

**FULL COMMITTEE MARKUP OF
LEGISLATION MODERNIZING
THE SBIR AND STTR PROGRAMS**

HEARING

BEFORE THE

**COMMITTEE ON SMALL BUSINESS
UNITED STATES
HOUSE OF REPRESENTATIVES**

ONE HUNDRED ELEVENTH CONGRESS

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FULL COMMITTEE MARKUP OF LEGISLATION MODERNIZING THE SBIR AND STTR PROGRAMS

Thursday, June 25, 2009

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

The Committee met, pursuant to call, at 10:00 a.m., in Room 2360 Rayburn House Office Building, Hon. Nydia Velázquez [chairwoman of the Committee] presiding.

Present: Representatives Velázquez, Moore, Shuler, Dahlkemper, Schrader, Kirkpatrick, Nye, Michaud, Altmire, Clarke, Ellsworth, Bright, Griffith, Halvorson, Graves, Akin, King, Fallin, Luetkemeyer, Schock, Thompson and Coffman.

Chairwoman VELÁZQUEZ. I am pleased to call this morning's hearing to order.

Today, the Committee will consider legislation that will modernize the Small Business Innovation Research and Small Business Technology Transfer programs. These initiatives, which were last updated eight years ago, are fundamental to creating new technologies as well as new jobs. With national unemployment at a staggering 9.4 percent—and many states well beyond this level—now is the right time to strengthen and broaden these programs.

I want to thank Chairman Nye and Ranking Member Schock, of the Subcommittee on Contracting and Technology, and Chairman Jason Altmire on the

Subcommittee on Investigation and Oversight, for shepherding this legislation through Committee. In addition, I would like to also thank the four Committee members whose bills have been incorporated into H.R. 2965, Representatives Bright, Halvorson, Schock, and Ranking Member Graves.

SBIR is the largest dedicated source of federal R&D funds for small businesses. Under the program, federal agencies with extramural research budgets of \$100 million or more dedicate 2.5 percent of their overall research budget for technology development contracts toward small business awards.

Currently, 11 federal departments are required to participate in the program. They combine to award over \$2 billion in grants annually to small firms in all 50 states and the District of Columbia and Puerto Rico, funding thousands of projects and helping over 1,500 new companies get off the ground every year.

Under the STTR program, government agencies that spend more than \$1 billion annually in extramural R&D dedicate a percentage

of their research budget to supporting joint proposals between small firms and nonprofit research organizations, such as universities. These partnerships are critical to transferring technology from universities to the private sector, and for creating jobs in local communities.

The continued success of the SBIR and STTR programs is dependent on three primary issues. First, the program must attract new applicants. Second, awardees must have adequate access to investment from all types of capital. Third, more needs to be done to bring these breakthrough products to the marketplace, meaning we must promote greater commercialization in these initiatives.

The bill before us today addresses all of these issues and has the support of the Biotech Industry Organization, the Advanced Medical Technology Association, the Parkinson's Action Network, the National Venture Capital Association, the Cystic Fibrosis Foundation, the U.S. Women's Chamber of Commerce, and the Medical Device Manufacturer's Association. Modernizing the SBIR and STTR programs will make them more responsive to the needs of today's small businesses. This is absolutely critical to creating more jobs and growth in our economy.

And now I yield to Ranking Member Graves for his opening remarks.

Mr. GRAVES. Good morning. Thank you, Madam Chair, for holding this markup. And I appreciate your leadership on this issue and commend you and your staff for maintaining a very strong-spirited bipartisanship as we continue our work on the SBIR and STTR programs.

Innovation happens every day. Whether it is new development in the fight against cancer or a new computer system designed to protect our soldiers, more and more of them are continuing—or coming from America's small businesses. The SBIR and STTR programs help to take ideas and turn them into practical products.

Our Committee has worked hard to produce the legislation we have before us today. We have held several hearings on this topic since April, inviting witnesses from both the Federal Government and the private sector to discuss why these programs have been so successful and what is needed to be updated to make the programs even better.

I am happy to say that many of the ideas presented improve the—many of the ideas presented to improve the program have found their way into this legislation. For example, the topic that dominated much of the discussion at our hearings was the appropriate level of venture capital involvement in the SBIR program. Our legislation addresses this. Fortunately, there have been several misconceptions about this provision in the bill.

As many of you know, in 2003, the SBA reversed a 20-year old policy by ruling that small businesses that are majority owned by venture capital companies can no longer compete for grants under the SBIR program, regardless of how few employees the company has. This has jeopardized the development of innovative treatments, therapies, and technology.

The goal of this bill is to ensure that America's small businesses continue to be world leaders in innovative research and to provide the best small companies with the greatest commercialization po-

tential access—greatest commercialization potential access to the SBIR and STTR programs.

In addition, access to capital is a real concern for small businesses across all industries, and the bill provides small firms another path to acquire the capital they need to be successful. It is important to keep in mind that these programs will remain open for competition among all small companies, and federal agencies will choose the best businesses to win the awards.

H.R. 2965 contains significant and dedicated safeguards to ensure that the SBIR program remains a small business program. It forbids a small business with one venture capital firm having over 50 percent ownership from qualifying for small business awards. The bill also has protections that prohibit large companies from taking control of the small company and receiving small business grants.

Additionally, our comprehensive bill takes significant strides to bring the programs into the 21st century by increasing the award sizes, enhancing data collection and reporting requirements for better oversight, and providing federal agencies a mechanism in which they can meet and share best practices.

Madam Chair, again, I appreciate your leadership on this issue, and I look forward to our work on this issue and yield back.

Chairwoman VELÁZQUEZ. Thank you, Mr. Graves.

Are there any other members that wish to be recognized for the purpose of opening remarks? Ms. Dahlkemper.

Ms. DAHLKEMPER. Thank you, Madam Chairwoman. The impending expiration of the Small Business Innovation Research Program in July compels us to examine the program before we act to reauthorize it. Small business is a crucial sector of the economy, yet before SBIR the vast majority of small firms were unable to secure any research and development funding. Since its inception in 1982, SBIR has been a tremendous success. SBIR facilitates high-risk, high-reward research that does—not only spurs innovation but also creates jobs.

While I intend on voting for the legislation before us, I did want to raise one important issue that I am concerned about. Title I of the Enhancing Small Business Research and Innovation Act of 2009 makes majority-owned venture capitalists eligible for the SBIR program, as long as there is no single venture capitalist owning more than 50 percent of the business concern.

While I appreciate and understand the need for venture capitalists in certain areas, particularly in biotechnology, I am concerned that throwing open the door to all SBIR programs without any limit might unfairly disadvantage small conventional businesses. For instance, in my district in Western Pennsylvania, we have very few venture capitalists, and more limited access to venture capitalists from outside of the district, yet Pennsylvania's small businesses rely on and benefit from SBIR funding, garnering 271 awards totalling \$74.8 million in 2005.

I would much prefer the stance that our colleagues in the Senate have taken, limiting majority-owned venture capitalist companies to 18 percent for NIH grants and 8 percent for all other federal agencies. These numbers would be in line with what a 2006 GAO report found regarding venture capitalist investment. If we do not

implement a cap, at the very least I think we should study the impact of this change on conventional small businesses.

Thank you, and I yield back my time.

Chairwoman VELÁZQUEZ. Are there any other members who seek recognition?

Mr. KING. Madam Chair?

Chairwoman VELÁZQUEZ. Mr. Nye? Oh, yes.

Mr. KING. At the appropriate time I have an amendment.

Chairwoman VELÁZQUEZ. Yes.

Mr. KING. Thank you.

Chairwoman VELÁZQUEZ. We are not there yet.

Mr. Nye.

Mr. NYE. Thank you, Chairwoman Velázquez, for holding this important markup on legislation to update and improve the Small Business Innovation Research and Small Business Technology Transfer programs.

I would also like to recognize Mr. Altmire, who is introducing the bill, as well as my colleagues, Mr. Bright, Ms. Halvorson, Mr. Schock, and Ranking Member Graves, for their contributions.

SBIR and STTR are vital programs. The Enhancing Small Business Research and Innovation Act of 2009 will upgrade these already useful initiatives, so that they can perform even better for our country's small businesses. As Chairman of the Subcommittee on Contracting and Technology, I have held several hearings on SBIR and STTR. In those discussions, I have had a chance to talk to program participants from across the country, and their stories were not unlike the stories I heard just a few weeks ago.

At the beginning of the month, I spoke to a group of more than 1,000 participants in the Navy's SBIR program. What those men and women told me is that R&D grants are critical to their businesses and essential to innovation. This is particularly true when it comes to the defense industry. That is an area of continuing importance, not just in terms of national security but also in our operations abroad.

In the past, SBIR and STTR have helped small firms develop products to keep our soldiers safe. Take, for example, night vision goggles or technology for unmanned aviation. Were it not for SBIR and STTR, those critical breakthroughs may have never made it to market. In other words, these programs represent more than just research. When it comes to defense, they are bringing developments from the drawing board to the battlefield.

But as of now, both SBIR and STTR are outdated and in need of improvement. The legislation we are marking up today will modernize and enhance these programs. In my home district, veterans make up nearly a quarter of the population, so I am especially pleased that this bill encourages program participation amongst our servicemen and women. After all, who better to pioneer new defense products than the people who have been out there on the front lines?

SBIR and STTR are important tools for developing new products, but they are not just a means for invention. By sparking innovation, they mark the surest path to unlocking new markets, expanding new industries, and, most importantly, creating new jobs. H.R.

2965 is an important step towards lasting growth, and I look forward to its passage.

I yield back. Thank you.

Chairwoman VELÁZQUEZ. Thank you. Any other member that wishes to be recognized? Mr. Schock.

Mr. SCHOCK. Thank you, Madam Chairman. I would, first, like to thank you, Madam Chairwoman, and Ranking Member Graves, for working to move this important piece of legislation through the Committee. I would also like to personally thank Mr. Nye for his work with me at the Subcommittee level to ensure that the process of not only reauthorizing, but also modernizing, the Small Business Innovation Research Program was done not only in a bipartisan fashion, but also with the input from those in the small business sector who utilize this important government program.

Before this Committee today we have House Resolution 2965, the Enhancing Small Business Research and Innovation Act of 2009. I am pleased that this legislation includes language I introduced in House Resolution 2772, the SBIR and STTR Enhancement Act. That language equips the SBIR program with important new tools to bring it more in line with the needs of small business owners in the 21st century.

For example, language has been included which will for the first time since the program's inception increase the Phase 1 and Phase 2 grant levels. Additionally, information flow between agencies and participants will be improved through the creation of an online database to properly study and measure the performance of businesses participating in the program. Included as well is the requirement for more timely solicitation and responses from participating agencies to the applicants seeking SBIR assistance.

The changes this Committee is making here today will go a long way to ensuring that the SBIR program is continued to be used as a resource which helps small businesses bring their new and novel ideas to commercialization while also providing a value to our economy.

Again, I would like to thank those members who have been influential in crafting this legislation. I urge its passage, and I yield back, Madam Chairwoman.

Chairwoman VELÁZQUEZ. Thank you. Any other member who wishes to be recognized? Ms. Halvorson.

Ms. HALVORSON. Thank you, Chairwoman Velázquez, for holding this morning's markup. I also want to thank Mr. Altmire for his leadership in moving today's legislation forward. I was proud to have the opportunity to contribute to this bill, particularly on an issue that hits close to home for me. Despite promising signs of recovery, rural economics still have a ways to go. In many parts of my district, unemployment continues to linger at 13 percent.

In my home state of Illinois, and in rural regions across the country, small firms and working families are really struggling. The Enhancing Small Business Research and Innovation Act of 2009 modernizes and improves the SBIR and STTR programs. It also extends these initiatives to include entrepreneurs in rural areas and underrepresented parts of the population.

While small business growth is important in any community, it is especially critical in underserved areas. That is why I work to

include important outreach provisions in this bill. These measures will encourage entrepreneurship in places where it is currently lagging. By promoting innovation within these communities, H.R. 2965 will set them on a path to economic recovery. When most people hear the word “innovation,” they probably don’t think of rural regions. But the truth is that these are the areas with the most room for growth.

If we are going to rebuild our economy, then we will have to unlock new markets everywhere, from Silicon Valley to the Midwest heartland. This bill will do just that, and I look forward to its passage.

I yield back.

Chairwoman VELÁZQUEZ. Any other member who wishes—on this side? Mr. Altmire.

Mr. ALTMIRE. Thank you, Madam Chairwoman. And before I begin, I would like to recognize the extraordinary contributions of Mr. Bright, Ms. Halvorson, Mr. Graves, and Mr. Schock. H.R. 2956 incorporates bills authored by each of them, and it is thanks to their contributions that we have such a strong bill before us today.

This legislation is particularly timely given the current economy. Whenever our nation has bounced back from previous downturns, the key ingredient has always been the same: innovation. Innovative ideas spark new products, which generate a wave of creation and put us back on a path to prosperity. As we respond to the current recession, the Small Business Innovation Research Program and the Small Business Technology Transfer Program are two critical tools.

They provide valuable seed money for entrepreneurs who are willing to explore untested concepts and ultimately develop new products. The legislation before us makes a number of important changes to the SBIR program. The bill broadens the types of businesses that participate.

By expanding outreach to rural entrepreneurs as well as businesses headed by women and veterans, H.R. 2956 will bring SBIR research to areas of the country not traditionally considered hotbeds for R&D. This will mean new parts of the country and a more diverse set of firms will participate. This not only brings SBIR grant money and STTR partnerships to new regions of the country, but it expands the pool of talent from which the program can draw.

Secondly, the bill targets resources towards bringing products to market. The initial Phase 1 research funded by SBIR is extraordinarily valuable. However, the greatest return on investment often comes when an idea is fully vetted, found to be workable, becomes a prototype, and finally is made commercially available or put to use in the federal marketplace.

Under this bill, the SBIR and STTR programs will be focused on supporting the kind of work most likely to develop new products. Perhaps most important, this legislation helps firms participating in SBIR to attract capital. In 2003, an administrative ruling changed the rules governing how firms with venture capital backing might participate in the program, and that decision has stopped some of the most promising small businesses from receiving SBIR grants.

In the current economic environment, it is difficult for small businesses to access financing under any situation, whether it be through venture capital or otherwise. We should be helping small businesses to raise capital, not penalizing those that do so. Restoring the SBIR rules to how they worked under the Clinton administration will further that goal.

I have seen firsthand the great benefit that can come from venture capital investments. In my home region of Western Pennsylvania, we have had the opportunity to team up with businesses and areas like Cleveland, Ohio, to facilitate venture capital investments.

This partnership has attracted over 80 venture capital funds to invest in more than 60 health care enterprises in this tech belt region. Many of these firms are doing cutting edge work but under the current regulations cannot participate in the SBIR program. Allowing firms like these to compete for SBIR grants will foster innovation and further accelerate job growth.

Madam Chair, all of these changes to SBIR and STTR that are contained in the bill are important. They will ensure that these initiatives are up to date and not only meet the challenges of today but continue to foster innovation tomorrow.

Small businesses are our nation's greatest innovators. The SBIR and STTR programs are just two ways that we can help them continue creating the jobs of the future. I look forward to working with you and the Committee as we move forward in strengthening these important programs.

Thank you, Madam Chair.

Chairwoman VELÁZQUEZ. Thank you. The Committee now moves to consideration of H.R. 2965. The Clerk will report the title of the bill.

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

Chairwoman VELÁZQUEZ. 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? Mr. Akin.

Mr. AKIN. Madam Chair, I have an amendment at the desk.

[The Amendment offered by Mr. Akin is included in the appendix.]

Chairwoman VELÁZQUEZ. The Clerk will report the amendment.

The CLERK. Amendment to H.R. 2965 offered by Mr. Akin. At the end of Section—

Chairwoman VELÁZQUEZ. I ask unanimous consent that the amendment be considered as read. Without objection, so ordered.

Mr. AKIN. Thank you.

Chairwoman VELÁZQUEZ. The gentleman is recognized for five minutes.

Mr. AKIN. Thank you, Madam Chair. This amendment is designed to limit the involvement of the Office of Advocacy in the operation of the programs that we are reauthorizing today, including the SBIR, STTR, and FAST programs. I am concerned that recent actions by the current administration demonstrate an effort to limit the primary statutory responsibilities of the Office of Advocacy.

The legislative history of the office makes it clear that the office is an independent voice in the Federal Government for small business, and not an advocate for policies of the President, the Director of the Office of Management and Budget, or the SBA Administrator. The President has nominated an individual to be chief counsel with apparently stellar credentials in the fields of venture capital and technological innovation, but with no experience in the regulatory process or in advocating on federal policy issues that affect small business.

I am concerned that the Office of Advocacy's primary responsibility will move from advocating on behalf of small businesses, especially in the context of regulatory matters, and into providing advice to the Administrator on SBIR, STTR, and FAST programs. My amendment ensures that the Office of Advocacy will not become an alternative Office of Technology, the office of the SBA that runs the SBIR, STTR, and FAST programs.

This is not an ideal solution to ensure that the Office of Advocacy remains an independent voice on behalf of small business. But given the narrow scope of the legislation before the Committee, it is the only viable solution at this time.

I would like to work with the Chairwoman on developing a more comprehensive solution to ensuring that the Office of Advocacy maintains its status as an independent federal voice for small business concerns. I urge my colleagues to support this amendment.

And, Madam Chair, just to say that a couple of years ago I was chairman of a subcommittee. We had a Republican administration, and we passed legislation in a bi-partisan way to try to create a tremendous independence in this Office of Advocacy. And I think that was when Mr. Sullivan was in charge of it.

And if you think about it, you have got one poor guy fighting every bureaucrat in the city of Washington, D.C., but it is important to have somebody that has a tremendous independence and a zeal to try to protect small businesses from overregulation and just writing rules and regulations that hamper small business and ruin the creation of jobs and prosperity.

So I thank the Chairman for recognizing me. I would urge the adoption of the amendment. I yield back.

Chairwoman VELÁZQUEZ. Okay. The chair has been working with Mr. Akin, and at this point we are willing to accept—Mr. Graves—this amendment.

Mr. AKIN. Thank you.

Chairwoman VELÁZQUEZ. The question is on the Akin amendment. All those in favor say aye.

Those opposed say no.

In the opinion of the chair, the ayes have it. The ayes have it, and the amendment is agreed to.

The chair now recognizes herself for the purpose of offering an amendment. I have an amendment at the desk. The Clerk will report the amendment.

[The Amendment offered by Ms. Velázquez is included in the appendix.]

The CLERK. Page 32, line 3, strike the period at the end and insert "and the Office of Management and Budget."

Chairwoman VELÁZQUEZ. I ask unanimous consent that the amendment be considered as read. Without objection, so ordered.

Basically, what this amendment does is it adds another duty to the program, and it is an amendment that was passed by the Science and Technology Committee, and we are—this provision is long overdue, and I welcome the inclusion of this provision into the legislation.

I urge adoption of the amendment. Are there any other members who seek to be recognized on the amendment? Seeing no other members seeking recognition, the question is on the Velázquez amendment. All those in favor say aye.

All those opposed say no.

In the opinion of the chair, the ayes have it, and the amendment is agreed to.

Does any other member seek recognition for the purpose of offering an amendment?

Mr. KING. Madam Chair, I have an amendment at the desk.

[The Amendment offered by Mr. King is included in the appendix.]

Chairwoman VELÁZQUEZ. Mr. King is recognized. The Clerk will report the amendment.

The COUNSEL. Which amendment, sir?

Mr. KING. The amendment that goes to page 15, I believe it is, as designated number 86 I think.

The CLERK. Page 15, beginning line 24, strike “business concerns owned and controlled by women, small.” Page 16, beginning line 2, strike “and small business concerns owned and controlled by minorities.”

Chairwoman VELÁZQUEZ. I ask unanimous consent that the amendment be considered as read. Without objection, so ordered.

The amendment—Mr. King is recognized for five minutes.

Mr. KING. Thank you, Madam Chair. And I want to start this out, I recognize that we likely have a legitimate philosophical disagreement on how to approach these issues. As I look at this—the underlying bill and evaluate its impact on Americans, it occurs to me that there is—I have a philosophical position that I have long held that we should guarantee equal opportunity for all, and special preference for none.

And this bill, of course, sets aside women and minorities as part of it. Those are special preferences. That runs directly contrary to a deeply held conviction that I have, but I just make that point—and I don’t intend to deliberate that. I think that is known. And I would rather focus that this amendment does this, that it sets aside, then, and reserves the resources and the programs for our disabled veterans in our underserved areas.

And I think it is clear that the underserved areas have far less access, and we need to do more aggressive outreach to the underserved areas. And I think that is a unanimous position in here or it wouldn’t be in the bill in the first place. And so I would like to focus those resources on the underserved areas, but also on our disabled veterans.

And if there is any group in America that has paid a very high price for serving our country, and that needs and deserves and le-

gitimately deserves the kind of support that this bill—this underlying bill would direct to, it is our disabled veterans.

So I would ask this Committee to view this amendment as an amendment that focuses the resources in the most essential places, that being in the underserved areas and our disabled veterans, and recognizing our philosophical disagreement with the categories that I am compelled to ask be removed from this bill, because there is no other way to write the amendment.

And I think everybody understands the amendment and where I stand on it, and I would urge its adoption and yield back the balance of my time.

Chairwoman VELÁZQUEZ. The chair recognizes herself. And let me just say, Mr. King, I think that in this Committee we work in a bipartisan way. And I just want to say that these amendments were sent to our Committee at 10:00 this morning. We have a process for members to send to us the amendment.

But in any case, we allow for the amendment to be offered. We do have an ideological difference on this one. The purpose of this bill is to widen, to broaden, the talent pool, and that includes women, minorities, and you don't mention veterans and rural areas that are also included in this bill. And it is the focus of this bill.

The face of America is changing. We have to provide resources for more women to be able to participate, for minorities to be able to participate. The intent of this bill is not only to provide for small firms to have the resources to do the research and investigation and come up with products that could be commercialized, and this way creating jobs.

So I am opposed to this amendment, and I would—

Mr. KING. Madam Chair?

Chairwoman VELÁZQUEZ. —ask for the members to vote against it.

Mr. KING. Would the gentlelady yield? As I listened to your position, which I respect, I am curious as to—I recall the majority opinion that was written by the United States Supreme Court in the University of Michigan cases of affirmative action written by Justice O'Connor, a woman on the Supreme Court. And I disagreed with her opinion, and yet I recall that she said—she wrote in that opinion that perhaps there would be a time in the future, perhaps 25 years in the future, where we could back and revisit and where we would no longer justify preferences.

And I would ask if you have entertained such a thought, or do you believe that—

Chairwoman VELÁZQUEZ. Mr. King?

Mr. KING. —in perpetuity?

Chairwoman VELÁZQUEZ. Would you yield?

Mr. KING. Yes.

Chairwoman VELÁZQUEZ. With all due respect—

Mr. KING. Thank you for yielding to me.

Chairwoman VELÁZQUEZ. —this has nothing to do with preferences. This has everything to do with outreach, to broaden the talent pool in this nation. What is wrong with that?

Mr. KING. If the gentlelady would yield. I would disagree with it having to do with preferences. It clearly labels women and minorities in the bill. So I am surprised at that response, but I under-

stand the gentlelady's position. And I am just not—I prefer not to press it further.

Chairwoman VELÁZQUEZ. Are there any other members who seek to be recognized on this amendment? Yes, Mr. Schrader.

Mr. SCHRADER. Thank you, yes. Madam Chair, I totally agree with your position, and I would hope discriminating against women and minorities would not be a policy of this Committee.

Thank you.

Chairwoman VELÁZQUEZ. Seeing no other—any other members who seek recognition? Seeing no other members seeking recognition, the question is on the King amendment. All those members in favor say aye.

Those opposed say no.

In the opinion of the chair, the nos have it.

Is there any other member who seeks recognition for the purpose of offering an amendment? Mr. King is recognized.

Mr. KING. I have an amendment at the desk.

[The Amendment offered by Mr. King is included in the appendix.]

Chairwoman VELÁZQUEZ. The Clerk will report the amendment.

The CLERK. Page 21, line 7, strike the quotation mark and following period. Page 21—

Chairwoman VELÁZQUEZ. I ask unanimous consent that the amendment be considered as read. Without objection, so ordered. The gentleman is recognized for five minutes.

Mr. KING. Thank you, Madam Chair. This is an amendment that addresses the issue of the organization that is known collectively as ACORN. And it has been solidly reported with documented evidence underneath that and admitted by ACORN that they are a myriad of organizations. I name ACORN, but also 173 other organizations that are affiliated with ACORN. And I am not able to gather them all together, because ACORN has become a spider web of organizations and affiliations that is insidious in its involvement in this country.

They have received at least \$53 million in taxpayers' money, and now, because of some actions of this Congress, may be eligible into categories of \$8-1/2 billion all together. And this is an amendment that precludes ACORN from being a beneficiary of this program. And I recognize that it doesn't specify organizations, but neither can we define the organization called ACORN, because it is so broad and so insidious.

And so my interest is that we are watching our election process be corrupted. We are watching many parts of our business world feel this reach that comes. And I have been calling for months now for an investigation of ACORN, the congressional investigation of ACORN, for a Department of Justice investigation of ACORN. We do have I think a growing groundswell of interested Americans that are pulling information together and aggregating it.

But I am committed, as many members of the now majority party were committed, to plugging into our legislation the Davis-Bacon wage scale, which I clearly object to, and to piece of legislation after piece of legislation.

I am committed to no longer allowing any federal funds from getting into ACORN's coffers until such time as there is a completed

investigation, a forensic analysis, and we have the confidence the parts that may remain at the end of that investigation are the legitimate components that can actually help and enhance the American economy and the American society.

And so this is an amendment that simply states that ACORN and its affiliates will not be—

Chairwoman VELÁZQUEZ. Would the gentleman yield?

Mr. KING. —a beneficiary of this program. And I would yield to the gentlelady.

Chairwoman VELÁZQUEZ. If it is your knowledge that ACORN has received any SBIR grant?

Mr. KING. It is not to my knowledge.

Chairwoman VELÁZQUEZ. Thank you. Okay.

Mr. KING. It is to my endeavor that they not receive it.

Chairwoman VELÁZQUEZ. Thank you for yielding.

Mr. KING. And I would just simply urge the adoption of this amendment, and I would yield back the balance of my time.

Chairwoman VELÁZQUEZ. The chair recognizes herself for the purpose of opposing this amendment.

Mr. King, I understand that there are issues with some members regarding ACORN. But ACORN is a housing group. This is not the vehicle for anyone to go after ACORN participating on resources from the Federal Government. This is the Small Business Committee. So to me, there is no point to offer an amendment to prohibit a group that is ineligible to participate under the SBIR or STTR program.

To my knowledge, ACORN is not in the business of research and technology. They are a housing group. So for that reason alone, I oppose this amendment. I consider this is not the place. That amendment should be brought up in the Housing Subcommittee Financial Services.

Any member who seeks recognition? Mr. Akin.

Mr. AKIN. I would just yield time to the gentleman from Iowa, so he could respond.

Mr. KING. I thank the gentleman from Missouri for yielding, and I agree that ACORN is a housing group. But they are much, much more than a housing group. They are the organization that has admitted to producing over 400,000 fraudulent voter registration forms. They are an organization that has been announced within the last couple of days that it is their endeavor to broaden their reach. And “broaden their reach” at least implies into every aspect of American life where they can have some type of political influence.

They are signed on as a partner for the United States Census where we are sitting in a position now where we are—the great risk of America’s elections being undermined now may be transferred into the question of legitimacy of the United States Census. I don’t know all of the places where ACORN reaches, and I don’t think we can know that either.

I want to assure that we are not funding an organization that is undermining our freedoms, and I think we need to put that barker in place at every single spot that we can. And so I urge adoption of my amendment, and I would yield back to the gentleman from Missouri.

Chairwoman VELÁZQUEZ. Would you yield?

Mr. AKIN. I yield back my time.

Chairwoman VELÁZQUEZ. Okay. Let me just respond to the gentleman's assertion that census or voter registration has anything to do with the SBIR program or the STTR program. And for you to say that you don't know if they do that, I guess that any member who intends to offer an amendment will do the research to determine whether or not the amendment is germane to the issue or the subject at hand.

If there is any other member who seeks to be recognized? Mr. Shuler.

Mr. SHULER. Thank you, Madam Chair. You know, this is, what, the third year I have been on the Committee. And, you know, I think we have finally gotten to partisan politics on the Committee, and I think that is very unfortunate, when the fact of the matter is that small businesses are trying to continue to grow. And to put partisanship in this is kind of embarrassing into this Committee, and I just don't think it is the time and place for that. There is other Committees that can be doing that.

But, Madam Chair, I continue to thank you for your leadership. And Ranking Member Graves, obviously, in his opening statement talked about working together and to show up with amendments like this. I have got all the respect in the world for Mr. King, but that is not the way we do things on this Committee.

I yield back.

Chairwoman VELÁZQUEZ. Are there any other members who wish to be recognized—

Mr. SCHRADER. Yes, Madam—

Chairwoman VELÁZQUEZ. —on this amendment? Mr. Schrader.

Mr. SCHRADER. Thank you, Madam Chairman. Yes, I agree. I put myself in the camp with Congressman Shuler that I enjoy the bipartisan nature of this Committee. But I guess I would make a motion to table this amendment, because it has come in so late, and give ourselves due consideration to look at it thoroughly and give me time to develop a list of right wing extremist organizations that might also be prohibited organizations under this amendment.

Chairwoman VELÁZQUEZ. Any other member? Ms. Kirkpatrick.

Ms. KIRKPATRICK. Thank you, Madam Chair. I, too, appreciate the bipartisan work on this Committee. Having gotten this amendment just a few minutes ago, and reading through it, I really don't have enough information to vote intelligently on it. And I just want to point out some of the organizations that are in this list.

For instance, there is Citizens Consulting, Inc., Flagstaff Broadcast Foundation, the Hospitality Hotel and Restaurant Organization Council, the Neighbors of Althea Ray, the Neighbors of Maria Torres, the Neighbors of Ted Thomas. I don't know who those folks are. I surely would hope that, should an amendment ever come before this Committee that included the Neighbors of Ann Kirkpatrick, that we would look at that and hear from them before we voted. So I am opposed to it.

Thank you.

Chairwoman VELÁZQUEZ. Any other members seeking recognition? Seeing no other members, the question is on Mr. King's amendment. All those in favor say aye.

Those opposed?

Mr. SCHRADER. Madam Chair?

Chairwoman VELÁZQUEZ. In the opinion of—

Mr. SCHRADER. Can we—point of order. I actually move to table the amendment. Is that acceptable to the chair?

Chairwoman VELÁZQUEZ. No. We are going to proceed and vote.

Mr. SCHRADER. Okay. That is fine.

Chairwoman VELÁZQUEZ. In the opinion of the chair, the ayes have it.

Mr. ELLSWORTH. Madam Chair, can we—would it be out of—to take a recorded vote? I should have spoken on the last amendment and asked for a recorded vote. I would like a recorded vote on this amendment.

Chairwoman VELÁZQUEZ. Okay. A recorded vote has been requested. The Clerk will call the vote.

The CLERK. Ms. Velázquez.

Chairwoman VELÁZQUEZ. No.

The CLERK. Ms. Velázquez votes no.

Mr. Moore.

Mr. MOORE. No.

The CLERK. Mr. Moore votes no.

Mr. Shuler.

Mr. SHULER. No.

The CLERK. Mr. Shuler votes no.

Ms. Dahlkemper.

Ms. DAHLKEMPER. No.

The CLERK. Ms. Dahlkemper votes no.

Mr. Schrader.

Mr. SCHRADER. No.

The CLERK. Mr. Schrader votes no.

Ms. Kirkpatrick.

Ms. KIRKPATRICK. No.

The CLERK. Ms. Kirkpatrick votes no.

Mr. Nye.

Mr. NYE. No.

The CLERK. Mr. Nye votes no.

Mr. Michaud.

Mr. MICHAUD. No.

The CLERK. Mr. Michaud votes no.

Ms. Bean.

[No response.]

Mr. Lipinski.

[No response.]

Mr. Altmire.

Mr. ALTMIRE. No.

The CLERK. Mr. Altmire votes no.

Ms. Clarke.

Ms. CLARKE. No.

The CLERK. Ms. Clarke votes no.

Mr. Ellsworth.

Mr. ELLSWORTH. No.

The CLERK. Mr. Ellsworth votes no.

Mr. Sestak.

[No response.]

Mr. Bright.
 Mr. BRIGHT. Yes. Yes.
 The CLERK. Mr. Bright votes yes.
 Mr. Griffith.
 Mr. GRIFFITH. No.
 The CLERK. Mr. Griffith votes no.
 Ms. Halvorson.
 Ms. HALVORSON. No.
 The CLERK. Ms. Halvorson votes no.
 Mr. Graves.
 Mr. GRAVES. Yes.
 The CLERK. Mr. Graves votes yes.
 Mr. Bartlett.
 [No response.]
 Mr. Akin.
 Mr. AKIN. Yes.
 The CLERK. Mr. Akin votes yes.
 Mr. King.
 Mr. KING. Yes.
 The CLERK. Mr. King votes yes.
 Mr. Westmoreland.
 [No response.]
 Mr. Gohmert.
 [No response.]
 Ms. Fallin.
 Ms. FALLIN. Yes.
 The CLERK. Ms. Fallin votes yes.
 Mr. Buchanan.
 [No response.]
 Mr. Luetkemeyer.
 Mr. LUETKEMEYER. Yes.
 The CLERK. Mr. Luetkemeyer votes yes.
 Mr. Schock.
 Mr. SCHOCK. Yes.
 The CLERK. Mr. Schock votes yes.
 Mr. Thompson.
 Mr. THOMPSON. Yes.
 The CLERK. Mr. Thompson votes yes.
 Mr. Coffman.
 Mr. COFFMAN. Yes.
 The CLERK. Mr. Coffman votes yes.
 Chairwoman VELÁZQUEZ. The Clerk will report the vote.
 The CLERK. Thirteen ayes. Sorry. Nine ayes, 13 nos.
 Chairwoman VELÁZQUEZ. The amendment is not adopted.
 Does any member seek recognition for the purpose of offering an amendment? Seeing no amendments, the question is—
 Mr. KING. Madam Chair?
 Chairwoman VELÁZQUEZ. Yes.
 Mr. KING. I move to strike the last word in the bill.
 Chairwoman VELÁZQUEZ. The gentleman is recognized.
 Mr. KING. Thank you, Madam Chair. I just would like to clear the air a little bit here in the Committee. And it is not my intention to create animosity here in this bipartisan Committee, and I want to congratulate you and Mr. Graves and all of those who have

set this tone that this Committee does work for the best interest of small business in America.

And in response to Mr. Shuler and others, I want to point out that this debate came here because it has been shut down in the Rules Committee. The Rules Committee has shut down our floor debate, and our avenues for debate are no longer the legitimate ones that we had in Committee and on the floor. And so this is a result of what takes place with the—I think the dramatic change in our rules and debate process, on the floor of the House, in the Rules Committee.

And it has reflected itself back here, because it is the only avenue. I regret that. But as a member who has a franchise to represent my district, I have an obligation to defend them wherever I can.

And so I would yield back the balance of my time, and I appreciate the opportunity this morning.

Chairwoman VELÁZQUEZ. Let me respond, Mr. King. I have no problem with your policy. I have no problem with you offering amendments. I do have a problem with the fact that we have conducted five hearings. That briefing has been provided to all the staff of every—Republicans and Democrats. If you have a problem with the Rules Committee, it is the Rules Committee, not this Committee. And I don't appreciate for amendments to be offered that really do not—they are not germane to the bill, to the legislation, and look how much time we have wasted here in two amendments that have no place in this legislation.

And I have worked diligently in a bipartisan way. And if you have a policy-related issue that is germane to the legislation, I have no problem with you offering those amendments.

And with that, seeing no amendments, the question is on reporting the bill H.R. 2965, as amended. All those in favor say aye.

Those opposed say no.

In the opinion of the chair, the ayes have it.

Mr. SHULER. Madam Chair, I would ask for a recorded vote.

Chairwoman VELÁZQUEZ. A recorded vote has been requested by Mr. Shuler. The Clerk will call the vote, the roll.

The CLERK. Ms. Velázquez.

Chairwoman VELÁZQUEZ. Aye.

The CLERK. Ms. Velázquez votes aye.

Mr. Moore.

Mr. MOORE. Aye.

The CLERK. Mr. Moore votes aye.

Mr. Shuler.

Mr. SHULER. Aye.

The CLERK. Mr. Shuler votes aye.

Ms. Dahlkemper.

Ms. DAHLKEMPER. Aye.

The CLERK. Ms. Dahlkemper votes aye.

Mr. Schrader.

Mr. SCHRADER. Aye.

The CLERK. Mr. Schrader votes aye.

Ms. Kirkpatrick.

Ms. KIRKPATRICK. Aye.

The CLERK. Ms. Kirkpatrick votes aye.

Mr. Nye.
 Mr. NYE. Aye.
 The CLERK. Mr. Nye votes aye.
 Mr. Michaud.
 Mr. MICHAUD. Aye.
 The CLERK. Mr. Michaud votes aye.
 Ms. Bean.
 [No response.]
 Mr. Lipinski.
 [No response.]
 Mr. Altmire.
 Mr. ALTMIRE. Aye.
 The CLERK. Mr. Altmire votes aye.
 Ms. Clarke.
 Ms. CLARKE. Aye.
 The CLERK. Ms. Clarke votes aye.
 Mr. Ellsworth.
 Mr. ELLSWORTH. Aye.
 The CLERK. Mr. Ellsworth votes aye.
 Mr. Sestak.
 [No response.]
 Mr. Bright.
 Mr. BRIGHT. Yes. Yes, yes.
 The CLERK. Mr. Bright votes yes.
 Mr. Griffith.
 Mr. GRIFFITH. Aye.
 The CLERK. Mr. Griffith votes aye.
 Ms. Halvorson.
 Ms. HALVORSON. Aye.
 The CLERK. Ms. Halvorson votes aye.
 Mr. Graves.
 Mr. GRAVES. Aye.
 The CLERK. Mr. Graves votes aye.
 Mr. Bartlett.
 [No response.]
 Mr. Akin.
 Mr. AKIN. Aye.
 The CLERK. Mr. Akin votes aye.
 Mr. King.
 Mr. KING. Aye.
 The CLERK. Mr. King votes aye.
 Mr. Westmoreland.
 [No response.]
 Mr. Gohmert.
 [No response.]
 Ms. Fallin.
 Ms. FALLIN. Aye.
 The CLERK. Ms. Fallin votes aye.
 Mr. Buchanan.
 [No response.]
 Mr. Luetkemeyer.
 Mr. LUTKEMEYER. Aye.
 The CLERK. Mr. Luetkemeyer votes aye.
 Mr. Schock.

Mr. SCHOCK. Aye.

The CLERK. Mr. Schock votes aye.

Mr. Thompson.

Mr. THOMPSON. Aye.

The CLERK. Mr. Thompson votes aye.

Mr. Coffman.

Mr. COFFMAN. Aye.

The CLERK. Mr. Coffman votes aye.

Chairwoman VELÁZQUEZ. Are there any other members seeking to record or change their vote? Seeing none, the Clerk will report the vote.

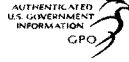
The CLERK. Twenty-two ayes.

Chairwoman VELÁZQUEZ. The ayes have it. H.R. 2965 is adopted and ordered reported as amended.

This concludes the Committee's business for today. I ask unanimous consent that the Committee be authorized to correct section numbers, punctuation, cross references, and to make necessary technical and conforming corrections on the bill considered today. Without objection, so ordered.

This markup is adjourned.

[Whereupon, at 1:59 p.m., the Committee was adjourned.]



111TH CONGRESS
1ST SESSION

H. R. 2965

To amend the Small Business Act 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 19, 2009

Mr. ALTMIRE (for himself, Mr. WU, Mr. GRAVES, Ms. VELÁZQUEZ, Mr. SCHOCK, Mr. NYE, Mrs. HALVORSON, and 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 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; TABLE OF CONTENTS.**

4 (a) **SHORT TITLE.**—This Act may be cited as the
5 “Enhancing Small Business Research and Innovation Act
6 of 2009”.

1 (b) TABLE OF CONTENTS.—The table of contents for
 2 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—PROGRAM EXTENSION AND VENTURE CAPITAL
 OPERATING COMPANY INVOLVEMENT

Sec. 101. Extension of termination dates.

Sec. 102. Ensuring that innovative small businesses with substantial investment from venture capital operating companies are able to participate in the SBIR and STTR programs.

TITLE II—COMMERCIALIZATION ACTIVITIES AND RESEARCH
 TOPICS DESERVING SPECIAL CONSIDERATION

Sec. 201. Focus on commercialization.

Sec. 202. Inclusion of energy-related research topics and rare disease-related research topics as deserving “special consideration” as SBIR research topics.

Sec. 203. Nanotechnology-related research topics.

Sec. 204. Clarifying the definition of “Phase Three”.

Sec. 205. Agency research goals.

Sec. 206. Commercialization programs.

TITLE III—RURAL DEVELOPMENT AND OUTREACH

Sec. 301. Outreach and support activities.

Sec. 302. Rural preference.

Sec. 303. Obtaining SBIR applicant’s consent to release contact information to economic development organizations.

Sec. 304. Increased partnerships between SBIR awardees and prime contractors, venture capital investment companies, and larger businesses.

TITLE IV—SBIR AND STTR ENHANCEMENT

Sec. 401. Increased number of research topic solicitations annually and shortened period for final decisions on applications.

Sec. 402. Agencies should fund vital R&D projects with the potential for commercialization.

Sec. 403. Federal agency engagement with SBIR awardees that have been awarded multiple Phase One awards but have not been awarded Phase Two awards.

Sec. 404. Funding for administrative, oversight, and contract processing costs.

Sec. 405. Comptroller general audit of how Federal agencies calculate extramural research budgets.

Sec. 406. Agency databases to support program evaluation.

Sec. 407. Agency databases to support technology utilization.

Sec. 408. Interagency Policy Committee.

Sec. 409. National Research Council SBIR Study.

Sec. 410. Express authority to “fast-track” Phase Two awards for promising Phase One research.

Sec. 411. Increased SBIR and STTR award levels.

Sec. 412. Express authority for an agency to award sequential Phase Two awards for SBIR-funded projects.

Sec. 413. First phase required.

1 **TITLE I—PROGRAM EXTENSION**
 2 **AND VENTURE CAPITAL OP-**
 3 **ERATING COMPANY INVOLVE-**
 4 **MENT**

5 **SEC. 101. EXTENSION OF TERMINATION DATES.**

6 (a) SBIR.—Section 9(m) of the Small Business Act
 7 (15 U.S.C. 638(m)) is amended by striking “2008” and
 8 inserting “2011”.

9 (b) STTR.—Section 9(n)(1)(A) of the Small Busi-
 10 ness Act (15 U.S.C. 638(n)(1)(A)) is amended by striking
 11 “2009” and inserting “2011”.

12 **SEC. 102. ENSURING THAT INNOVATIVE SMALL BUSI-**
 13 **NESSES WITH SUBSTANTIAL INVESTMENT**
 14 **FROM VENTURE CAPITAL OPERATING COM-**
 15 **PANIES ARE ABLE TO PARTICIPATE IN THE**
 16 **SBIR AND STTR PROGRAMS.**

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

19 “(aa) VENTURE CAPITAL OPERATING COMPANIES.—
 20 Effective only for the SBIR and STTR programs the fol-
 21 lowing shall apply:

22 “(1) A business concern that has more than
 23 500 employees shall not qualify as a small business
 24 concern.

1 “(2) In determining whether a small business
2 concern is independently owned and operated under
3 section 3(a)(1) or meets the small business size
4 standards instituted under section 3(a)(2), the Ad-
5 ministrators shall not consider a business concern to
6 be affiliated with a venture capital operating com-
7 pany (or with any other business that the venture
8 capital operating company has financed) if—

9 “(A) the venture capital operating com-
10 pany does not own 50 percent or more of the
11 business concern; and

12 “(B) employees of the venture capital oper-
13 ating company do not constitute a majority of
14 the board of directors of the business concern.

15 “(3) A business concern shall be deemed to be
16 ‘independently owned and operated’ if—

17 “(A) it is owned in majority part by one or
18 more natural persons or venture capital oper-
19 ating companies;

20 “(B) there is no single venture capital op-
21 erating company that owns 50 percent or more
22 of the business concern; and

23 “(C) there is no single venture capital op-
24 erating company the employees of which con-

1 stitute a majority of the board of directors of
2 the business concern.

3 “(4) If a venture capital operating company
4 controlled by a business with more than 500 employ-
5 ees (in this paragraph referred to as a ‘VCOC under
6 large business control’) has an ownership interest in
7 a small business concern that is owned in majority
8 part by venture capital operating companies, the
9 small business concern is eligible to receive an award
10 under the SBIR or STTR program only if—

11 “(A) not more than two VCOCs under
12 large business control have an ownership inter-
13 est in the small business concern; and

14 “(B) the VCOCs under large business con-
15 trol do not collectively own more than 20 per-
16 cent of the small business concern.

17 “(5) The term ‘venture capital operating com-
18 pany’ means a business concern—

19 “(A) that—

20 “(i) is a Venture Capital Operating
21 Company, as that term is defined in regu-
22 lations promulgated by the Secretary of
23 Labor; or

24 “(ii) is an entity that—

1 “(I) is registered under the In-
2 vestment Company Act of 1940 (15
3 U.S.C. 80a–51 et seq.); or

4 “(II) is an investment company,
5 as defined in section 3(e)(1) of such
6 Act (15 U.S.C. 80a–3(e)(1)), which is
7 not registered under such Act because
8 it is beneficially owned by less than
9 100 persons; and

10 “(B) that is itself organized or incor-
11 porated and domiciled in the United States, or
12 is controlled by a business concern that is incor-
13 porated and domiciled in the United States.”.

14 **TITLE II—COMMERCIALIZATION**
15 **ACTIVITIES AND RESEARCH**
16 **TOPICS DESERVING SPECIAL**
17 **CONSIDERATION**

18 **SEC. 201. FOCUS ON COMMERCIALIZATION.**

19 Section 9(a) of the Small Business Act (15 U.S.C.
20 638(a)) is amended by adding at the end the following:
21 “It is further the policy of Congress that the programs
22 established in this section should focus on promoting re-
23 search and development of projects governed by commer-
24 cial business plans, which have significant potential to

1 produce products or services for the marketplace or for
2 acquisition by Federal agencies.”.

3 **SEC. 202. INCLUSION OF ENERGY-RELATED RESEARCH**
4 **TOPICS AND RARE DISEASE-RELATED RE-**
5 **SEARCH TOPICS AS DESERVING “SPECIAL**
6 **CONSIDERATION” AS SBIR RESEARCH TOP-**
7 **ICS.**

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

10 (1) in the matter preceding subparagraph (A)
11 by inserting after “critical technologies” the fol-
12 lowing: “or pressing research priorities”;

13 (2) at the end of subparagraph (A) by striking
14 “or”; and

15 (3) by adding at the end the following:

16 “(C) the National Academy of Sciences, in
17 the final report issued by the ‘America’s Energy
18 Future: Technology Opportunities, Risks, and
19 Tradeoffs’ project, and in subsequent reports
20 issued by the National Academy of Sciences on
21 sustainability, energy, and alternative fuels;

22 “(D) the National Institutes of Health, in
23 the annual report on the rare diseases research
24 activities of the National Institutes of Health
25 for fiscal year 2005, and in subsequent reports

1 issued by the National Institutes of Health on
2 rare diseases research activities; or

3 “(E) the National Academy of Sciences, in
4 the final report issued by the ‘Transit Research
5 and Development: Federal Role in the National
6 Program’ project and the ‘Transportation Re-
7 search, Development and Technology Strategic
8 Plan (2006–2010)’ issued by the United States
9 Department of Transportation Research and
10 Innovative Technology Administration, and in
11 subsequent reports issued by the National
12 Academy of Sciences and United States Depart-
13 ment of Transportation on transportation and
14 infrastructure;”.

15 **SEC. 203. NANOTECHNOLOGY-RELATED RESEARCH TOPICS.**

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

19 (1) at the end of subparagraph (D) by striking
20 “or”;

21 (2) at the end of subparagraph (E) by adding
22 “or”; and

23 (3) by adding at the end the following:

24 “(F) the national nanotechnology strategic
25 plan required under section 2(c)(4) of the 21st

1 Century Nanotechnology Research and Develop-
2 ment Act (15 U.S.C. 7501(e)(4)) and in subse-
3 quent reports issued by the National Science
4 and Technology Council Committee on Tech-
5 nology, focusing on areas of nanotechnology
6 identified in such plan;”.

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

9 (1) at the end of subparagraph (A) by striking
10 “or”;

11 (2) at the end of subparagraph (B) by adding
12 “or”; and

13 (3) by adding at the end the following:

14 “(C) by the national nanotechnology stra-
15 tegic plan required under section 2(c)(4) of the
16 21st Century Nanotechnology Research and De-
17 velopment Act (15 U.S.C. 7501(e)(4)) and in
18 subsequent reports issued by the National
19 Science and Technology Council Committee on
20 Technology, focusing on areas of nanotechnolo-
21 gy identified in such plan;”.

22 **SEC. 204. CLARIFYING THE DEFINITION OF “PHASE**
23 **THREE”.**

24 Section 9(e) of the Small Business Act (15 U.S.C.
25 638(e)) is amended—

1 (1) in paragraph (4)(C) in the matter preceding
 2 clause (i) by inserting after “a third phase” the fol-
 3 lowing: “, which shall consist of work that derives
 4 from, extends, or logically concludes efforts per-
 5 formed under prior SBIR funding agreements
 6 (which may be referred to as ‘Phase III’)”;

7 (2) in paragraph (8) by striking “and” at the
 8 end;

9 (3) in paragraph (9) by striking the period at
 10 the end and inserting “; and”; and

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

12 “(10) the term ‘commercialization’ means the
 13 process of developing marketable products or serv-
 14 ices and producing and delivering products or serv-
 15 ices for sale (whether by the originating party or by
 16 others) to government or commercial markets.”.

17 **SEC. 205. AGENCY RESEARCH GOALS.**

18 Section 9 of the Small Business Act (15 U.S.C. 638),
 19 as amended, is further amended by striking subsection (h)
 20 and inserting the following:

21 “(h) AGENCY RESEARCH GOALS.—

22 “(1) IN GENERAL.—In addition to the require-
 23 ments of subsection (f), each Federal agency that is
 24 required by this section to have an SBIR program
 25 and that awards annually \$5,000,000,000 or more

1 in procurement contracts shall, effective for fiscal
2 year 2010 and each fiscal year thereafter, establish
3 annual goals for commercialization of projects fund-
4 ed by SBIR awards.

5 “(2) SPECIFIC GOALS.—The goals required by
6 paragraph (1) shall include specific goals for each of
7 the following:

8 “(A) The percentage of SBIR projects that
9 receive funding for the third phase (as defined
10 in subsection (e)(4)(C)).

11 “(B) The percentage of SBIR projects that
12 are successfully integrated into a program of
13 record.

14 “(C) The amount of Federal dollars re-
15 ceived by SBIR projects through Federal con-
16 tracts, not including dollars received through
17 the SBIR program.

18 “(3) SUBMISSION TO COMMITTEES.—For each
19 fiscal year for which goals are required by paragraph
20 (1), the agency shall submit to the Committee on
21 Small Business and the Committee on Science and
22 Technology of the House of Representatives and the
23 Committee on Small Business and Entrepreneurship
24 of the Senate—

1 “(A) not later than 60 days after the be-
2 ginning of the fiscal year, the goals; and

3 “(B) not later than 90 days after the end
4 of the fiscal year, data on the extent to which
5 the goals were met and a description of the
6 methodology used to collect such data.”.

7 **SEC. 206. COMMERCIALIZATION PROGRAMS.**

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

11 “(bb) COMMERCIALIZATION PROGRAMS.—

12 “(1) IN GENERAL.—Each agency required by
13 this section to conduct an SBIR program shall es-
14 tablish a commercialization program that supports
15 the progress of SBIR awardees to the third phase.
16 The commercialization program may include activi-
17 ties such as partnership databases, partnership con-
18 ferences, multiple second phases, mentoring between
19 prime contractors and SBIR awardees, multiple sec-
20 ond phases with matching private investment re-
21 quirements, jumbo awards, SBIR helpdesks, and
22 transition assistance programs. The agency shall in-
23 clude in its annual report an analysis of the various
24 activities considered for inclusion in the commer-
25 cialization program and a statement of the reasons

1 why each activity considered was included or not in-
2 cluded, as the case may be.

3 “(2) FUNDING FOR COMMERCIALIZATION PRO-
4 GRAMS.—

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

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

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

22 “(3) FUNDING LIMITATION.—For payment of
23 expenses incurred to administer the commercializa-
24 tion programs described in paragraphs (1) and (2),
25 the head of an agency may use not more than an

1 amount equal to 1 percent of the funds set aside for
 2 the agency's Small Business Innovation Research
 3 program. Such funds—

4 “(A) shall not be subject to the limitations
 5 on the use of funds in subsection (f)(2); and

6 “(B) shall not be used for the purpose of
 7 funding costs associated with salaries and ex-
 8 penses of employees of the Federal Govern-
 9 ment.”.

10 **TITLE III—RURAL** 11 **DEVELOPMENT AND OUTREACH**

12 **SEC. 301. OUTREACH AND SUPPORT ACTIVITIES.**

13 Section 9 of the Small Business Act (15 U.S.C. 638),
 14 as amended, is further amended by inserting after sub-
 15 section (r) the following:

16 “(s) OUTREACH AND SUPPORT ACTIVITIES.—

17 “(1) IN GENERAL.—Subject to the other provi-
 18 sions of this subsection, the Administrator shall
 19 make grants on a competitive basis to organizations,
 20 to be used by the organizations to do one or both
 21 of the following:

22 “(A) To conduct outreach efforts to in-
 23 crease participation in the programs under this
 24 section.

1 “(B) To provide application support and
2 entrepreneurial and business skills support to
3 prospective participants in the programs under
4 this section.

5 “(2) AUTHORIZATION OF APPROPRIATIONS.—
6 There is authorized to be appropriated to the Ad-
7 ministrator \$10,000,000 to carry out paragraph (1)
8 for each of fiscal years 2010 and 2011.

9 “(3) AMOUNT OF ASSISTANCE.—For each of
10 subparagraphs (A) and (B) of paragraph (1), the
11 amount of assistance provided to an organization
12 under that subparagraph in any fiscal year—

13 “(A) shall be equal to the total amount of
14 matching funds from non-Federal sources pro-
15 vided by the organization; and

16 “(B) shall not exceed \$250,000.

17 “(4) DIRECTION.—An organization receiving
18 funds under paragraph (1) shall, in using those
19 funds, direct its activities at one or both of the fol-
20 lowing:

21 “(A) Small business concerns located in
22 geographic areas that are underrepresented in
23 the programs under this section.

24 “(B) Small business concerns owned and
25 controlled by women, small business concerns

1 owned and controlled by service-disabled vet-
2 erans, and small business concerns owned and
3 controlled by minorities.

4 “(5) ADVISORY BOARD.—

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

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

13 “(C) MEMBERS.—The members of the ad-
14 visory board shall include the following:

15 “(i) The Administrator (or the Ad-
16 ministrator’s designee).

17 “(ii) For each Federal agency re-
18 quired by this section to conduct an SBIR
19 program, the head of the agency (or the
20 designee of the head of the agency).

21 “(iii) Representatives of small busi-
22 ness concerns that are current or former
23 recipients of SBIR awards, or representa-
24 tives of organizations of such concerns.

1 “(iv) Representatives of service pro-
2 viders of SBIR outreach and assistance, or
3 representatives of organizations of such
4 service providers.

5 “(D) DUTIES.—The advisory board shall
6 have the following duties:

7 “(i) To develop guidelines for awards
8 under paragraph (1), including guidelines
9 relating to award sizes, proposal require-
10 ments, measures for monitoring awardee
11 performance, and measures for deter-
12 mining the overall value of the activities
13 carried out by the awardees.

14 “(ii) To identify opportunities for co-
15 ordinated outreach, technical assistance,
16 and commercialization activities among
17 Federal agencies, the recipients of the
18 awards under paragraph (1), and appli-
19 cants and recipients of SBIR awards, in-
20 cluding opportunities such as—

21 “(I) podcasting or webcasting for
22 conferences, training workshops, and
23 other events;

24 “(II) shared online resources to
25 match prospective applicants with the

1 network of paragraph (1) recipients;
2 and

3 “(III) venture capital conferences
4 tied to technologies and sectors that
5 cross agencies.

6 “(iii) To review and recommend revi-
7 sions to activities under paragraph (1).

8 “(iv) To submit to the Committee on
9 Small Business and Entrepreneurship of
10 the Senate and the Committee on Small
11 Business and the Committee on Science
12 and Technology of the House of Represent-
13 atives an annual report on the activities
14 carried out under paragraph (1) and the
15 effectiveness and impact of those activities.

16 “(6) SELECTION CRITERIA.—In awarding
17 grants under this subsection, the Administrator shall
18 use selection criteria developed by the advisory board
19 established under paragraph (5). The criteria shall
20 include—

21 “(A) criteria designed to give preference to
22 applicants who propose to carry out activities
23 that will reach either an underperforming geo-
24 graphic area or an underrepresented population

1 group (as measured by the number of SBIR ap-
2 plicants);

3 “(B) criteria designed to give preference to
4 applicants who propose to carry out activities
5 that complement, and are integrated into, the
6 existing public-private innovation support sys-
7 tem for the targeted region or population;

8 “(C) criteria designed to give preference to
9 applicants who propose to measure the effec-
10 tiveness of the proposed activities; and

11 “(D) criteria designed to give preference to
12 applicants who include a Small Business Devel-
13 opment Center program that is accredited for
14 its technology services.

15 “(7) PEER REVIEW.—In awarding grants under
16 this subsection, the Administrator shall use a peer
17 review process. Reviewers shall include—

18 “(A) SBIR program managers for agencies
19 required by this section to conduct SBIR pro-
20 grams; and

21 “(B) private individuals and organizations
22 that are knowledgeable about SBIR, the innova-
23 tion process, technology commercialization, and
24 State and regional technology-based economic
25 development programs.

1 “(8) PER-STATE LIMITATIONS.—

2 “(A) IN GENERAL.—To be eligible to re-
3 ceive a grant under this subsection, the appli-
4 cant must have the written endorsement of the
5 Governor of the State where the targeted re-
6 gions or populations are located (if the regions
7 or populations are located in more than one
8 State, the applicant must have the written en-
9 dorsement of the Governor of each such State).
10 Such an endorsement must indicate that the
11 Governor will ensure that the activities to be
12 carried out under the grant will be integrated
13 with the balance of the State’s portfolio of in-
14 vestments to help small business concerns com-
15 mercialize technology.

16 “(B) LIMITATION.—Each fiscal year, a
17 Governor may have in effect not more than one
18 written endorsement for a grant under para-
19 graph (1)(A), and not more than one written
20 endorsement for a grant under paragraph
21 (1)(B).

22 “(9) SPECIFIC REQUIREMENTS FOR AWARDS.—
23 In making awards under paragraph (1) the Adminis-
24 trator shall ensure that each award shall be for a pe-
25 riod of 2 fiscal years. The Administrator shall estab-

1 lish rules and performance goals for the disburse-
 2 ment of funds for the second fiscal year, and funds
 3 shall not be disbursed to a recipient for such a fiscal
 4 year until after the advisory board established under
 5 this subsection has determined that the recipient is
 6 in compliance with the rules and performance
 7 goals.”.

8 **SEC. 302. RURAL PREFERENCE.**

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

12 “(cc) RURAL PREFERENCE.—In making awards
 13 under this section, Federal agencies shall give priority to
 14 applications so as to increase the number of SBIR and
 15 STTR award recipients from rural areas.”.

16 **SEC. 303. OBTAINING SBIR APPLICANT'S CONSENT TO RE-**
 17 **LEASE CONTACT INFORMATION TO ECO-**
 18 **NOMIC DEVELOPMENT ORGANIZATIONS.**

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

22 “(dd) CONSENT TO RELEASE CONTACT INFORMA-
 23 TION TO ORGANIZATIONS.—

24 “(1) ENABLING CONCERN TO GIVE CONSENT.—
 25 Each Federal agency required by this section to con-

duct an SBIR program shall enable a small business concern that is an SBIR applicant to indicate to the agency whether the agency has its consent to—

“(A) identify the concern to appropriate local and State-level economic development organizations as an SBIR applicant; and

“(B) release the concern’s contact information to such organizations.

“(2) RULES.—The Administrator shall establish rules to implement this subsection. The rules shall include a requirement that the agency include in its SBIR application forms a provision through which the applicant can indicate consent for purposes of paragraph (1).”.

SEC. 304. INCREASED PARTNERSHIPS BETWEEN SBIR Awardees and Prime Contractors, Venture Capital Investment Companies, and Larger Businesses.

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

“(ee) INCREASED PARTNERSHIPS.—

“(1) IN GENERAL.—Each agency required by this section to conduct an SBIR program shall establish initiatives by which the agency encourages

1 partnerships between SBIR awardees and prime
2 contractors, venture capital investment companies,
3 business incubators, and larger businesses, for the
4 purpose of facilitating the progress of the SBIR
5 awardees to the third phase.

6 “(2) DEFINITION.—In this subsection, the term
7 ‘business incubator’ means an entity that provides
8 coordinated and specialized services to entrepre-
9 neurial businesses which meet selected criteria dur-
10 ing the businesses’ startup phases, including pro-
11 viding services such as shared office space and office
12 services, access to equipment, access to telecommuni-
13 cations and technology services, flexible leases, spe-
14 cialized management assistance, access to financing,
15 mentoring and training services, or other coordi-
16 nated business or technical support services designed
17 to provide business development assistance to entre-
18 preneurial businesses during these businesses’ start-
19 up phases.”.

1 **TITLE IV—SBIR AND STTR**
2 **ENHANCEMENT**

3 **SEC. 401. INCREASED NUMBER OF RESEARCH TOPIC SO-**
4 **LICITATIONS ANNUALLY AND SHORTENED**
5 **PERIOD FOR FINAL DECISIONS ON APPLICA-**
6 **TIONS.**

7 (a) INCREASED NUMBER OF RESEARCH TOPIC SO-
8 LICITATIONS ANNUALLY.—Section 9(g)(2) of the Small
9 Business Act (15 U.S.C. 638(g)(2)) is amended by insert-
10 ing before the semicolon at the end the following: “, but
11 not less often than twice per year”.

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

1 **SEC. 402. AGENCIES SHOULD FUND VITAL R&D PROJECTS**
2 **WITH THE POTENTIAL FOR COMMERCIALIZA-**
3 **TION.**

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

7 “(ff) MULTIPLE FIRST PHASE SBIR AWARDS RE-
8 PORT.—The Administrator shall, on an annual basis, sub-
9 mit to the Committee on Small Business and the Com-
10 mittee on Science and Technology of the House of Rep-
11 resentatives and the Committee on Small Business and
12 Entrepreneurship of the Senate a list identifying each
13 small business concern that, for the period covered by the
14 preceding 5 fiscal years, received 15 or more first phase
15 SBIR awards and no second phase SBIR awards.”.

16 **SEC. 403. FEDERAL AGENCY ENGAGEMENT WITH SBIR**
17 **AWARDEES THAT HAVE BEEN AWARDED MUL-**
18 **TIPLE PHASE ONE AWARDS BUT HAVE NOT**
19 **BEEN AWARDED PHASE TWO AWARDS.**

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

23 “(gg) REQUIREMENTS RELATING TO FEDERAL
24 AGENCY ENGAGEMENT WITH CERTAIN FIRST PHASE
25 SBIR AWARDEES.—Each Federal agency required by this
26 section to conduct an SBIR program shall engage with

1 SBIR awardees that have been awarded multiple first
2 phase SBIR awards but have not been awarded any sec-
3 ond phase SBIR awards and shall develop performance
4 measures with respect to awardee progression in the SBIR
5 program.”.

6 **SEC. 404. FUNDING FOR ADMINISTRATIVE, OVERSIGHT,**
7 **AND CONTRACT PROCESSING COSTS.**

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

11 “(hh) ASSISTANCE FOR ADMINISTRATIVE, OVER-
12 SIGHT, AND CONTRACT PROCESSING COSTS.—

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

20 “(2) PETITIONS.—The Administrator shall es-
21 tablish rules for making transfers under paragraph
22 (1). The initial set of rules shall be promulgated not
23 later than 180 days after the date of the enactment
24 of this subsection.

1 “(3) LIMIT ON TRANSFER.—A Federal agency
2 may not receive under this subsection in a fiscal
3 year an amount greater than 3 percent of the SBIR
4 budget of such agency for such fiscal year.

5 “(4) AUTHORIZATION OF APPROPRIATIONS.—
6 There is authorized to be appropriated to the Ad-
7 ministrator to carry out this subsection \$27,500,000
8 for each of fiscal years 2010 and 2011.”.

9 **SEC. 405. COMPTROLLER GENERAL AUDIT OF HOW FED-**
10 **ERAL AGENCIES CALCULATE EXTRAMURAL**
11 **RESEARCH BUDGETS.**

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

1 **SEC. 406. AGENCY DATABASES TO SUPPORT PROGRAM**

2 **EVALUATION.**

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

5 (1) in paragraph (2)(A)—

6 (A) by striking “and” at the end of clause

7 (ii);

8 (B) by inserting “and” at the end of clause

9 (iii); and

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

12 “(iv) information on the ownership
13 structure of award recipients, both at the
14 time of receipt of the award and upon com-
15 pletion of the award period;”;

16 (2) by amending paragraph (3) to read as fol-
17 lows:

18 “(3) UPDATING INFORMATION FOR DATA-
19 BASE.—

20 “(A) IN GENERAL.—A Federal agency
21 shall not make a Phase I or Phase II payment
22 to a small business concern under this section
23 unless the small business concern has provided
24 all information required under this subsection
25 and available at the time with respect to the
26 award under which the payment is made, and

1 with respect to any other award under this sec-
2 tion previously received by the small business
3 concern or a predecessor in interest to the small
4 business concern.

5 “(B) APPORTIONMENT.—In complying
6 with this paragraph, a small business concern
7 may apportion sales or additional investment
8 information relating to more than one second
9 phase award among those awards, if it notes
10 the apportionment for each award.

11 “(C) ANNUAL UPDATES UPON TERMIN-
12 NATION.—A small business concern receiving an
13 award under this section shall—

14 “(i) in the case of a second phase
15 award, update information in the data-
16 bases required under paragraphs (2) and
17 (6) concerning that award at the termi-
18 nation of the award period;

19 “(ii) in the case of award recipients
20 not described in clause (iii), be requested
21 to voluntarily update such information an-
22 nually thereafter for a period of 5 years;
23 and

24 “(iii) in the case of a small business
25 concern applying for a subsequent first

1 phase or second phase award, be required
2 to update such information annually there-
3 after for a period of 5 years.”; and

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

6 “(6) AGENCY PROGRAM EVALUATION DATA-
7 BASES.—Each Federal agency required to establish
8 an SBIR or STTR program under this section shall
9 develop and maintain, for the purpose of evaluating
10 such programs, a database containing information
11 required to be contained in the database under para-
12 graph (2). Each such database shall be designed to
13 be accessible to other agencies that are required to
14 maintain a database under this paragraph. Each
15 such database shall be developed and operated in a
16 manner to ensure that each such database is rel-
17 evant to and contributes to the agency’s oversight
18 and evaluation of the SBIR and STTR programs.
19 Paragraphs (4) and (5) apply to each database
20 under this paragraph.”.

21 **SEC. 407. AGENCY DATABASES TO SUPPORT TECHNOLOGY**
22 **UTILIZATION.**

23 Section 9(k) of the Small Business Act (15 U.S.C.
24 638(k)), as amended, is further amended by adding at the
25 end the following new paragraph:

1 “(7) AGENCY DATABASES TO SUPPORT TECH-
2 NOLOGY UTILIZATION.—Each Federal agency with
3 an SBIR or STTR program shall create and main-
4 tain a technology utilization database, which shall be
5 available to the public and shall contain data sup-
6 plied by the award recipients specifically to help
7 them attract customers for the products and services
8 generated under the SBIR or STTR project, and to
9 attract additional investors and business partners.
10 Each database created under this paragraph shall
11 include information on the other databases created
12 under this paragraph by other Federal agencies.
13 Participation in a database under this paragraph
14 shall be voluntary, except that such participation is
15 required of all award recipients who received supple-
16 mental payments from SBIR and STTR program
17 funds above their initial Phase II award. Each data-
18 base created under this paragraph shall be developed
19 and operated in a manner to ensure that each such
20 database is relevant to and contributes to the agen-
21 cy’s oversight and evaluation of the SBIR and
22 STTR programs.”.

23 **SEC. 408. INTERAGENCY POLICY COMMITTEE.**

24 (a) ESTABLISHMENT.—The Director of the Office of
25 Science and Technology Policy shall establish an Inter-

1 agency SBIR/STTR Policy Committee comprised of one
2 representative from each Federal agency with an SBIR
3 program.

4 (b) COCILAIRS.—The Director of the Office of Science
5 and Technology Policy and the Director of the National
6 Institute of Standards and Technology shall jointly chair
7 the Interagency SBIR/STTR Policy Committee.

8 (c) DUTIES.—The Interagency SBIR/STTR Policy
9 Committee shall review the following issues and make pol-
10 icy recommendations on ways to improve program effec-
11 tiveness and efficiency:

12 (1) The public and government databases de-
13 scribed in section 9(k) (1) and (2) of the Small
14 Business Act (15 U.S.C. 638(k) (1) and (2)).

15 (2) Federal agency flexibility in establishing
16 Phase I and II award sizes, and appropriate criteria
17 to exercise such flexibility.

18 (3) Commercialization assistance best practices
19 in Federal agencies with significant potential to be
20 employed by other agencies, and the appropriate
21 steps to achieve that leverage, as well as proposals
22 for new initiatives to address funding gaps business
23 concerns face after Phase II but before commer-
24 cialization.

1 (d) REPORTS.—The Interagency SBIR/STTR Policy
2 Committee shall transmit to the Committee on Science
3 and Technology and the Committee on Small Business of
4 the House of Representatives, and to the Committee on
5 Small Business and Entrepreneurship of the Senate—

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

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

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

15 **SEC. 409. NATIONAL RESEARCH COUNCIL SBIR STUDY.**

16 Section 108(d) of the Small Business Reauthoriza-
17 tion Act of 2000, enacted into law by reference under sec-
18 tion 1(a)(9) of the Consolidated Appropriations Act, 2001
19 (Public Law 106–554), is amended—

20 (1) by striking “of the Senate” and all that fol-
21 lows through “not later than 3” and inserting “of
22 the Senate, not later than 3”; and

23 (2) by striking “; and” and all that follows
24 through “update of such report”.

1 **SEC. 410. EXPRESS AUTHORITY TO “FAST-TRACK” PHASE**
2 **TWO AWARDS FOR PROMISING PHASE ONE**
3 **RESEARCH.**

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

7 “(ii) AUTHORITY TO ‘FAST-TRACK’ PHASE TWO
8 AWARDS FOR PROMISING PHASE ONE RESEARCH.—To
9 address the delay between an award for the first phase
10 of an SBIR program and the application for and extension
11 of an award for the second phase of such program, each
12 Federal agency with an SBIR program may develop ‘fast-
13 track’ programs to eliminate such delay by issuing second
14 phase SBIR awards as soon as practicable, including in
15 appropriate cases simultaneously with the issuance of the
16 first phase SBIR award. The Administrator shall encour-
17 age the development of such ‘fast-track’ programs.”.

18 **SEC. 411. INCREASED SBIR AND STTR AWARD LEVELS.**

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

23 “(4) FURTHER ADDITIONAL MODIFICATIONS.—Not
24 later than 180 days after the date of enactment of this
25 paragraph and notwithstanding paragraph (2)(D), the Ad-
26 ministrator shall modify the policy directives issued pursu-

1 ant to this subsection to provide for an increase to
 2 \$250,000 in the amount of funds which an agency may
 3 award in the first phase of an SBIR program, and to
 4 \$2,000,000 in the second phase of an SBIR program, and
 5 a mandatory annual adjustment of such amounts to reflect
 6 economic adjustments and programmatic considerations.”.

7 (b) STTR AWARD LEVEL AND ANNUAL ADJUST-
 8 MENTS.—Section 9(p)(2)(B)(ix) of the Small Business Act
 9 (15 U.S.C. 638(p)(2)(B)(ix)) is amended—

10 (1) by striking “\$100,000” and “\$750,000”
 11 and inserting “\$250,000” and “\$2,000,000”, re-
 12 spectively; and

13 (2) by striking “greater or lesser amounts” and
 14 inserting “with a mandatory annual adjustment of
 15 such amounts to reflect economic adjustments and
 16 programmatic considerations, and with lesser
 17 amounts”.

18 (c) LIMITATION ON CERTAIN AWARDS.—Section 9 of
 19 the Small Business Act (15 U.S.C. 638), as amended, is
 20 further amended by adding at the end the following:

21 “(jj) LIMITATION ON PHASE I AND II AWARDS.—No
 22 Federal agency shall issue an award under the SBIR pro-
 23 gram or the STTR program if the size of the award ex-
 24 ceeds the amounts established under subsections (j)(4)
 25 and (p)(2)(B)(ix).”.

1 **SEC. 412. EXPRESS AUTHORITY FOR AN AGENCY TO AWARD**
2 **SEQUENTIAL PHASE TWO AWARDS FOR SBIR-**
3 **FUNDED PROJECTS.**

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

7 “(kk) REQUIREMENTS RELATING TO ADDITIONAL
8 SECOND PHASE SBIR AWARDS.—

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

13 “(2) TECHNICAL OR WEAPONS SYSTEMS.—
14 Agencies are expressly authorized to provide addi-
15 tional second phase SBIR awards for testing and
16 evaluation assistance for the insertion of SBIR tech-
17 nologies into technical or weapons systems.”.

18 **SEC. 413. FIRST PHASE REQUIRED.**

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

22 “(ll) FIRST PHASE REQUIRED.—Under this section,
23 a Federal agency shall provide to a small business concern
24 an award for the second phase of an SBIR program with
25 respect to a project only if such agency finds that the
26 small business concern has been provided an award for

1 the first phase of an SBIR program with respect to such
2 project or has completed the determinations described in
3 subsection (e)(4)(A) with respect to such project despite
4 not having been provided an award for the first phase.”.

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AMENDMENT TO H.R. 2965
OFFERED BY MR. AKIN

At the end of the bill, add the following:

1 SEC. 414. INVOLVEMENT OF CHIEF COUNSEL FOR ADVO-
2 CACY.

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 “(mm) INVOLVEMENT OF CHIEF COUNSEL FOR AD-
7 VOCACY.—The Chief Counsel for Advocacy, as described
8 in section 201 of Public Law 94–305 (15 U.S.C. 634a),
9 and any individual reporting to the Chief Counsel for Ad-
10 vocacy, without regard to whether such individual was
11 hired under section 204 of Public Law 94–305 (15 U.S.C.
12 634d), may not provide to the Administrator, to any indi-
13 vidual who reports directly or indirectly to the Adminis-
14 trator, or to any Federal agency any advice, guidance,
15 oversight, or review with respect to the programs author-
16 ized under this section.”.



AMENDMENT TO H.R. 2965
OFFERED BY MS. VELAZQUEZ OF NEW YORK

Page 32, line 3, strike the period at the end and insert “and the Office of Management and Budget.”

Page 32, after line 24, insert the following:

- 1 (4) Development and incorporation of a stand-
- 2 ard evaluation framework to enable systematic as-
- 3 sessment of SBIR and STTR, including through im-
- 4 proved tracking of awards and outcomes and devel-
- 5 opment of performance measures for individual
- 6 agency programs.

Page 33, line 7, strike “subsection (c)(1)” and insert “subsections (c)(1) and (c)(4)”.



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AMENDMENT TO H.R. 2965
OFFERED BY MR. KING OF IOWA

Page 15, beginning line 24, strike “business concerns owned and controlled by women, small”.

Page 16, beginning line 2, strike “, and small business concerns owned and controlled by minorities”.



AMENDMENT TO H.R. 2965
OFFERED BY MR. KING OF IOWA

Page 21, line 7, strike the quotation mark and following period.

Page 21, after line 7, insert the following:

1 “(10) PROHIBITED ORGANIZATIONS.—The Ad-
2 ministrator may not make a grant under this sub-
3 section to the Association of Community Organiza-
4 tions for Reform Now, Acorn Beneficial Assoc., Inc.,
5 Arkansas Broadcast Foundation, Inc., Acorn Chil-
6 dren’s Beneficial Assoc., Arkansas Community
7 Housing Corp., Acorn Community Land Assoc., Inc.,
8 Acorn Community Land Assoc. of Illinois, Acorn
9 Community Land Association of Louisiana, Acorn
10 Community Land Assoc. of Pennsylvania, ACORN
11 COMMUNITY LABOR ORGANIZING CENTER,
12 ACORN Beverly LLC, ACORN Canada, ACORN
13 Center for Housing, ACORN Housing Affordable
14 Loans LLC, Acorn Housing 1 Associates, LP, Acorn
15 Housing 2 Associates, LP, ACORN Housing 3 Asso-
16 ciates LP, ACORN Housing 4 Associates, L.P.,
17 ACORN International, ACORN VOTES, Acorn

1 2004 Housing Development Fund Corporation,
 2 ACRMW, ACSI, Acorn Cultural Trust, Inc., Amer-
 3 ican Environmental Justice Project, Inc., ACORN
 4 Fund, Inc., Acorn Fair Housing Organization, Inc.,
 5 Acorn Foster Parents, Inc., Agape Broadcast Foun-
 6 dation Inc., Acorn Housing Corporation, Arkansas
 7 Acorn Housing Corporation, Acorn Housing Corp. of
 8 Arizona, Acorn Housing Corp. of Illinois, Acorn
 9 Housing Corp. of Missouri, New Jersey ACORN
 10 Housing Corporation, Inc., AHCNY, Acorn Housing
 11 Corp. of Pennsylvania, Texas ACORN Housing Cor-
 12 poration, Inc., American Institute for Social Justice,
 13 Acorn law for Education, Rep. & Training, Acorn
 14 Law Reform Pac, Affiliated Media Foundation
 15 Movement, Albuquerque Minimum Wage Committee,
 16 Acorn National Broadcasting Network, Arkansas
 17 New Party, Arkansas Acorn Political Action Com-
 18 mittee, Association for Rights of Citizens, Acorn
 19 Services, Inc., Acorn Television in Action for Com-
 20 munities, Acorn Tenants' Union, Inc., Acorn Tenant
 21 Union Training & Org. Project, AWA, Baltimore
 22 Organizing Support Center, Inc., Bronx Parent
 23 Leadership, Baton Rouge ACORN Education
 24 Project, Inc., Baton Rouge Assoc. of School Employ-
 25 ees, Broad Street Corporation, California Acorn Po-

1 litical Action Committee, Citizens Action Research
 2 Project, Council Beneficial Association, Citizens
 3 Campaign for Fair Work, Living Wage Etc., Citi-
 4 zens Consulting, Inc., California Community Net-
 5 work, Citizens for April Troope, Clean Government
 6 Pac, Chicago Organizing and Support Center, Inc.,
 7 Council Health Plan, Citizens Services Society, Cam-
 8 paign For Justice at Avondale, CLOC, Community
 9 and Labor for Baltimore, Chief Organizer Fund,
 10 Colorado Organizing and Support Center, Commu-
 11 nity Real Estate Processing, Inc., Campaign to Re-
 12 ward Work, Citizens Services Incorporated, Elysian
 13 Fields Corporation, Environmental Justice Training
 14 Project, Inc., Franklin Acorn Housing Corporation,
 15 Flagstaff Broadcast Foundation, Floridians for All
 16 PAC, Fifteenth Street Corporation, Friends of
 17 Wendy Foy, Greenwell Springs Corporations, Gene-
 18 vieve Stewart Campaign Fund, Hammurabi Fund,
 19 Houston Organizing Support Center, Hospitality
 20 Hotel and Restaurant Org. Council, Iowa ACORN
 21 Broadcasting Corp., Illinois Home Day Care Work-
 22 ers Association, Inc., Illinois Acorn Political Action
 23 Committee, Illinois New Party, Illinois New Party
 24 Political Committee, Institute for Worker Education,
 25 Inc., Jefferson Association of Parish Employees,

1 Jefferson Association of School Employees, Johnnie
 2 Pugh Campaign Fund, Louisiana ACORN Political
 3 Action Committee, Louisiana Acorn Fair Housing,
 4 Inc., Labor Neighbor Research & Training Center,
 5 Inc., Service Employee Int UNION L100, Local 100
 6 Health and Warfare Fund, Local 100 Political Ac-
 7 tion Committee, Local 100 Retirement Plan, Service
 8 Employees International Union L880, Local 880
 9 SEIU Political Action Committee, Local 880 SEIU
 10 Power Political Action Committee, Massachusetts
 11 ACORN Political Action Committee, Maryland
 12 ACORN Political Action Committee, Mott Haven
 13 ACORN Housing Development Fund, Mutual Hous-
 14 ing Association of New York, Inc., MHANY A/A/F
 15 Neighborhood Restore HDFC, MHANY 2003
 16 HOUSING DEVELOPMENT FUND CORPORA-
 17 TION, Missouri Home Day Care Workers Associa-
 18 tion, Inc., McClellan Multi Family Corporation, Min-
 19 nesota ACORN Political Action Committee, Neigh-
 20 bors for Athelia Ray, Neighbors for Maria Torres,
 21 Neighbors for Ted Thomas, New Mexico ACORN
 22 Fair Housing, Inc., New Mexico ACORN Political
 23 Action Committee, New Mexico Organizing Support
 24 Center, New Orleans Campaign for a, New York
 25 Agency for Community Affairs, Inc., New York

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1 Acorn Political Action Committee, New York Orga-
2 nizing and Support Center, Oregon ACORN Polit-
3 ical Action Committee, Pennsylvania ACORN Polit-
4 ical Action Committee, Pugh Election Committee,
5 People's Equipment Resource Corporation, Progres-
6 sive Houston, Pennsylvania Institute for Community
7 Affairs, Inc., Phoenix Organizing and Support Cen-
8 ter, Inc., Progressive St. Louis, Referendum Com-
9 mittee for an Accountable Future, Rhode Island
10 APAC, Sixth Avenue Corporation, San Jacinto
11 Street Corp, St. Louis Organizing and Support Cen-
12 ter, Inc., St. Louis Tax Reform Group, Inc., Service
13 Workers Action Team, Texas United City-County
14 Employees, Texas United School Employees, Inc.,
15 United Security Workers for America, Local, Volun-
16 teers for America, Inc., Voting for America, Inc.,
17 Washington ACORN Political Action Committee,
18 WARN, Working Families Association, Inc., Wal-
19 Mart Workers Association, or 385 Palmetto or 650
20 Political Action Committee.”



