessor in interest to the small business concern.

"(B) APPORTIONMENT.—In complying with this paragraph, a small business concern

may apportion sales or additional investment information relating to more than one second phase award among those awards, if it notes the apportionment for each award.

"(C) ANNUAL UPDATES UPON TERMINATION.—A small business concern receiving an award under this section shall—

"(i) in the case of a second phase award, update information in the databases required under paragraphs (2) and (6) concerning that award at the termination of the award period;

"(ii) in the case of award recipients not described in clause (iii), be requested to voluntarily update such information annually thereafter for a period of 5 years; and

"(iii) in the case of a small business concern applying for a subsequent first phase or second phase award, be required to update such information annually thereafter for a period of 5 years."; and

(3) by adding at the end the following new paragraph:

"(6) AGENCY PROGRAM EVALUATION DATABASES.—Each Federal agency required to establish an SBIR or STTR program under this section shall develop and maintain, for the purpose of evaluating such programs, a database containing information required to be contained in the database under paragraph (2). Each such database shall be designed to be accessible to other agencies that are required to maintain a database under this paragraph. Each such database shall be developed and operated in a manner to ensure that each such database is relevant to and contributes to the agency's oversight and evaluation of the SBIR and STTR programs. Paragraphs (4) and (5) apply to each database under this paragraph.".

SEC. 8. AGENCY DATABASES TO SUPPORT TECHNOLOGY UTILIZATION.

Section 9(k) of the Small Business Act (15 U.S.C. 638(k)), as amended, is further amended by adding at the end the following new paragraph:

"(7) AGENCY DATABASES TO SUPPORT TECHNOLOGY UTILIZATION.—Each Federal agency with an SBIR or STTR program shall create and maintain a technology utilization database, which shall be available to the public and shall contain data sup-

1 plied by the award recipients specifically to help
2 them attract customers for the products and services
3 generated under the SBIR or STTR project, and to
4 attract additional investors and business partners.
5 Each database created under this paragraph shall
6 include information on the other databases created
7 under this paragraph by other Federal agencies.
8 Participation in a database under this paragraph
9 shall be voluntary, except that such participation is
10 required of all award recipients who received supple-
11 mental payments from SBIR and STTR program
12 funds above their initial Phase II award. Each data-
13 base created under this paragraph shall be developed
14 and operated in a manner to ensure that each such
15 database is relevant to and contributes to the agen-
16 cy's oversight and evaluation of the SBIR and
17 STTR programs.".

18 **SEC. 9. INTERAGENCY POLICY COMMITTEE.**

19 (a) ESTABLISHMENT.—The Director of the Office of
20 Science and Technology Policy shall establish an Inter-
21 agency SBIR/STTR Policy Committee comprised of one
22 representative from each Federal agency with an SBIR
23 program.

24 (b) COCHAIRS.—The Director of the Office of Science
25 and Technology Policy and the Director of the National

1 Institute of Standards and Technology shall jointly chair
2 the Interagency SBIR/STTR Policy Committee.
3 (c) DUTIES.—The Interagency SBIR/STTR Policy
4 Committee shall review the following issues and make pol-
5 icy recommendations on ways to improve program effec-
6 tiveness and efficiency:
7 (1) The public and government databases de-
8 scribed in section 9(k) (1) and (2) of the Small
9 Business Act (15 U.S.C. 638(k) (1) and (2)).
10 (2) Federal agency flexibility in establishing
11 Phase I and II award sizes, and appropriate criteria
12 to exercise such flexibility.
13 (3) Commercialization assistance best practices
14 in Federal agencies with significant potential to be
15 employed by other agencies, and the appropriate
16 steps to achieve that leverage, as well as proposals
17 for new initiatives to address funding gaps business
18 concerns face after Phase II but before commer-
19 cialization.
20 (d) REPORTS.—The Interagency SBIR/STTR Policy
21 Committee shall transmit to the Committee on Science
22 and Technology and the Committee on Small Business of
23 the House of Representatives, and to the Committee on
24 Small Business and Entrepreneurship of the Senate—

(1) a report on its review and recommendations under subsection (c)(1) not later than 1 year after the date of enactment of this Act;

(2) a report on its review and recommendations under subsection (c)(2) not later than 18 months after the date of enactment of this Act; and

(3) a report on its review and recommendations under subsection (c)(3) not later than 2 years after the date of enactment of this Act.

SEC. 10. NATIONAL RESEARCH COUNCIL SBIR STUDY.

Section 108(d) of the Small Business Reauthorization Act of 2000, enacted into law by reference under section 1(a)(9) of the Consolidated Appropriations Act, 2001 (Public Law 106–554), is amended—

(1) by striking "of the Senate" and all that follows through "not later than 3" and inserting "of the Senate, not later than 3"; and

(2) by striking "; and" and all that follows through "update of such report".

SEC. 11. EXPRESS AUTHORITY TO "FAST-TRACK" PHASE TWO AWARDS FOR PROMISING PHASE ONE RESEARCH.

Section 9 of the Small Business Act (15 U.S.C. 638), as amended, is further amended by adding at the end the following:

1 "(dd) AUTHORITY TO 'FAST-TRACK' PHASE TWO
2 AWARDS FOR PROMISING PHASE ONE RESEARCH.—To
3 address the delay between an award for the first phase
4 of an SBIR program and the application for and extension
5 of an award for the second phase of such program, each
6 Federal agency with an SBIR program may develop 'fast-
7 track' programs to eliminate such delay by issuing second
8 phase SBIR awards as soon as practicable, including in
9 appropriate cases simultaneously with the issuance of the
10 first phase SBIR award. The Administrator shall encour-
11 age the development of such 'fast-track' programs.".

12 **SEC. 12. INCREASED SBIR AND STTR AWARD LEVELS.**

13 (a) SBIR AWARD LEVEL AND ANNUAL ADJUST-
14 MENTS.—Section 9(j) of the Small Business Act (15
15 U.S.C. 638(j)) is amended by adding at the end the fol-
16 lowing:

17 "(4) FURTHER ADDITIONAL MODIFICATIONS.—Not
18 later than 180 days after the date of enactment of this
19 paragraph and notwithstanding paragraph (2)(D), the Ad-
20 ministrator shall modify the policy directives issued pursu-
21 ant to this subsection to provide for an increase to
22 $250,000 in the amount of funds which an agency may
23 award in the first phase of an SBIR program, and to
24 $2,000,000 in the second phase of an SBIR program, and

1 a mandatory annual adjustment of such amounts to reflect
2 economic adjustments and programmatic considerations.".
3 (b) STTR AWARD LEVEL AND ANNUAL ADJUST-
4 MENTS.—Section 9(p)(2)(B)(ix) of the Small Business Act
5 (15 U.S.C. 638(p)(2)(B)(ix)) is amended—
6 (1) by striking "$100,000" and "$750,000"
7 and inserting "$250,000" and "$2,000,000", re-
8 spectively; and
9 (2) by striking "greater or lesser amounts" and
10 inserting "with a mandatory annual adjustment of
11 such amounts to reflect economic adjustments and
12 programmatic considerations, and with lesser
13 amounts".
14 (c) LIMITATION ON CERTAIN AWARDS.—Section 9 of
15 the Small Business Act (15 U.S.C. 638), as amended, is
16 further amended by adding at the end the following:
17 "(ee) LIMITATION ON PHASE I AND II AWARDS.—
18 "(1) IN GENERAL.—No Federal agency shall
19 issue an award under the SBIR program or the
20 STTR program if the size of the award exceeds the
21 amounts established under subsections (j)(4) and
22 (p)(2)(B)(ix), except as provided in paragraph (2).
23 "(2) EXCEPTION.—The prohibition in para-
24 graph (1) does not apply to an agency for a fiscal
25 year if the head of the agency—

"(A) notifies the Administrator that the agency intends to issue awards in that fiscal year without regard to the prohibition in paragraph (1); and

"(B) reports to the Committee on Small Business and the Committee on Science and Technology of the House of Representatives and the Committee on Small Business and Entrepreneurship of the Senate at least annually the number of instances in which the agency issued an award that exceeds the amounts referred to in paragraph (1) and the justification for each such instance.".

SEC. 13. EXPRESS AUTHORITY FOR AN AGENCY TO AWARD SEQUENTIAL PHASE TWO AWARDS FOR SBIR-FUNDED PROJECTS.

Section 9 of the Small Business Act (15 U.S.C. 638), as amended, is further amended by adding at the end the following:

"(ff) REQUIREMENTS RELATING TO ADDITIONAL SECOND PHASE SBIR AWARDS.—

"(1) IN GENERAL.—A small business concern that receives a second phase SBIR award for a project remains eligible to receive additional second phase SBIR awards for such project.

1 "(2) TECHNICAL OR WEAPONS SYSTEMS.—
2 Agencies are expressly authorized to provide addi-
3 tional second phase SBIR awards for testing and
4 evaluation assistance for the insertion of SBIR tech-
5 nologies into technical or weapons systems.".

6 **SEC. 14. FIRST PHASE REQUIRED.**

7 Section 9 of the Small Business Act (15 U.S.C. 638),
8 as amended, is further amended by adding at the end the
9 following:

10 "(gg) FIRST PHASE REQUIRED.—Under this section,
11 a Federal agency shall provide to a small business concern
12 an award for the second phase of an SBIR program with
13 respect to a project only if such agency finds that the
14 small business concern has been provided an award for
15 the first phase of an SBIR program with respect to such
16 project or has completed the determinations described in
17 subsection (e)(4)(A) with respect to such project despite
18 not having been provided an award for the first phase.".

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