

[COMMITTEE PRINT]110TH CONGRESS
2^D SESSION**H. R.** _____

To amend the Small Business Act to improve the Small Business Innovation Research (SBIR) program, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

M____. _____ introduced the following bill; which was referred to the
Committee on _____

A BILL

To amend the Small Business Act to improve the Small Business Innovation Research (SBIR) 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 “Small Business Innovation Research Program Reauthor-
6 ization Act”.

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

Sec. 1. Short title; table of contents.

TITLE I—MODERNIZING THE SBIR PROGRAM

- Sec. 101. Extension of SBIR termination date.
- Sec. 102. Increase in amount of technical assistance funds and option to purchase technical assistance directly.
- Sec. 103. Establishment of SBIR advisory boards.
- Sec. 104. Inclusion of energy-related research topics as “critical technologies” deserving “special consideration” as SBIR research topics.
- Sec. 105. Increased SBIR award levels.
- Sec. 106. Increased number of research topic solicitations annually and shortened period for final decisions on applications.
- Sec. 107. Agencies should fund vital R&D projects with the potential for commercialization.
- Sec. 108. Federal agency engagement with SBIR awardees that have been awarded multiple Phase One awards but have not been awarded Phase Two awards.

TITLE II—VENTURE CAPITAL INVESTMENT STANDARDS

- Sec. 201. Determining whether business concern is independently owned and operated.

TITLE III—SBIR AND ECONOMIC DEVELOPMENT

- Sec. 301. Reauthorization and modernization of Federal and State Technology Partnership Program (FAST).
- Sec. 302. Creation of Partnerships, Resources, Investors, and Market Entry Research (“PRIMER”) program.
- Sec. 303. Obtaining SBIR applicant’s consent to release contact information to economic development organizations.

TITLE IV—ADVANCING COMMERCIALIZATION OF SBIR-FUNDED RESEARCH

- Sec. 401. Clarifying the definition of “Phase Three”.
- Sec. 402. Agency research goals.
- Sec. 403. Express authority for an agency to award sequential Phase Two awards for SBIR-funded projects.
- Sec. 404. Increased partnerships between SBIR awardees and prime contractors, venture capital investment companies, and larger businesses.
- Sec. 405. Express authority to “fast-track” Phase Two awards for promising Phase One research.
- Sec. 406. Commercialization programs.

1 **TITLE I—MODERNIZING THE**
2 **SBIR PROGRAM**

3 **SEC. 101. EXTENSION OF SBIR TERMINATION DATE.**

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

7 **SEC. 102. INCREASE IN AMOUNT OF TECHNICAL ASSIST-**
8 **ANCE FUNDS AND OPTION TO PURCHASE**
9 **TECHNICAL ASSISTANCE DIRECTLY.**

10 Section 9(q)(3) of the Small Business Act (15 U.S.C.
11 638(q)(3)) is amended—

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

14 (2) by adding at the end the following:

15 “(C) **AUTHORITY TO OPT OUT.**—The Ad-
16 ministrators shall establish guidelines under
17 which an award recipient eligible to receive
18 services under subparagraph (A) may decline
19 those services and receive instead an amount
20 equal to not more than \$2,500, which shall be
21 in addition to the amount of the recipient’s
22 award and which shall be used to purchase
23 services described in paragraph (1).”.

1 **SEC. 103. ESTABLISHMENT OF SBIR ADVISORY BOARDS.**

2 (a) IN GENERAL.—Section 9 of the Small Business
3 Act (15 U.S.C. 638) is amended by inserting after sub-
4 section (z) the following:

5 “(aa) SBIR ADVISORY BOARDS.—

6 “(1) ADVISORY BOARDS REQUIRED.—Each
7 Federal agency that is required by this section to
8 conduct an SBIR program and that administers an-
9 nually \$50,000,000 or more in SBIR grants shall
10 have an SBIR advisory board.

11 “(2) MEMBERS.—For each advisory board re-
12 quired by paragraph (1), the members of the advi-
13 sory board shall include—

14 “(A) at least two individuals who are em-
15 ployees of the agency;

16 “(B) at least two representatives of private
17 sector technology firms; and

18 “(C) such other individuals as the agency
19 considers appropriate.

20 “(3) SECURITY CLEARANCES.—Where it is ap-
21 propriate to the work of an advisory board required
22 by paragraph (1) that the members and staff of the
23 advisory board have a security clearance, the appro-
24 priate departments and agencies of the executive
25 branch shall cooperate with the advisory board to ex-
26 peditiously provide members and staff with appro-

1 appropriate security clearances to the extent possible
2 under applicable procedures and requirements.

3 “(4) MEETINGS.—Each advisory board required
4 by paragraph (1) shall meet at least two times per
5 year.

6 “(5) DUTIES.—Each advisory board required
7 by paragraph (1) shall—

8 “(A) review the quarterly reports sub-
9 mitted under subsection (g)(8);

10 “(B) make recommendations to the agency
11 about potential modifications to the agency’s
12 SBIR program that are intended to—

13 “(i) encourage applications, particu-
14 larly applications from small business con-
15 cerns owned and controlled by women,
16 small business concerns owned and con-
17 trolled by minorities, and small business
18 concerns in States and regions that histori-
19 cally receive few SBIR awards; and

20 “(ii) support commercialization of
21 Federal research funded by SBIR awards;
22 and

23 “(C) submit to the Committee on Small
24 Business and the Committee on Science and
25 Technology of the House of Representatives

1 and the Committee on Small Business and En-
2 trepreneurship of the Senate an annual report
3 on the SBIR program conducted by the agency.
4 The report shall include a description of how
5 that agency's SBIR program is functioning and
6 any recommendations of the advisory board for
7 strengthening that agency's SBIR program.

8 “(6) NON-APPLICABILITY OF FACa.—The Fed-
9 eral Advisory Committee Act (5 U.S.C. App.) shall
10 not apply to an advisory board required by para-
11 graph (1).”.

12 (b) AGENCY REPORTS TO SBIR ADVISORY
13 BOARDS.—Section 9(g)(8) of the Small Business Act (15
14 U.S.C. 638(g)(8)) is amended by inserting before the
15 semicolon at the end the following: “and, if the agency
16 is required by subsection (aa) to have an SBIR advisory
17 board, submit a quarterly report on the SBIR program
18 to that SBIR advisory board”.

19 **SEC. 104. INCLUSION OF ENERGY-RELATED RESEARCH**
20 **TOPICS AS “CRITICAL TECHNOLOGIES” DE-**
21 **SERVING “SPECIAL CONSIDERATION” AS SBIR**
22 **RESEARCH TOPICS.**

23 Section 9(g)(3) of the Small Business Act (15 U.S.C.
24 638(g)(3)) is amended by striking “or” at the end of sub-

1 paragraph (A), adding “or” at the end of subparagraph
2 (B), and adding at the end the following:

3 “(C) the Transportation Research Board
4 of the National Academy of Sciences, in the re-
5 ports collected in the Journal of the Transpor-
6 tation Research Board, No. 2017, and in subse-
7 quent reports issued by the Board on sustain-
8 ability, energy, and alternative fuels;”.

9 **SEC. 105. INCREASED SBIR AWARD LEVELS.**

10 Section 9(j)(2)(D) of the Small Business Act (15
11 U.S.C. 638(j)(2)(D)) is amended by striking “\$100,000”
12 and “\$750,000” and inserting “\$200,000” and
13 “\$1,500,000”, respectively.

14 **SEC. 106. INCREASED NUMBER OF RESEARCH TOPIC SO-**
15 **LICITATIONS ANNUALLY AND SHORTENED**
16 **PERIOD FOR FINAL DECISIONS ON APPLICA-**
17 **TIONS.**

18 (a) INCREASED NUMBER OF RESEARCH TOPIC SO-
19 LICITATIONS.—Section 9(g)(2) of the Small Business Act
20 (15 U.S.C. 638(g)(2)) is amended by inserting before the
21 semicolon at the end the following: “, but not less often
22 than twice per year”.

23 (b) SHORTENED PERIOD FOR FINAL DECISIONS ON
24 APPLICATIONS.—Section 9(g)(4) of that Act (15 U.S.C.
25 638(g)(4)) is amended—

1 (1) by inserting before the semicolon at the end
2 the following: “: *Provided*, that if the agency is re-
3 quired by subsection (aa) to have an SBIR advisory
4 board—”; and

5 (2) by adding at the end the following:

6 “(A) a final decision on each proposal shall
7 be rendered not later than 90 days after the
8 date on which the proposal is received;

9 “(B) the SBIR advisory board may, on a
10 case by case basis, extend the 90 days to 180
11 days; and

12 “(C) the SBIR advisory board shall include
13 in each annual report to Congress under sub-
14 section (aa) a statement identifying how many
15 times a decision was not rendered in 90 days,
16 how many times an extension was granted, and
17 how many times a decision was not rendered in
18 180 days;”.

19 **SEC. 107. AGENCIES SHOULD FUND VITAL R&D PROJECTS**
20 **WITH THE POTENTIAL FOR COMMERCIALIZA-**
21 **TION.**

22 Section 9(j)(2) of the Small Business Act (15 U.S.C.
23 638(j)(2)) is amended—

24 (1) in subparagraph (H) by striking “and” at
25 the end;

1 (2) in subparagraph (I) by striking the period
2 at the end and inserting “; and”; and

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

4 “(J) procedures to ensure that the Admin-
5 istrator, on an annual basis, submits to the
6 Committee on Small Business and the Com-
7 mittee on Science and Technology of the House
8 of Representatives and the Committee on Small
9 Business and Entrepreneurship of the Senate a
10 list identifying each small business concern
11 that, for the period covered by the preceding 5
12 fiscal years, received 15 or more first phase
13 SBIR awards and no second phase SBIR
14 awards.”.

15 **SEC. 108. FEDERAL AGENCY ENGAGEMENT WITH SBIR**
16 **AWARDEES THAT HAVE BEEN AWARDED MUL-**
17 **TIPLE PHASE ONE AWARDS BUT HAVE NOT**
18 **BEEN AWARDED PHASE TWO AWARDS.**

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

21 “(4) REQUIREMENTS RELATING TO FEDERAL
22 AGENCY ENGAGEMENT WITH CERTAIN FIRST PHASE
23 SBIR AWARDEES.—The Administrator shall modify
24 the policy directives issued pursuant to this sub-
25 section to provide for each Federal agency required

1 by this section to conduct an SBIR program to en-
2 gage with SBIR awardees that have been awarded
3 multiple first phase SBIR awards but have not been
4 awarded any second phase SBIR awards.”.

5 **TITLE II—VENTURE CAPITAL**
6 **INVESTMENT STANDARDS**

7 **SEC. 201. DETERMINING WHETHER BUSINESS CONCERN IS**
8 **INDEPENDENTLY OWNED AND OPERATED.**

9 Section 9(e) of the Small Business Act (15 U.S.C.
10 638(e)) is amended by striking “and” at the end of para-
11 graph (8), striking the period at the end of paragraph (9)
12 and inserting “; and”, and adding at the end the following:

13 “(10) for purposes of determining whether a
14 small business concern is independently owned and
15 operated under section 3(a)(1) or meets the small
16 business size standards instituted under section
17 3(a)(2), the Administrator shall not consider a busi-
18 ness concern to be affiliated with a venture capital
19 operating company (or with any other business that
20 the venture capital operating company has financed)
21 if—

22 “(A) the venture capital operating com-
23 pany does not own 50 percent or more of the
24 business concern; and

1 “(B) employees of the venture capital oper-
2 ating company do not constitute a majority of
3 the board of directors of the business concern;

4 “(11) a business concern shall be deemed to be
5 ‘independently owned and operated’ if—

6 “(A) it is owned in majority part by one or
7 more natural persons or venture capital oper-
8 ating companies;

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

12 “(C) there is no single venture capital op-
13 erating company the employees of which con-
14 stitute a majority of the board of directors of
15 the business concern; and

16 “(12) the term ‘venture capital operating com-
17 pany’ means a business concern—

18 “(A) that—

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

23 “(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.);

4 “(II) is an investment company,
5 as defined in section 3(c)(14) of such
6 Act (15 U.S.C. 80a-3(c)(14)), which
7 is not registered under such Act be-
8 cause it is beneficially owned by less
9 than 100 persons; or

10 “(III) is a nonprofit organization
11 affiliated with, or serving as a patent
12 and licensing organization for, a uni-
13 versity or other institution of higher
14 education and that invests primarily
15 in small business concerns; and

16 “(B) that is not controlled by any business
17 concern that is not a small business concern
18 within the meaning of section 3; and

19 “(C) that has fewer than 500 employees;
20 and

21 “(D) that is itself a concern incorporated
22 and domiciled in the United States, or is con-
23 trolled by a concern that is incorporated and
24 domiciled in the United States.”.

1 **TITLE III—SBIR AND ECONOMIC**
2 **DEVELOPMENT**

3 **SEC. 301. REAUTHORIZATION AND MODERNIZATION OF**
4 **FEDERAL AND STATE TECHNOLOGY PART-**
5 **NERSHIP PROGRAM (FAST).**

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

8 “(s) OUTREACH AND SUPPORT ACTIVITIES.—

9 “(1) IN GENERAL.—Subject to the other provi-
10 sions of this subsection, the Administrator shall
11 make grants on a competitive basis to organizations,
12 to be used by the organizations to do one or both
13 of the following:

14 “(A) To conduct outreach efforts to in-
15 crease participation in the programs under this
16 section.

17 “(B) To provide application support and
18 entrepreneurial and business skills support to
19 prospective participants in the programs under
20 this section.

21 “(2) PROGRAM AUTHORITY.—Of the amounts
22 made available to carry out this section for each of
23 fiscal years 2009 through 2010, the Administrator
24 may expend not more than \$10,000,000 in each
25 such fiscal year to carry out paragraph (1).

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

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

8 “(B) shall not exceed \$250,000.

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

13 “(A) Small business concerns located in
14 geographic areas that are underrepresented in
15 the programs under this section.

16 “(B) Small business concerns owned and
17 controlled by women, small business concerns
18 owned and controlled by service-disabled vet-
19 erans, and small business concerns owned and
20 controlled by minorities.

21 “(5) ADVISORY BOARD.—

22 “(A) ESTABLISHMENT.—Not later than 90
23 days after the date of the enactment of this
24 subsection, the Administrator shall establish an

1 advisory board for the activities carried out
2 under this subsection.

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

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

8 “(i) The Administrator (or the Ad-
9 ministrator’s designee).

10 “(ii) For each Federal agency re-
11 quired by this section to conduct an SBIR
12 program, the head of the agency (or the
13 designee of the head of the agency).

14 “(iii) Representatives of small busi-
15 ness concerns that are current or former
16 recipients of SBIR awards, or representa-
17 tives of organizations of such concerns.

18 “(iv) Representatives of service pro-
19 viders of SBIR outreach and assistance, or
20 representatives of organizations of such
21 service providers.

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

24 “(i) To develop guidelines for awards
25 under paragraph (1)(A), including guide-

1 lines relating to award sizes, proposal re-
2 quirements, metrics for monitoring award-
3 ee performance, and metrics for measuring
4 overall value of the activities carried out by
5 the awardees.

6 “(ii) To identify opportunities for co-
7 ordinated outreach, technical assistance,
8 and commercialization activities among
9 Federal agencies, the recipients of the
10 awards under paragraph (1)(A), and appli-
11 cants and recipients of SBIR awards, in-
12 cluding opportunities such as—

13 “(I) podcasting or webcasting for
14 conferences, training workshops, and
15 other events;

16 “(II) shared online resources to
17 match prospective applicants with the
18 network of paragraph (1)(A) recipi-
19 ents; and

20 “(III) venture capital conferences
21 tied to technologies and sectors that
22 cross agencies.

23 “(iii) To review and recommend revi-
24 sions to activities under paragraph (1)(A).

1 “(iv) To submit to the Committee on
2 Small Business and Entrepreneurship of
3 the Senate and the Committee on Small
4 Business and the Committee on Science
5 and Technology of the House of Represent-
6 atives an annual report on the activities
7 carried out under paragraph (1)(A) and
8 the effectiveness and impact of those ac-
9 tivities.

10 “(6) SELECTION CRITERIA.—In awarding
11 grants under this subsection, the Administrator shall
12 use selection criteria developed by the advisory board
13 established under paragraph (5). The criteria shall
14 include—

15 “(A) criteria designed to give preference to
16 applicants who propose to carry out activities
17 that will reach either an underperforming geo-
18 graphic area or an underrepresented population
19 group (as measured by the number of SBIR ap-
20 plicants);

21 “(B) criteria designed to give preference to
22 applicants who propose to carry out activities
23 that complement, and are integrated into, the
24 existing public-private innovation support sys-
25 tem for the targeted region or population; and

1 “(C) criteria designed to give preference to
2 applicants who propose to measure the effec-
3 tiveness of the proposed activities.

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

7 “(A) SBIR program managers for agencies
8 required by this section to conduct SBIR pro-
9 grams; and

10 “(B) private individuals and organizations
11 that are knowledgeable about SBIR, the innova-
12 tion process, technology commercialization, and
13 State and regional technology-based economic
14 development programs.

15 “(8) PER-STATE LIMITATIONS.—

16 “(A) IN GENERAL.—To be eligible to re-
17 ceive a grant under this subsection, the appli-
18 cant must have the written endorsement of the
19 Governor of the State where the targeted re-
20 gions or populations are located (if the regions
21 or populations are located in more than one
22 State, the applicant must have the written en-
23 dorsement of the Governor of each such State).
24 Such an endorsement must indicate that the
25 Governor will ensure that the activities to be

1 carried out under the grant will be integrated
2 with the balance of the State's portfolio of in-
3 vestments to help small business concerns com-
4 mercialize technology.

5 “(B) LIMITATION.—Each fiscal year, a
6 Governor may have in effect not more than one
7 written endorsement for a grant under para-
8 graph (1)(A), and not more than one written
9 endorsement for a grant under paragraph
10 (1)(B).

11 “(9) SPECIFIC REQUIREMENTS FOR FAST
12 AWARDS.—In making awards under paragraph
13 (1)(A) (to be known as ‘FAST’ awards) the Admin-
14 istrator shall ensure the following:

15 “(A) GOALS.—Priority shall be given ap-
16 plications that address one or more of the fol-
17 lowing goals:

18 “(i) Increasing the number of SBIR
19 applications from underperforming geo-
20 graphic areas (as measured by the number
21 of SBIR applicants).

22 “(ii) Increasing the number of SBIR
23 applications from underrepresented popu-
24 lation groups (as measured by the number
25 of SBIR applicants).

1 “(B) DURATION.—Each award shall be for
2 a period of 3 fiscal years. The Administrator
3 shall establish rules and performance goals for
4 the disbursement of funds for the second and
5 third fiscal years, and funds shall not be dis-
6 bursed to a recipient for such a fiscal year until
7 after the advisory board established under this
8 subsection has determined that the recipient is
9 in compliance with the rules and performance
10 goals.”.

11 **SEC. 302. CREATION OF PARTNERSHIPS, RESOURCES, IN-**
12 **VESTORS, AND MARKET ENTRY RESEARCH**
13 **(“PRIMER”) PROGRAM.**

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

16 (1) in the subsection heading by striking “DIS-
17 CRETIONARY TECHNICAL ASSISTANCE” and insert-
18 ing “PARTNERSHIPS, RESOURCES, INVESTORS, AND
19 MARKET ENTRY RESEARCH (PRIMER) PROGRAM”;
20 and

21 (2) in paragraph (3), as amended by this Act,
22 by adding at the end the following:

23 “(D) TRANSITION TO THIRD PHASE.—
24 Each agency referred to in paragraph (1) may
25 provide services described in paragraph (1) to

1 second phase SBIR award recipients in an
2 amount equal to not more than \$5,000, which
3 shall be in addition to the amount of the recipi-
4 ent's award, and which shall be used for serv-
5 ices and support related to the transition of
6 SBIR-funded projects to the third phase.”.

7 **SEC. 303. OBTAINING SBIR APPLICANT'S CONSENT TO RE-**
8 **LEASE CONTACT INFORMATION TO ECO-**
9 **NOMIC DEVELOPMENT ORGANIZATIONS.**

10 Section 9 of the Small Business Act (15 U.S.C. 638)
11 is amended in subsection (s) (as added by this title) by
12 adding at the end the following:

13 “(5) CONSENT TO RELEASE CONTACT INFORMA-
14 TION TO ORGANIZATIONS.—

15 “(A) ENABLING CONCERN TO GIVE CON-
16 SENT.—Each Federal agency required by this
17 section to conduct an SBIR program shall en-
18 able a small business concern that is an SBIR
19 applicant to indicate to the agency whether the
20 agency has its consent to—

21 “(i) identify the concern to appro-
22 priate local and State-level economic devel-
23 opment organizations as an SBIR appli-
24 cant; and

1 “(ii) release the concern’s contact in-
2 formation to such organizations.

3 “(B) RULES.—The Administrator shall es-
4 tablish rules to implement this paragraph. The
5 rules shall include a requirement that the agen-
6 cy include in its SBIR application forms a pro-
7 vision through which the applicant can indicate
8 consent for purposes of subparagraph (A).”.

9 **TITLE IV—ADVANCING COMMER-**
10 **CIALIZATION OF SBIR-FUND-**
11 **ED RESEARCH**

12 **SEC. 401. CLARIFYING THE DEFINITION OF “PHASE**
13 **THREE”.**

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

16 (1) in paragraph (4)(C)—

17 (A) in the matter preceding clause (i) by
18 inserting after “a third phase” the following: “,
19 which shall consist of work that derives from,
20 extends, or logically concludes efforts performed
21 under prior SBIR funding agreements (which
22 may be referred to as ‘Phase III’)”; and

23 (B) in clause (i) by inserting after “non-
24 SBIR Federal funding awards” the following:
25 “: *Provided*, that for purposes of this clause,

1 such sources of capital and such funding
2 awards include private investment, private re-
3 search, development, testing, and evaluation
4 (RDT&E) awards, private sales or licenses, gov-
5 ernment RDT&E contracts and awards, and
6 government sales”;

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. 402. AGENCY RESEARCH GOALS.**

18 Section 9 of the Small Business Act (15 U.S.C. 638)
19 is amended by striking subsection (h) and inserting the
20 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 2009 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 ADVISORY BOARD.—For
19 each fiscal year for which goals are required by
20 paragraph (1), the agency shall submit to the agen-
21 cy’s SBIR advisory board—

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

24 “(B) not later than 90 days after the end
25 of the fiscal year, data on the extent to which

1 the goals were met and a description of the
2 methodology used to collect that data.”.

3 **SEC. 403. EXPRESS AUTHORITY FOR AN AGENCY TO AWARD**
4 **SEQUENTIAL PHASE TWO AWARDS FOR SBIR-**
5 **FUNDED PROJECTS.**

6 Section 9(j) of the Small Business Act (15 U.S.C.
7 638(j)) is amended by adding after paragraph (4) (as
8 added by section 108) the following:

9 “(5) REQUIREMENTS RELATING TO ADDI-
10 TIONAL SECOND PHASE SBIR AWARDS.—The Admin-
11 istrator shall modify the policy directives issued pur-
12 suant to this subsection to provide the following:

13 “(A) A small business concern that re-
14 ceives a second phase SBIR award for a project
15 remains eligible to receive additional second
16 phase SBIR awards.

17 “(B) Agencies are expressly authorized to
18 provide additional second phase SBIR awards
19 for testing and evaluation assistance for the in-
20 sersion of SBIR technologies into technical or
21 weapons systems.

22 “(C) Each agency that is required by sub-
23 section (aa) to have an SBIR advisory board
24 shall include in the quarterly reports submitted
25 under subsection (g)(8) the number of projects

1 that have received additional second phase
2 SBIR awards and the total dollar amount of
3 those additional second phase SBIR awards.”.

4 **SEC. 404. INCREASED PARTNERSHIPS BETWEEN SBIR**
5 **AWARDEES AND PRIME CONTRACTORS, VEN-**
6 **TURE CAPITAL INVESTMENT COMPANIES,**
7 **AND LARGER BUSINESSES.**

8 Section 9(j) of the Small Business Act (15 U.S.C.
9 638(j)) is amended by adding after paragraph (5) (as
10 added by section 403) the following:

11 “(6) INCREASED PARTNERSHIPS.—Each agency
12 required by this section to conduct an SBIR pro-
13 gram shall establish initiatives by which the agency
14 encourages partnerships between SBIR awardees
15 and prime contractors, venture capital investment
16 companies, and larger businesses, for the purpose of
17 facilitating the progress of the SBIR awardees to
18 the third phase. If the agency is required by sub-
19 section (aa) to have an SBIR advisory board, the
20 advisory board shall include in each report submitted
21 under subsection (aa) a description of the initiatives
22 established and an assessment of the effectiveness of
23 such initiatives.”.

1 **SEC. 405. EXPRESS AUTHORITY TO “FAST-TRACK” PHASE**
2 **TWO AWARDS FOR PROMISING PHASE ONE**
3 **RESEARCH.**

4 Section 9(j)(2)(G) of the Small Business Act (15
5 U.S.C. 638(j)(2)(G)) is amended by inserting before the
6 semicolon at the end the following: “, and to encourage
7 agencies to develop ‘fast-track’ programs to eliminate that
8 delay by issuing second phase SBIR awards as soon as
9 practicable, including in appropriate cases simultaneously
10 with the issuance of the first phase SBIR award”.

11 **SEC. 406. COMMERCIALIZATION PROGRAMS.**

12 Section 9(j) of the Small Business Act (15 U.S.C.
13 638(j)) is amended by adding after paragraph (6) (as
14 added by section 404) the following:

15 “(7) COMMERCIALIZATION PROGRAMS.—Each
16 agency required by this section to conduct an SBIR
17 program shall establish a commercialization program
18 that supports the progress of SBIR awardees to the
19 third phase. The commercialization program may in-
20 clude activities such as partnership databases, part-
21 nership conferences, multiple second phases, men-
22 toring between prime contractors and SBIR award-
23 ees, multiple second phases with matching private
24 investment requirements, jumbo awards, SBIR
25 helpdesks, and transition assistance programs. The
26 agency shall include in its annual report an analysis

1 of the various activities considered for inclusion in
2 the commercialization program and a statement of
3 the reasons why each activity considered was in-
4 cluded or not included, as the case may be. If the
5 agency is required by subsection (aa) to have an
6 SBIR advisory board, the advisory board shall in-
7 clude in each report under subsection (aa) a state-
8 ment identifying the number of SBIR awardees that
9 successfully progressed to the third phase.

10 “(8) FUNDING FOR COMMERCIALIZATION PRO-
11 GRAMS.—

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

19 “(B) PETITIONS.—The Administrator shall
20 establish rules for making transfers under sub-
21 paragraph (A). The initial set of rules shall be
22 promulgated not later than 90 days after the
23 date of the enactment of this paragraph.

24 “(C) AUTHORIZATION OF APPROPRIA-
25 TIONS.—There is authorized to be appropriated

1 to the Administrator to carry out this para-
2 graph \$27,500,000 for fiscal year 2009 and
3 each fiscal year thereafter.

4 “(9) FUNDING LIMITATION.—For payment of
5 expenses incurred to administer the commercializa-
6 tion programs described in paragraphs (7) and (8),
7 the head of the agency may use not more than an
8 amount equal to 1 percent of the funds available to
9 the agency pursuant to the Small Business Innova-
10 tion Research program. Such funds—

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

13 “(B) shall not be used for the purpose of
14 funding costs associated with salaries and ex-
15 penses of employees of the United States Gov-
16 ernment.”.