

110TH CONGRESS  
2D SESSION

# H. R. 5789

To reauthorize the Small Business Innovation Research (SBIR) Program and the Small Business Technology Transfer (STTR) Program, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 15, 2008

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

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## A BILL

To reauthorize the Small Business Innovation Research (SBIR) Program and the Small Business Technology Transfer (STTR) 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 “Science and Technology Innovation Act of 2008”.

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

Sec. 1. Short title; table of contents.

TITLE I—REAUTHORIZATION OF PROGRAMS

Sec. 101. Extension of SBIR and STTR Programs.

TITLE II—FEDERAL INNOVATIONS INVESTMENTS

- Sec. 201. SBIR cap increase.
- Sec. 202. STTR cap increase.
- Sec. 203. Adjustments in SBIR and STTR award levels.
- Sec. 204. Majority equity investment in SBIR and STTR firms.

TITLE III—UTILIZATION SUPPORT

- Sec. 301. Agency databases to support program evaluation.
- Sec. 302. Agency databases to support technology utilization.
- Sec. 303. Interagency Policy Committee.

TITLE IV—OUTREACH AND TECHNICAL ASSISTANCE

- Sec. 401. Use of program funds for administrative costs.
- Sec. 402. SBIR discretionary technical assistance.

TITLE V—IMPLEMENTATION

- Sec. 501. Conforming amendments to the SBIR and STTR policy directives.
- Sec. 502. National Research Council SBIR Study.

1 **TITLE I—REAUTHORIZATION OF**  
 2 **PROGRAMS**

3 **SEC. 101. EXTENSION OF SBIR AND STTR PROGRAMS.**

4 (a) SBIR PROGRAM.—Section 9(m) of the Small  
 5 Business Act (15 U.S.C. 638(m)) is amended by striking  
 6 “2008” and inserting “2010”.

7 (b) STTR PROGRAM.—Section 9(n)(1)(A) of the  
 8 Small Business Act (15 U.S.C. 638(n)(1)(A)) is amended  
 9 by striking “2009” and inserting “2010”.

1                   **TITLE II—FEDERAL**  
2                   **INNOVATIONS INVESTMENTS**

3   **SEC. 201. SBIR CAP INCREASE.**

4           Section 9(f)(1) of the Small Business Act (15 U.S.C.  
5 638(f)(1)) is amended—

6                   (1) in subparagraph (B), by striking “and” at  
7           the end;

8                   (2) in subparagraph (C), by striking “each fis-  
9           cal year thereafter,” and inserting “each of fiscal  
10          years 1997 through 2008; and”; and

11                   (3) by adding after subparagraph (C) the fol-  
12          lowing new subparagraph:

13                               “(D) not less than 3 percent in fiscal year  
14                   2009 and each fiscal year thereafter.”.

15   **SEC. 202. STTR CAP INCREASE.**

16          Section 9(n)(1)(B) of the Small Business Act (15  
17 U.S.C. 638(n)(1)(B)) is amended—

18                   (1) in clause (i), by striking “and” at the end;

19                   (2) in clause (ii), by striking “fiscal year 2004  
20          and each fiscal year thereafter.” and inserting “each  
21          of fiscal years 2004 through 2008; and”; and

22                   (3) by adding after clause (ii) the following new  
23          clause:

24                               “(iii) 0.6 percent for fiscal year 2009  
25                   and each fiscal year thereafter.”.

1 **SEC. 203. ADJUSTMENTS IN SBIR AND STTR AWARD LEV-**  
2 **ELS.**

3 (a) SBIR ADJUSTMENTS.—Section 9(j)(2)(D) of the  
4 Small Business Act (15 U.S.C. 638(j)(2)(D)) is amend-  
5 ed—

6 (1) by striking “\$100,000” and inserting  
7 “\$300,000”; and

8 (2) by striking “\$750,000” and inserting  
9 “\$2,200,000”.

10 (b) STTR ADJUSTMENTS.—Section 9(p)(2)(B)(ix) of  
11 the Small Business Act (15 U.S.C. 638(p)(2)(B)(ix)) is  
12 amended—

13 (1) by striking “\$100,000” and inserting  
14 “\$300,000”; and

15 (2) by striking “\$750,000” and inserting  
16 “\$2,200,000”.

17 (c) ANNUAL ADJUSTMENTS.—Section 9 of the Small  
18 Business Act (15 U.S.C. 638) is amended—

19 (1) in subsection (j)(2)(D), by striking “and an  
20 adjustment of such amounts once every 5 years to  
21 reflect economic adjustments and programmatic con-  
22 siderations” and inserting “and a mandatory annual  
23 adjustment of such amounts to reflect economic ad-  
24 justments and programmatic considerations”; and

25 (2) in subsection (p)(2)(B)(ix), by striking  
26 “greater or lesser amounts” and inserting “with a

1 mandatory annual adjustment of such amounts to  
2 reflect economic adjustments and programmatic con-  
3 siderations, and with lesser amounts”.

4 (d) LIMITATION ON CERTAIN AWARDS.—Section 9 of  
5 the Small Business Act (15 U.S.C. 638) is amended by  
6 adding at the end the following:

7 “(z) LIMITATION ON PHASE I AND II AWARDS.—No  
8 Federal agency shall issue an award under the SBIR pro-  
9 gram or the STTR program if the size of the award ex-  
10 ceeds the amounts established under subsections (j)(2)(D)  
11 and (p)(2)(B)(ix).

12 “(aa) SUBSEQUENT PHASES.—

13 “(1) IN GENERAL.—A small business concern  
14 which received an award from a Federal agency  
15 under this section shall be eligible to receive an  
16 award for a subsequent phase from another Federal  
17 agency, if the head of each relevant Federal agency  
18 makes a written determination that the topics of the  
19 relevant awards are the same.

20 “(2) CROSSOVER BETWEEN PROGRAMS.—A  
21 small business concern which received an award  
22 under this section under the SBIR program or the  
23 STTR program may, at the discretion of the grant-  
24 ing agency, receive an award under this section for

1 a subsequent phase in either the SBIR program or  
2 the STTR program.

3 “(3) PHASE II SBIR APPLICATIONS.—An agency  
4 may permit an applicant to apply directly for a  
5 Phase II award, as described in subsection  
6 (e)(4)(B), without first completing a Phase I award,  
7 as described in subsection (e)(4)(A), if the applicant  
8 can demonstrate that project feasibility was achieved  
9 without SBIR or other Federal funding.

10 “(4) PHASE II STTR APPLICATIONS.—An agen-  
11 cy may permit an applicant to submit proposals for  
12 Phase II awards, as described in subsection  
13 (e)(6)(B), without first completing a Phase I award,  
14 as described in subsection (e)(6)(A), if the applicant  
15 can demonstrate it has accomplished Phase I  
16 through cooperative research and development  
17 achieved without STTR or other Federal funding.

18 “(bb) WAIVER OF MINIMUM WORK REQUIREMENT.—  
19 A Federal agency making an SBIR or STTR award under  
20 this section may waive the minimum small business con-  
21 cern or research institution work requirements under sub-  
22 section (e)(7) if the agency determines that to provide  
23 such waiver would be consistent with the purposes of this  
24 section and consistent with achieving the objectives of the  
25 award proposal.”.

1 **SEC. 204. MAJORITY EQUITY INVESTMENT IN SBIR AND**  
2 **STTR FIRMS.**

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

6 “(cc) MAJORITY EQUITY INVESTMENT IN SBIR AND  
7 STTR FIRMS.—

8 “(1) QUALIFICATION REQUIREMENTS.—No  
9 small business concern shall be excluded from par-  
10 ticipation in the SBIR or STTR program on the  
11 ground that such small business concern is owned in  
12 majority part by more than 1 equity provider, except  
13 that no single equity provider shall be permitted to  
14 own more than 49 percent of such small business  
15 concern.

16 “(2) DEFINITIONS.—For purposes of this sub-  
17 section—

18 “(A) the term ‘equity provider’ means a  
19 venture capital operating company; and

20 “(B) the term ‘venture capital operating  
21 company’ means a business concern that—

22 “(i) is a venture capital operating  
23 company, as that term is defined in regula-  
24 tions promulgated by the Secretary of  
25 Labor under the Employee Retirement In-  
26 come Security Act of 1974;

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

4 “(iii) is an investment company, as  
5 defined in section 3(c)(14) of such Act (15  
6 U.S.C. 80a–3(c)(14)), which is not reg-  
7 istered under such Act because it is bene-  
8 ficially owned by less than 100 persons.”.

## 9 **TITLE III—UTILIZATION** 10 **SUPPORT**

### 11 **SEC. 301. AGENCY DATABASES TO SUPPORT PROGRAM** 12 **EVALUATION.**

13 Section 9(k) of the Small Business Act (15 U.S.C.  
14 638(k)) is amended—

15 (1) in paragraph (2)(A)—

16 (A) by striking “and” at the end of clause  
17 (ii);

18 (B) by inserting “and” at the end of clause  
19 (iii); and

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

22 “(iv) information on the ownership  
23 structure of award recipients, both at the  
24 time of receipt of the award and upon com-  
25 pletion of the award period;”;

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

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

5                   “(A)    IN    GENERAL.—A    Federal    agency  
6                   shall not make a Phase I or Phase II payment  
7                   to a small business concern under this section  
8                   unless the small business concern has provided  
9                   all information required under this subsection  
10                   with respect to the award under which the pay-  
11                   ment is made, and with respect to any other  
12                   award under this section previously received by  
13                   the small business concern or a predecessor in  
14                   interest to the small business concern.

15                   “(B)    APPORTIONMENT.—In    complying  
16                   with this paragraph, a small business concern  
17                   may apportion sales or additional investment  
18                   information relating to more than one second  
19                   phase award among those awards, if it notes  
20                   the apportionment for each award.

21                   “(C)    ANNUAL    UPDATES    UPON    TERMI-  
22                   NATION.—A small business concern receiving an  
23                   award under this section shall—

24                           “(i) in the case of a second phase  
25                           award, update information in the data-

1 bases required under paragraphs (2) and  
2 (6) concerning that award at the termi-  
3 nation of the award period;

4 “(ii) in the case of award recipients  
5 not described in clause (iii), be requested  
6 to voluntarily update such information an-  
7 nually thereafter for a period of 5 years;  
8 and

9 “(iii) in the case of a small business  
10 concern applying for a subsequent first  
11 phase or second phase award, be required  
12 to update such information annually there-  
13 after for a period of 5 years.”; and

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

16 “(6) AGENCY PROGRAM EVALUATION DATA-  
17 BASES.—Each Federal agency required to establish  
18 an SBIR or STTR program under this section shall  
19 develop and maintain, for the purpose of evaluating  
20 such programs, a database containing information  
21 required to be contained in the database under para-  
22 graph (2). Each such database shall be designed to  
23 be accessible to other agencies that are required to  
24 maintain a database under this paragraph.”.

1 **SEC. 302. AGENCY DATABASES TO SUPPORT TECHNOLOGY**  
2 **UTILIZATION.**

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

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

23 **SEC. 303. INTERAGENCY POLICY COMMITTEE.**

24 (a) ESTABLISHMENT.—The Director of the Office of  
25 Science and Technology Policy shall establish an Inter-  
26 agency SBIR/STTR Policy Committee comprised of one

1 representative from each Federal agency with an SBIR  
2 program.

3 (b) COCHAIRS.—The Director of the Office of Science  
4 and Technology Policy and the Director of the National  
5 Institute of Standards and Technology shall jointly chair  
6 the Interagency Policy Committee.

7 (c) DUTIES.—The Interagency Policy Committee  
8 shall review the following issues and make policy rec-  
9 ommendations on ways to improve program effectiveness  
10 and efficiency:

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

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

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

24 (d) REPORTS.—The Interagency Policy Committee  
25 shall transmit to the Committee on Science and Tech-

1 nology and the Committee on Small Business of the House  
2 of Representatives, and to the Committee on Small Busi-  
3 ness and Entrepreneurship of the Senate—

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

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

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

## 13 **TITLE IV—OUTREACH AND** 14 **TECHNICAL ASSISTANCE**

### 15 **SEC. 401. USE OF PROGRAM FUNDS FOR ADMINISTRATIVE** 16 **COSTS.**

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

19 (1) in subsection (f)(2)(A), by striking “any”  
20 and inserting “more than 3.0 percent”; and

21 (2) in subsection (n)(2)(A), by striking “any”  
22 and inserting “more than 3.0 percent”.

### 23 **SEC. 402. SBIR DISCRETIONARY TECHNICAL ASSISTANCE.**

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

1 (1) in paragraph (1)—

2 (A) by striking “paragraph (2)” and in-  
3 serting “paragraph (2)(A), or another Federal  
4 agency under paragraph (2)(B),”;

5 (B) by striking “and” at the end of sub-  
6 paragraph (C);

7 (C) by striking the period at the end of  
8 subparagraph (D) and inserting “; and”; and

9 (D) by adding at the end the following new  
10 subparagraph:

11 “(E) implementing manufacturing proc-  
12 esses and production strategies for utilization.”;

13 (2) by amending paragraph (2) to read as fol-  
14 lows:

15 “(2) ASSISTANCE PROVIDERS.—

16 “(A) VENDOR SELECTION.—Each agency  
17 may select a vendor to assist small business  
18 concerns to meet the goals listed in paragraph  
19 (1) for a term not to exceed 3 years. Such se-  
20 lection shall be competitive and shall utilize  
21 merit-based criteria.

22 “(B) INTERAGENCY COLLABORATION.—In  
23 addition, each agency may enter into a collabo-  
24 rative agreement with the technical extension or  
25 assistance programs of other Federal agencies

1 in order to provide the assistance described in  
2 paragraph (1).”; and

3 (3) in paragraph (3)—

4 (A) in subparagraph (A), by striking  
5 “\$4,000” and inserting “\$5,000”; and

6 (B) by amending subparagraph (B) to read  
7 as follows:

8 “(B) SECOND PHASE.—Each agency re-  
9 ferred to in paragraph (1) may provide directly,  
10 or authorize any second phase SBIR award re-  
11 cipient to purchase with funds available from  
12 their SBIR awards, services described in para-  
13 graph (1), in an amount equal to not more than  
14 \$8,000 per year, per award.”.

## 15 **TITLE V—IMPLEMENTATION**

### 16 **SEC. 501. CONFORMING AMENDMENTS TO THE SBIR AND** 17 **STTR POLICY DIRECTIVES.**

18 Not later than 180 days after the date of enactment  
19 of this Act, the Administrator of the Small Business Ad-  
20 ministration shall promulgate amendments to the SBIR  
21 and the STTR Policy Directives to conform such directives  
22 to this Act and the amendments made by this Act.

### 23 **SEC. 502. NATIONAL RESEARCH COUNCIL SBIR STUDY.**

24 Section 108(d) of the Small Business Reauthoriza-  
25 tion Act of 2000 is amended—

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

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

○