

119TH CONGRESS
1ST SESSION

S. 1573

To amend the Small Business Act to reauthorize and modify the Small Business Innovation Research and Small Business Technology Transfer Research programs, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MAY 1, 2025

Mr. MARKEY introduced the following bill; which was read twice and referred to the Committee on Small Business and Entrepreneurship

A BILL

To amend the Small Business Act to reauthorize and modify the Small Business Innovation Research and Small Business Technology Transfer Research programs, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “SBIR/STTR Reau-
5 thorization Act of 2025”.

6 **SEC. 2. TABLE OF CONTENTS.**

7 The table of contents for this Act is as follows:

Sec. 1. Short title.

Sec. 2. Table of contents.

TITLE I—REAUTHORIZATION OF PROGRAMS

- Sec. 101. Extension of SBIR and STTR authority.
 Sec. 102. Extension of FAST Program.

TITLE II—ENHANCING COMPETITION

- Sec. 201. Increasing agency expenditures for SBIR and STTR programs.
 Sec. 202. SBIR and STTR fellowships.
 Sec. 203. Application assistance to broaden participation.
 Sec. 204. Technical and business assistance improvements.
 Sec. 205. Improvements to website relating to the SBIR program and STTR program.

TITLE III—COMMERCIALIZATION IMPROVEMENTS

- Sec. 301. Phase III award education.
 Sec. 302. Report on certain denials of Phase III.
 Sec. 303. Technology Commercialization Official.
 Sec. 304. Phase III improvements.

TITLE IV—PILOT PROGRAMS

- Sec. 401. Extend and modify assistance for administrative, oversight, and contract processing costs.
 Sec. 402. Extend and expand the direct to Phase II authority.
 Sec. 403. Extend commercialization readiness program for civilian agencies.
 Sec. 404. Extension of certain SBIR and STTR pilot programs.
 Sec. 405. Extension of due diligence program to assess security risks.

TITLE V—OVERSIGHT AND SIMPLIFICATION INITIATIVES

- Sec. 501. Annual reports to Congress.
 Sec. 502. Comptroller general report on diversification and commercialization.
 Sec. 503. Extend the report on award timeliness.
 Sec. 504. Pilot program to accelerate National Institutes of Health valuation process.
 Sec. 505. Codifying safeguards for small business concerns majority-owned by venture capital operating companies, hedge funds, or private equity firms.
 Sec. 506. Commercialization impact assessment.

TITLE VI—TECHNICAL CHANGES

- Sec. 601. Inclusion of SBICs in the SBIR and STTR programs.
 Sec. 602. Phase III and sole-source awards.

TITLE I—REAUTHORIZATION OF PROGRAMS

SEC. 101. EXTENSION OF SBIR AND STTR AUTHORITY.

- (a) SBIR.—Section 9 of the Small Business Act (15 U.S.C. 638) is amended by striking subsection (m).

1 (b) STTR.—Section 9(n)(1)(A) of the Small Busi-
 2 ness Act (15 U.S.C. 638(n)(1)(A)) is amended by striking
 3 “through fiscal year 2025”.

4 **SEC. 102. EXTENSION OF FAST PROGRAM.**

5 Section 34(i) of the Small Business Act (15 U.S.C.
 6 657d(i)) is amended by striking “September 30, 2005”
 7 and inserting “September 30, 2030”.

8 **TITLE II—ENHANCING**
 9 **COMPETITION**

10 **SEC. 201. INCREASING AGENCY EXPENDITURES FOR SBIR**
 11 **AND STTR PROGRAMS.**

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

14 (1) in subsection (f)(1)—

15 (A) in subparagraph (H), by striking
 16 “and”;

17 (B) in subparagraph (I), by striking “fiscal
 18 year 2017 and each fiscal year thereafter,” and
 19 inserting “each of fiscal years 2017 through
 20 2025;”; and

21 (C) by inserting after subparagraph (I) the
 22 following:

23 “(J) not less than 4 percent of such budg-
 24 et in fiscal years 2026 and 2027;

1 “(K) not less than 5 percent of such budg-
 2 et in fiscal years 2028 and 2029;

3 “(L) not less than 6 percent of such budg-
 4 et in fiscal years 2030 and 2031; and

5 “(M) not less than 7 percent of such budg-
 6 et in fiscal year 2032 and each fiscal year
 7 thereafter,”; and

8 (2) in subsection (n)(1)—

9 (A) in subparagraph (A), by striking
 10 “through fiscal year 2025”; and

11 (B) in subparagraph (B)—

12 (i) in clause (iv), by striking “; and”
 13 and inserting a semicolon;

14 (ii) in clause (v), by striking “fiscal
 15 year 2016 and each fiscal year thereafter.”
 16 and inserting “each of fiscal years 2016
 17 through 2025;”; and

18 (iii) by adding at the end the fol-
 19 lowing:

20 “(vi) 0.5 percent for fiscal year 2026
 21 and 2027;

22 “(vii) 0.65 percent for fiscal year
 23 2028 and 2029;

24 “(viii) 0.8 percent for fiscal year 2030
 25 and 2031; and

1 “(ix) 1 percent for fiscal year 2032
2 and each fiscal year thereafter.”.

3 **SEC. 202. SBIR AND STTR FELLOWSHIPS.**

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

6 (1) in subsection (f), by adding at the end the
7 following:

8 “(5) FELLOWSHIPS.—

9 “(A) IN GENERAL.—A Federal agency may
10 provide grants or awards, either directly or in
11 partnership with a third party, to small busi-
12 ness concerns that have received SBIR or
13 STTR Phase II awards to provide fellowship
14 and internship opportunities at the under-
15 graduate, baccalaureate, graduate, and
16 postdoctoral levels in fields that are important
17 to the Federal agency.

18 “(B) ENHANCED OUTREACH.—Each Fed-
19 eral agency that makes an award or enters into
20 a partnership under subparagraph (A) shall
21 provide for enhanced outreach to increase the
22 participation of women, socially disadvantaged
23 individuals (as described in section 8(a)(5)),
24 and economically disadvantaged individuals (as
25 described in section 8(a)(6)(A)) in the fellow-

1 ship and internship opportunities described in
2 subparagraph (A).

3 “(C) SUPPORT ORGANIZATION.—Each
4 Federal agency that makes an award or enters
5 into a partnership under subparagraph (A) may
6 partner with or provide grants or awards to a
7 third-party organization to support and facili-
8 tate the enhanced outreach under subparagraph
9 (B), provided that the third-party organization
10 is a nonprofit organization with relevant experi-
11 ence and demonstrated expertise in delivery of
12 services described in subparagraph (B).

13 “(D) FUNDING.—In carrying out this
14 paragraph, a Federal agency may use only the
15 following amounts:

16 “(i) With respect to a Federal agency
17 that uses the authority under subsection
18 (mm), the funds authorized under such
19 subsection.

20 “(ii) With respect a Federal agency
21 other than a Federal agency described in
22 clause (i), not more than 3 percent of the
23 funds required to be expended under para-
24 graph (1).”; and

(2) in subsection (n), by adding at the end the following:

“(4) FELLOWSHIPS.—

“(A) IN GENERAL.—A Federal agency may provide grants or awards, either directly or in partnership with a third party, to small business concerns that have received SBIR or STTR Phase II awards to provide fellowship and internship opportunities at the undergraduate, baccalaureate, graduate, and postdoctoral levels in fields that are important to the Federal agency.

“(B) ENHANCED OUTREACH.—Each Federal agency that makes an award or enters into a partnership under subparagraph (A) shall provide for enhanced outreach to increase the participation of women, socially disadvantaged individuals (as described in section 8(a)(5)), and economically disadvantaged individuals (as described in section 8(a)(6)(A)) in the fellowship and internship opportunities described in subparagraph (A).

“(C) SUPPORT ORGANIZATION.—Each Federal agency that makes an award or enters into a partnership under subparagraph (A) may

partner with or provide grants or awards to a third-party organization to support and facilitate the enhanced outreach under subparagraph (B), provided that the third-party organization is a nonprofit organization with relevant experience and demonstrated expertise in delivery of services described in subparagraph (B).

“(D) FUNDING.—In carrying out this paragraph, a Federal agency may use only the following amounts:

“(i) With respect to a Federal agency that uses the authority under subsection (mm), the funds authorized under such subsection.

“(ii) With respect a Federal agency other than a Federal agency described in clause (i), not more than 3 percent of the funds required to be expended under paragraph (1).”.

SEC. 203. APPLICATION ASSISTANCE TO BROADEN PARTICIPATION.

(a) IN GENERAL.—Section 9(mm)(1) of the Small Business Act (15 U.S.C. 638(mm)(1)) is amended—

(1) in subparagraph (J), by striking “and” at the end;

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

(3) by adding at the end the following:

“(L) providing small business concerns with assistance applying to the SBIR program or STTR program of the Federal agency, including providing such assistance to carry out the policy directives required under paragraphs (2)(F) and (5) of subsection (j) and subsection (p)(2)(H) to increase the participation of States with respect to which a low level of SBIR or STTR awards have historically been awarded.”.

(b) ENHANCED MINORITY INSTITUTION PARTICIPATION.—

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

“(5) INCREASED OUTREACH REQUIREMENTS.—

Not later than 90 days after the date of enactment of this paragraph, the Administration shall modify the policy directives issued pursuant to this subsection to require enhanced outreach efforts to increase the participation of individuals conducting research at minority institutions (as defined in section 365 of the Higher Education Act of 1965 (20

1 U.S.C. 1067k)) and Hispanic-serving institutions (as
 2 defined in section 502(a) of such Act (20 U.S.C.
 3 1101a(a))) in SBIR programs.”.

4 (2) STTR.—Section 9(p)(2) of the Small Busi-
 5 ness Act (15 U.S.C. 638(p)(2)) is amended—

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

8 (B) in subparagraph (G)(iii), by striking
 9 the period at the end and inserting “; and”;
 10 and

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

12 “(H) procedures for outreach efforts to in-
 13 crease the participation of individuals con-
 14 ducting research at minority institutions (as de-
 15 fined in section 365 of the Higher Education
 16 Act of 1965 (20 U.S.C. 1067k)) and Hispanic-
 17 serving institutions (as defined in section 16
 18 502(a) of such Act (20 U.S.C. 1101a(a))) in
 19 STTR programs.”.

20 **SEC. 204. TECHNICAL AND BUSINESS ASSISTANCE IM-**
 21 **PROVEMENTS.**

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

24 (1) in subsection (q)—

1 (A) in paragraph (1), in the matter pre-
2 ceding subparagraph (A)—

3 (i) by striking “may enter into an
4 agreement with 1 or more vendors selected
5 under paragraph (2)(A) to provide small
6 business concerns engaged in SBIR or
7 STTR projects with technical and business
8 assistance services” and inserting “shall
9 authorize recipients of awards under the
10 SBIR program or the STTR program to
11 select, if desired, technical and business as-
12 sistance provided under subparagraph (A),
13 (B), or (C) of paragraph (2) with respect
14 to SBIR or STTR projects”;

15 (ii) by inserting “cybersecurity assist-
16 ance,” after “intellectual property protec-
17 tions,”; and

18 (iii) by striking “such concerns” and
19 inserting “such recipients”; and

20 (B) in paragraph (2), by adding at the end
21 the following:

22 “(C) STAFF.—A small business concern
23 may, by contract or otherwise, use funding pro-
24 vided under this section to hire new staff, aug-
25 ment staff, or direct staff to conduct or partici-

1 pate in training activities consistent with the
2 goals listed in paragraph (1).”;

3 (C) in paragraph (3)—

4 (i) by striking subparagraphs (A) and
5 (B) and inserting the following:

6 “(A) PHASE I.—A Federal agency de-
7 scribed in paragraph (1) shall authorize a re-
8 cipient of a Phase I SBIR or STTR award to
9 use not more than \$6,500 per project, included
10 as part of the award of the recipient or in addi-
11 tion to the amount of the award of the recipient
12 as determined appropriate by the head of the
13 Federal agency, for the services described in
14 paragraph (1)—

15 “(i) provided through a vendor se-
16 lected under paragraph (2)(A);

17 “(ii) provided through a vendor other
18 than a vendor selected under paragraph
19 (2)(A);

20 “(iii) achieved through the activities
21 described in paragraph (2)(C); or

22 “(iv) provided through any combina-
23 tion of clauses (i) and (ii).

24 “(B) PHASE II.—A Federal agency de-
25 scribed in paragraph (1) shall authorize a re-

1 cipient of a Phase II SBIR or STTR award to
 2 utilize not more than \$50,000 per project, in-
 3 cluded as part of the award of the recipient or
 4 in addition to the amount of the award of the
 5 recipient as determined appropriate by the head
 6 of the Federal agency, for the services described
 7 in paragraph (1)—

8 “(i) provided through a vendor se-
 9 lected under paragraph (2)(A);

10 “(ii) provided through a vendor other
 11 than a vendor selected under paragraph
 12 (2)(A);

13 “(iii) achieved through the activities
 14 described in paragraph (2)(C); or

15 “(iv) provided through any combina-
 16 tion of clauses (i), (ii), and (iii).”; and

17 (D) by adding at the end the following:

18 “(5) TARGETED REVIEW.—A Federal agency
 19 may perform targeted reviews of technical and busi-
 20 ness assistance funding as described in subsection
 21 (mm)(1)(F).”; and

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

23 “(aaa) I—CORPS PARTICIPATION.—

24 “(1) IN GENERAL.—Each Federal agency that
 25 is, as of January 1, 2025, required to conduct an

1 SBIR or STTR program with an Innovation Corps
2 program (established under section 601 of the Amer-
3 ican Innovation and Competitiveness Act (42 U.S.C.
4 1862s-8) and commonly known as ‘I-Corps’)
5 shall—

6 “(A) provide an option for participation in
7 an I-Corps teams course, I-Corps bootcamp, or
8 another equivalent training program to recipi-
9 ents of an award under the SBIR or STTR
10 program; and

11 “(B) authorize the recipients described in
12 subparagraph (A) to use amounts authorized
13 under this subsection to participate in the I-
14 Corps teams course, I-Corps bootcamp, or an-
15 other equivalent training program.

16 “(2) COST OF PARTICIPATION.—The cost of
17 participation by a recipient described in paragraph
18 (1)(A) in an I-Corps course, I-Corps bootcamp, or
19 another equivalent training program may be pro-
20 vided by—

21 “(A) an I-Corps team grant;

22 “(B) funds awarded to the recipient under
23 this subsection;

24 “(C) the participating teams or other
25 sources as appropriate; or

1 “(D) any combination of sources described
 2 in subparagraphs (A), (B), and (C).”.

3 **SEC. 205. IMPROVEMENTS TO WEBSITE RELATING TO THE**
 4 **SBIR PROGRAM AND STTR PROGRAM.**

5 (a) SBIR PROGRAM.—Section 9(g)(8) of the Small
 6 Business Act (15 U.S.C. 638(g)(8)) is amended—

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

9 (2) in subparagraph (C), by adding “and” at
 10 the end; and

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

12 “(D) for each research institution subcon-
 13 tracted by a recipient of a Phase I, Phase II,
 14 or Phase III SBIR award to perform research
 15 or research and development with respect to the
 16 award—

17 “(i) the name and location of the re-
 18 search institution;

19 “(ii) whether the research institution
 20 is—

21 “(I) an institution of higher edu-
 22 cation (as defined in section 101 of
 23 the Higher Education Act of 1965 (20
 24 U.S.C. 1001));

1 “(II) a nonprofit institution (as
2 defined in section 4 of the Stevenson-
3 Wydler Technology Innovation Act of
4 1980 (15 U.S.C. 3703)) other than an
5 institution of higher education (as de-
6 fined in section 101 of the Higher
7 Education Act of 1965 (20 U.S.C.
8 1001)); or

9 “(III) a federally funded research
10 and development center (as identified
11 by the National Scientific Foundation
12 in accordance with the Federal Acqui-
13 sition Regulation); and

14 “(iii) for each research institution
15 that is an institution of higher education
16 (as defined in section 101 of the Higher
17 Education Act of 1965 (20 U.S.C. 1001)),
18 whether the research institution is—

19 “(I) a part B institution (as de-
20 fined in section 322 the Higher Edu-
21 cation Act of 1965 (20 U.S.C. 1061));

22 “(II) a Hispanic-serving institu-
23 tion (as defined in section 502 of such
24 Act (20 U.S.C. 1101a));

1 “(III) a Tribal College or Univer-
 2 sity (as defined in section 316 of such
 3 Act (20 U.S.C. 1059c));

4 “(IV) an Alaska Native-serving
 5 institution or a Native Hawaiian-serv-
 6 ing institution (as defined in section
 7 317(b) of such Act (20 U.S.C.
 8 1059d(b)));

9 “(V) a Predominantly Black In-
 10 stitution (as defined in section 371(c)
 11 of such Act (20 U.S.C. 1067q(c)));

12 “(VI) an Asian American and
 13 Native American Pacific Islander-
 14 serving institution (as defined in sec-
 15 tion 371(c) of such Act (20 U.S.C. 10
 16 1067q(c))); or

17 “(VII) a Native American-serving
 18 nontribal institution (as defined in
 19 section 371(c) of such Act (20 U.S.C.
 20 1067q(c)));”.

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

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

1 (2) in subparagraph (C), by adding “and” at
2 the end; and

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

4 “(D) for each research institution subcon-
5 tracted by a recipient of a Phase I or Phase II
6 STTR award to perform research or research
7 and development with respect to the award—

8 “(i) the name and location of the re-
9 search institution;

10 “(ii) whether the research institution
11 is—

12 “(I) an institution of higher edu-
13 cation (as defined in section 101 of
14 the Higher Education Act of 1965 (20
15 U.S.C. 1001));

16 “(II) a nonprofit institution (as
17 defined in section 4 of the Stevenson-
18 Wydler Technology Innovation Act of
19 1980 (15 U.S.C. 3703)) other than an
20 institution of higher education (as de-
21 fined in section 101 of the Higher
22 Education Act of 1965 (20 U.S.C.
23 1001)); or

24 “(III) a federally funded research
25 and development center (as identified

1 by the National Scientific Foundation
 2 in accordance with the Federal Acqui-
 3 sition Regulation); and

4 “(iii) for each research institution
 5 that is an institution of higher education
 6 (as defined in section 101 of the Higher
 7 Education Act of 1965 (20 U.S.C. 1001)),
 8 whether the research institution is—

9 “(I) a part B institution (as de-
 10 fined in section 322 the Higher Edu-
 11 cation Act of 1965 (20 U.S.C. 1061));

12 “(II) a Hispanic-serving institu-
 13 tion (as defined in section 502 of such
 14 Act (20 U.S.C. 1101a));

15 “(III) a Tribal College or Univer-
 16 sity (as defined in section 316 of such
 17 Act (20 U.S.C. 1059c));

18 “(IV) an Alaska Native-serving
 19 institution or a Native Hawaiian-serv-
 20 ing institution (as defined in section
 21 317(b) of such Act (20 U.S.C.
 22 1059d(b)));

23 “(V) a Predominantly Black In-
 24 stitution (as defined in section 371(c)
 25 of such Act (20 U.S.C. 1067q(c)));

1 “(VI) an Asian American and
 2 Native American Pacific Islander-
 3 serving institution (as defined in sec-
 4 tion 371(c) of such Act (20 U.S.C. 25
 5 1067q(c))); or

6 “(VII) a Native American-serving
 7 nontribal institution (as defined in
 8 section 371(c) of such Act (20 U.S.C.
 9 1067q(c)));”.

10 (c) DATABASE REPORTING.—

11 (1) IN GENERAL.—Section 9(k) of the Small
 12 Business Act (15 U.S.C. 638(k)) is amended—

13 (A) by striking “Phase I or Phase II SBIR
 14 or STTR” each place it appears and inserting
 15 “Phase I, Phase II, or Phase III SBIR or
 16 STTR”;

17 (B) in paragraph (1)(B)—

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

20 (ii) in clause (iii), by adding “and” at
 21 the end; and

22 (iii) by adding at the end the fol-
 23 lowing:

24 “(iv) information regarding any re-
 25 search institution subcontracted by that

1 small business concern to perform research
2 or research and development with respect
3 to the award, including—

4 “(I) the name and location of the
5 research institution;

6 “(II) whether the research insti-
7 tution is—

8 “(aa) an institution of high-
9 er education (as defined in sec-
10 tion 101 of the Higher Education
11 Act of 1965 (20 U.S.C. 1001));

12 “(bb) a nonprofit institution
13 (as defined in section 4 of the
14 Stevenson-Wydler Technology In-
15 novation Act of 1980 (15 U.S.C.
16 3703)) other than an institution
17 of higher education (as defined in
18 section 101 of the Higher Edu-
19 cation Act of 1965 (20 U.S.C.
20 1001)); or

21 “(cc) a federally funded re-
22 search and development center
23 (as identified by the National
24 Scientific Foundation in accord-

1 ance with the Federal Acquisition
2 Regulation); and

3 “(III) for each research institu-
4 tion that is an institution of higher
5 education (as defined in section 101
6 of the Higher Education Act of 1965
7 (20 U.S.C. 1001)), whether the re-
8 search institution is an institution de-
9 scribed in paragraphs (1) through (7)
10 of section 371(a) of such Act (20
11 U.S.C. 1067q(a));”;

12 (C) in paragraph (2)—

13 (i) in subparagraph (A), by striking
14 “Phase I or Phase II of the SBIR program
15 or the STTR” and inserting “Phase I,
16 Phase II, or Phase III of the SBIR pro-
17 gram or the STTR”;

18 (ii) in subparagraph (F), by striking
19 “and” at the end;

20 (iii) in subparagraph (G)(ii), by strik-
21 ing the period at the end and inserting “;
22 and”; and

23 (iv) by adding at the end the fol-
24 lowing:

“(H) contains information for each research institution subcontracted by a recipient of a Phase I, Phase II, or Phase III STTR or SBIR award to perform research or research and development with respect to the award, including—

“(i) the name and location of the research institution;

“(ii) whether the research institution is—

“(I) an institution of higher education (as defined in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001));

“(II) a nonprofit institution (as defined in section 4 of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3703)) other than an institution of higher education (as defined in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001)); or

“(III) a federally funded research and development center (as identified by the National Scientific Foundation

1 in accordance with the Federal Acqui-
 2 sition Regulation); and

3 “(iii) for each research institution
 4 that is an institution of higher education
 5 (as defined in section 101 of the Higher
 6 Education Act of 1965 (20 U.S.C. 1001)),
 7 whether the research institution is an insti-
 8 tution described in paragraphs (1) through
 9 (7) of section 371(a) of such Act (20
 10 U.S.C. 1067q(a)).”; and

11 (D) in paragraph (3)(C), by striking
 12 “Phase I or Phase II award” each place it ap-
 13 pears and inserting “Phase I, Phase II, or
 14 Phase III award”.

15 (2) DATABASE UPDATE DEADLINE.—Notwith-
 16 standing paragraphs (1) or (2) of section 9(k) of the
 17 Small Business Act (15 U.S.C. 638(k)), the Admin-
 18 istrator shall, not later than 1 year after the date
 19 of enactment of this Act, include—

20 (A) in the database described such para-
 21 graph (1) the information required under such
 22 paragraph, as amended by subparagraphs (A)
 23 and (B) of paragraph (1) of this subsection;
 24 and

1 (B) in the database described such para-
 2 graph (2) the information required under such
 3 paragraph, as amended by subparagraphs (A)
 4 and (C) of paragraph (1) of this subsection.

5 **TITLE III—COMMERCIALIZATION** 6 **IMPROVEMENTS**

7 **SEC. 301. PHASE III AWARD EDUCATION.**

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

10 “(5) WORKFORCE TRAINING.—

11 “(A) IN GENERAL.—The Administrator, in
 12 coordination with the Secretary of Defense, the
 13 Administrator of General Services, and the
 14 head of any other Federal agency that the Ad-
 15 ministrator determines appropriate, shall estab-
 16 lish training activities for contracting officers
 17 and the agency acquisition workforce of Federal
 18 agencies to ensure that all such individuals are
 19 fully aware of all aspects of Phase III acquisi-
 20 tions under the SBIR and STTR programs, as
 21 applicable.

22 “(B) TRAINING TOPICS.—The training ac-
 23 tivities required under subparagraph (A) shall
 24 include training on—

1 “(i) the missions, goals, and authori-
 2 ties of the SBIR and STTR programs;

3 “(ii) the use of Phase III agreement;

4 “(iii) Phase III data rights; and

5 “(iv) the execution of Phase III sole
 6 source award contracts.

7 “(C) DEFINITIONS.—In this paragraph:

8 “(i) AGENCY ACQUISITION WORK-
 9 FORCE.—The term ‘agency acquisition
 10 workforce’ means the employees of a Fed-
 11 eral agency that have procurement or ac-
 12 quisition responsibilities, including—

13 “(I) employees described in sec-
 14 tion 1703 of title 41, United States
 15 Code; and

16 “(II) individuals that are part of
 17 the acquisition workforce (as that
 18 term is defined in section 101(a) of
 19 title 10, United States Code).

20 “(ii) PHASE III ACQUISITION.—The
 21 term ‘Phase III acquisition’ means an ac-
 22 quisition of a good or service from a par-
 23 ticipant in Phase III that such participant
 24 has commercialized or is seeking to com-
 25 mercialize as such a participant.”.

1 **SEC. 302. REPORT ON CERTAIN DENIALS OF PHASE III.**

2 Section 9(r) of the Small Business Act (15 U.S.C.
3 638(r)), as amended by section 301, is further amended
4 by adding at the end the following:

5 “(6) REPORTING.—Not later than 30 days after
6 the date on which the Department of Defense denies
7 a small business concern Phase III agreement, the
8 Secretary of Defense shall report that denial to the
9 Administrator.”.

10 **SEC. 303. TECHNOLOGY COMMERCIALIZATION OFFICIAL.**

11 Section 9 of the Small Business Act (15 U.S.C. 638),
12 as amended by section 204, is amended by adding at the
13 end the following:

14 “(bbb) TECHNOLOGY COMMERCIALIZATION OFFI-
15 CIAL.—The head of each Federal agency required to es-
16 tablish an SBIR or STTR program shall—

17 “(1) designate an existing official within the
18 Federal agency as the Technology Commercialization
19 Official of that Federal agency, who shall—

20 “(A) have sufficient experience with com-
21 mercialization;

22 “(B) provide guidance to SBIR and STTR
23 program awardees in commercializing and
24 transitioning technologies;

25 “(C) coordinate with the Administrator
26 and the Technology Commercialization Officials

1 of other Federal agencies to identify additional
2 markets and commercialization pathways for
3 promising SBIR and STTR program tech-
4 nologies;

5 “(D) submit to the Administrator an an-
6 nual report on the number of technologies from
7 that SBIR or STTR program that have ad-
8 vanced commercialization activities, including
9 information required in the commercialization
10 impact assessment report under subsection
11 (ccc);

12 “(E) identify and advocate for SBIR and
13 STTR technologies with sufficient technology
14 and commercialization readiness to advance to
15 Phase III awards or other non-SBIR or STTR
16 program contracts;

17 “(F) submit to the Administrator an an-
18 nual report on—

19 “(i) the actions taken by that Federal
20 agency to simply, standardize, and expedite
21 the application process and requirements,
22 procedures, and contracts as required
23 under subsection (hh); and

24 “(ii) the results of the actions taken
25 under clause (i); and

1 “(G) carry out such other duties as the
2 head of that Federal agency determines nec-
3 essary; or

4 “(2) identify an official in that Federal agency
5 carrying out responsibilities that are substantially
6 similar to those described in subparagraphs (A)
7 through (F) of paragraph (1).”.

8 **SEC. 304. PHASE III IMPROVEMENTS.**

9 (a) **PROCUREMENT CENTER REPRESENTATIVE DI-**
10 **RECTIVES.—**

11 (1) **IN GENERAL.**—Section 9(j)(4) of the Small
12 Business Act (15 U.S.C. 638(j)(4)) is amended by
13 inserting before the period at the end the following:
14 “, and advocate for the maximum practicable use
15 and transition of products, services, and technologies
16 developed under SBIR or STTR programs to Phase
17 III by means of Phase III awards to small business
18 concerns”.

19 (2) **MODIFICATION DEADLINE.**—Not later than
20 1 year after the date of enactment of this Act, the
21 Administrator of the Small Business Administration
22 shall modify the policy directives issues pursuant to
23 subsection (j) of section 9 of the Small Business Act
24 (15 U.S.C. 638(j)) in accordance with paragraph (4)
25 of that subsection, as amended by paragraph (1).

1 (b) PHASE III AWARD SIMPLIFICATION.—Section
2 9(r)(4) of the Small Business Act (15 U.S.C. 638(r)(4))
3 is amended—

4 (1) in subparagraph (A), by striking “and” at
5 the end;

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

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

9 “(C) report to the Administrator on the
10 actions taken by the Federal agency or Federal
11 prime contractor to develop simplified and
12 standardized procedures and model contracts
13 for Phase I, Phase II, and Phase III SBIR
14 awards; and

15 “(D) issue standardized solicitation provi-
16 sions and contract clauses that provide clear
17 guidance on the information that small business
18 concerns participating in SBIR or STTR pro-
19 grams can be expected to provide as part of
20 market research or as part of a proposal by
21 those small business concerns to establish eligi-
22 bility for Phase III awards.”.

TITLE IV—PILOT PROGRAMS

SEC. 401. EXTEND AND MODIFY ASSISTANCE FOR ADMINISTRATIVE, OVERSIGHT, AND CONTRACT PROCESSING COSTS.

(a) IN GENERAL.—Section 9(mm)(1) of the Small Business Act (15 U.S.C. 638(mm)(1)), as amended by section 203, is further amended—

(1) by redesignating subparagraphs (A) through (L) as clauses (i) through (xii), respectively, and adjusting the margins accordingly;

(2) by striking “Subject to paragraph (3)” and inserting the following;

“(A) USE OF FUNDS.—Subject to subparagraph (B) and paragraph (3)”;

(3) in subparagraph (A), as so redesignated—

(A) by striking “September 30, 2025” and inserting “September 30, 2030”; and

(B) by striking “3 percent” and inserting “3.3 percent”; and

(4) by adding at the end the following:

“(B) TRANSFER OF FUNDS.—

“(i) IN GENERAL.—Not later than 60 days after the date of enactment of an Act providing appropriations for the Department of Defense, the Department of En-

ergy, the Department of Health and Human Services, the National Aeronautics and Space Administration, or the National Science Foundation, the head of each such entity for which that Act provided appropriations shall transfer not less than 10 percent of the amount of the funds used for the purposes described in clauses (i) through (xii) of subparagraph (A) to the Administrator to increase the resources of the Administration for administering the SBIR and STTR programs.

“(ii) FUND USE LIMITS.—None of the funds transferred under clause (i) may be used for or with respect to any program established under the Small Business Investment Act of 1958 (15 U.S.C. 661 et seq.).”.

(b) INCREASING PARTICIPATION OF UNDERSERVED POPULATIONS IN THE SBIR AND STTR PROGRAMS.—

(1) IN GENERAL.—Section 9(mm)(2) of the Small Business Act (15 U.S.C. 638(mm)(2)) is amended to read as follows:

“(2) OUTREACH AND TECHNICAL ASSISTANCE.—A Federal agency participating in the pro-

gram under this subsection may use a portion of the funds authorized for uses under paragraph (1) to carry out the policy directive required under subsection (j)(2)(F) and to increase the participation of States with respect to which a low level of SBIR awards have historically been awarded.”.

(2) CONFORMING AMENDMENT.—Section 9(mm)(6) of the Small Business Act (15 U.S.C. 638(mm)(6)) is amended by striking “including” and all that follows and inserting the following: “including—

“(A) the use of funds transferred under subparagraph (B) of paragraph (1) for the uses authorized under that subparagraph and to achieve the objectives of paragraph (2); and

“(B) the use of other funds under this subsection to achieve those objectives.”.

SEC. 402. EXTEND AND EXPAND THE DIRECT TO PHASE II AUTHORITY.

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

(1) by striking “During” and inserting the following:

“(1) IN GENERAL.—During”;

(2) in paragraph (1), as so designated—

1 (A) by striking “2012 through 2025” and
2 inserting “2012 through 2030”; and

3 (B) by striking “the National Institutes of
4 Health, the Department of Defense, and the
5 Department of Education may each” and in-
6 serting “each Federal agency required to carry
7 out an SBIR program may”; and

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

9 “(2) LIMITATION.—The total value of awards
10 provided by a Federal agency under this subsection
11 in a fiscal year shall be—

12 “(A) except as provided in subparagraph
13 (B), not more than 10 percent of the total
14 funds allocated to the SBIR program of the
15 Federal agency during that fiscal year; and

16 “(B) with respect to the National Insti-
17 tutes of Health, not more than 15 percent of
18 the total funds allocated to the SBIR program
19 of the National Institutes of Health during that
20 fiscal year.

21 “(3) REPORT.—Each head of a Federal agency
22 that exercises the authority under this subsection
23 shall include in the next report submitted by that
24 Federal agency under subsection (g)(9) following
25 that exercise of authority the number and amount of

1 awards provided under this subsection by that Fed-
 2 eral agency during the period covered by that re-
 3 port.”.

4 **SEC. 403. EXTEND COMMERCIALIZATION READINESS PRO-**
 5 **GRAM FOR CIVILIAN AGENCIES.**

6 Section 9(gg) of the Small Business Act (15 U.S.C.
 7 638(gg)) is amended—

8 (1) in the subsection heading, by striking
 9 “PILOT” and inserting “CIVILIAN AGENCIES COM-
 10 MERCIALIZATION READINESS”;

11 (2) by striking “pilot program” each place that
 12 term appears and inserting “covered program”; and

13 (3) in paragraph (7), by striking “fiscal year
 14 2025” and inserting “fiscal year 2030”.

15 **SEC. 404. EXTENSION OF CERTAIN SBIR AND STTR PILOT**
 16 **PROGRAMS.**

17 (a) PHASE 0 PROOF OF CONCEPT PARTNERSHIP
 18 PROGRAM.—Section 9(jj)(7) of the Small Business Act
 19 (15 U.S.C. 638(jj)(7)) is amended by striking “at the end
 20 of fiscal year 2025” and inserting “on September 30,
 21 2030”.

22 (b) COMMERCIALIZATION ASSISTANCE PILOT PRO-
 23 GRAMS.—Section 9(uu)(3) of the Small Business Act (15
 24 U.S.C. 638(uu)(3)) is amended by striking “September
 25 30, 2025” and inserting “September 30, 2030”.

1 **SEC. 405. EXTENSION OF DUE DILIGENCE PROGRAM TO AS-**
 2 **SESS SECURITY RISKS.**

3 Section 9(vv)(3)(C) of the Small Business Act (15
 4 U.S.C. 638(vv)(3)(C)) is amended by striking “September
 5 30, 2025” and inserting “September 30, 2030”.

6 **TITLE V—OVERSIGHT AND**
 7 **SIMPLIFICATION INITIATIVES**

8 **SEC. 501. ANNUAL REPORTS TO CONGRESS.**

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

11 (1) in subsection (g)—

12 (A) in paragraph (9)—

13 (i) by inserting “the Committee on
 14 Small Business and Entrepreneurship of
 15 the Senate, the Committee on Small Busi-
 16 ness of the House of Representatives,”
 17 after “SBIR program to”;

18 (ii) by inserting a comma after “Ad-
 19 ministration”; and

20 (iii) by inserting after “Technology
 21 Policy” the following: “and publish that re-
 22 port on the website of that Federal agency
 23 as soon as practicable”; and

24 (B) in paragraph (10), by striking “appli-
 25 cable),,” and inserting “applicable),”;

26 (2) in subsection (o)—

1 (A) in paragraph (8), by striking “applica-
2 ble),,” and inserting “applicable),”; and

3 (B) in paragraph (10)—

4 (i) by inserting “the Committee on
5 Small Business and Entrepreneurship of
6 the Senate, the Committee on Small Busi-
7 ness of the House of Representatives,”
8 after “STTR program to”;

9 (ii) by inserting a comma after “Ad-
10 ministration”; and

11 (iii) by inserting after “Technology
12 Policy” the following: “and publish that re-
13 port on the website of that Federal agency
14 as soon as practicable”; and

15 (3) in subsection (gg)(6), by inserting “Con-
16 gress and” after “agency to”.

17 **SEC. 502. COMPTROLLER GENERAL REPORT ON DIVER-**
18 **SIFICATION AND COMMERCIALIZATION.**

19 (a) DEFINITIONS.—In this section:

20 (1) FEDERAL AGENCY; SBIR; STTR.—The terms
21 “Federal agency”, “SBIR”, and “STTR” have the
22 meanings given those terms in section 9(e) of the
23 Small Business Act (15 U.S.C. 638(e)).

1 (2) NEW ENTRANT.—The term “new entrant”
2 means a small business concern that has not pre-
3 viously received an SBIR or STTR award.

4 (3) UNDERREPRESENTED GROUPS.—The term
5 “underrepresented groups” means small business
6 concerns located in States with respect to which a
7 low level of SBIR and STTR awards have histori-
8 cally been awarded, small business concerns owned
9 and controlled by women, and small business con-
10 cerns owned and controlled by socially and economi-
11 cally disadvantaged individuals.

12 (4) PARTICIPATING AGENCY.—The term “par-
13 ticipating agency” means a Federal agency carrying
14 out an SBIR or STTR program under section 9 of
15 the Small Business Act (15 U.S.C. 638).

16 (5) SMALL BUSINESS CONCERN.—The term
17 “small business concern” has the meaning given the
18 term in section 3 of the Small Business Act (15
19 U.S.C. 632).

20 (6) SMALL BUSINESS CONCERN OWNED AND
21 CONTROLLED BY SOCIALLY AND ECONOMICALLY DIS-
22 ADVANTAGED INDIVIDUALS; SMALL BUSINESS CON-
23 CERN OWNED AND CONTROLLED BY WOMEN.—The
24 terms “small business concern owned and controlled
25 by socially and economically disadvantaged individ-

1 uals” and “small business concern owned and con-
 2 trolled by women” have the meanings given those
 3 terms in section 8(d) of the Small Business Act (15
 4 U.S.C. 637(d)).

5 (b) REPORT.—Not later than 3 years after the date
 6 of enactment of this Act, the Comptroller General of the
 7 United States shall submit to the Committee on Small
 8 Business and Entrepreneurship of the Senate and the
 9 Committee on Small Business of the House of Representa-
 10 tives a report on the effectiveness of the SBIR and STTR
 11 programs with respect to diversification of participants
 12 and commercialization.

13 (c) CONTENTS.—The report shall include, to the ex-
 14 tent practicable, an assessment of—

15 (1) the demographics of small business concerns
 16 receiving SBIR or STTR awards, including new en-
 17 trants and underrepresented groups;

18 (2) the efforts of participating agencies to
 19 broaden representation and participation of new en-
 20 trants and underrepresented groups in the SBIR
 21 and STTR programs;

22 (3) how participating agencies develop solicita-
 23 tion topics and attract applicants;

24 (4) the efforts of participating agencies to sup-
 25 port technology commercialization;

1 (5) the extent to which the SBIR and STTR
 2 awards made by each participating agency align with
 3 the research priorities and technology needs of that
 4 participating agency; and

5 (6) such other matters as the Comptroller Gen-
 6 eral, in consultation with the Committee on Small
 7 Business and Entrepreneurship of the Senate and
 8 the Committee on Small Business of the House of
 9 Representatives, determines appropriate.

10 **SEC. 503. EXTEND THE REPORT ON AWARD TIMELINESS.**

11 Section 9(ii)(2)(A) of the Small Business Act (15
 12 U.S.C. 638(ii)(2)(A)) is amended—

13 (1) in the matter preceding clause (i), by strik-
 14 ing “3 years” and inserting “11 years”;

15 (2) in clause (i), by striking “and” at the end;

16 (3) by redesignating clause (ii) as clause (iii);

17 and

18 (4) by inserting after clause (i) the following:

19 “(ii) provides the average and median
 20 amount of time that each Federal agency
 21 with an SBIR or STTR program takes to
 22 review and make a final decision on pro-
 23 posals submitted under the program; and”.

1 **SEC. 504. PILOT PROGRAM TO ACCELERATE NATIONAL IN-**
2 **STITUTES OF HEALTH EVALUATION PROC-**
3 **ESS.**

4 (a) IN GENERAL.—Section 9(hh) of the Small Busi-
5 ness Act (15 U.S.C. 638(hh)) is amended by adding at
6 the end the following:

7 “(3) PILOT PROGRAM TO ACCELERATE THE NA-
8 TIONAL INSTITUTES OF HEALTH SBIR AND STTR
9 AWARDS.—

10 “(A) IN GENERAL.—Not later than 1 year
11 after the date of enactment of this paragraph,
12 the Director of the National Institutes of
13 Health shall establish a pilot program to reduce
14 the time for awards under the SBIR and STTR
15 programs of the National Institutes of Health.

16 “(B) AWARD PROCEDURES.—In carrying
17 out the pilot program under subparagraph (A),
18 the Director of the National Institutes of
19 Health shall develop simplified and standard-
20 ized procedures across all relevant awarding of-
21 fices at the National Institutes of Health and
22 reduce the amount of time between the provi-
23 sion of notice of those awards and the subse-
24 quent release of funding with respect to the
25 awards to be as close to 90 days as possible.

26 “(C) MERIT REVIEW.—

1 “(i) IN GENERAL.—Under the pilot
2 program under subparagraph (A), the Di-
3 rector of the National Institutes of Health
4 may, with respect to awards under the
5 SBIR and STTR programs of the National
6 Institutes of Health, use such peer review
7 procedures (including consultation with ap-
8 propriate scientific experts) as the Director
9 determines to be appropriate to obtain as-
10 sessments of scientific and technical merit
11 and potential for commercialization.

12 “(ii) DEEMED.—The use of peer re-
13 view procedures under clause (i) shall be
14 deemed to fulfill any requirements applica-
15 ble to the award under the SBIR or STTR
16 program of the National Institutes of
17 Health under sections 406(a)(3)(A) and
18 492 of the Public Health Service Act (42
19 U.S.C. 284a(a)(3)(A), 289a).

20 “(D) TERMINATION.—The pilot program
21 under subparagraph (A) shall terminate on
22 September 30, 2030.”.

23 (b) EVALUATION REPORT.—Not later than 3 years
24 after the date of enactment of this Act, the Director of
25 the National Institutes of Health shall submit to the Com-

1 mittee on Small Business and Entrepreneurship of the
 2 Senate and the Committee on Small Business and the
 3 Committee on Science, Space, and Technology of the
 4 House of Representatives an evaluation of the pilot pro-
 5 gram established under paragraph (3) of section 9(hh) of
 6 the Small Business Act (15 U.S.C. 638(hh)), as added by
 7 subsection (a), including an analysis of the peer review
 8 procedures used under subparagraph (C) of that para-
 9 graph and the effects on award times.

10 **SEC. 505. CODIFYING SAFEGUARDS FOR SMALL BUSINESS**
 11 **CONCERNS MAJORITY-OWNED BY VENTURE**
 12 **CAPITAL OPERATING COMPANIES, HEDGE**
 13 **FUNDS, OR PRIVATE EQUITY FIRMS.**

14 (a) IN GENERAL.—Section 9(dd) of the Small Busi-
 15 ness Act (15 U.S.C. 638(dd)) is amended—

16 (1) in paragraph (6)(B), by striking “If a Fed-
 17 eral” and inserting “Except as provided in para-
 18 graph (8), if a Federal”; and

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

20 “(8) PARTICIPATION LIMITS.—

21 “(A) DEFINITIONS.—In this paragraph:

22 “(i) COVERED FOREIGN ENTITY.—the
 23 term ‘covered foreign entity’—

24 “(I) means—

1 “(aa) a foreign entity of
2 concern;

3 “(bb) a government or polit-
4 ical party of a foreign country of
5 concern;

6 “(cc) a natural person who
7 is not a lawful permanent resi-
8 dent of the United States, citizen
9 of the United States, or any
10 other protected individual (as
11 that term is defined in section
12 274B(a)(3) of the Immigration
13 and Nationality Act (8 U.S.C.
14 1324b(a)(3))); or

15 “(dd) a partnership, associa-
16 tion, corporation, organization, or
17 other combination of persons or-
18 ganized under the laws of or hav-
19 ing its principal place of business
20 in a foreign country of concern;
21 and

22 “(II) includes—

23 “(aa) any entity owned by,
24 controlled by, or subject to the

1 jurisdiction or direction of an en-
2 tity listed in subclause (I);

3 “(bb) any person, wherever
4 located, who acts as an agent,
5 representative, or employee of an
6 entity listed in subclause (I);

7 “(cc) any person who acts in
8 any other capacity at the order,
9 request, or under the direction or
10 control, of an entity listed in sub-
11 clause (I), or of a person whose
12 activities are directly or indirectly
13 supervised, directed, controlled,
14 financed, or subsidized in whole
15 or in majority part by an entity
16 listed in subclause (I);

17 “(dd) any person who di-
18 rectly or indirectly through any
19 contract, arrangement, under-
20 standing, relationship, or other-
21 wise, owns 25 percent or more of
22 the equity interests of an entity
23 listed in subclause (I);

24 “(ee) any person with sig-
25 nificant responsibility to control,

1 manage, or direct an entity listed
2 in subclause (I);

3 “(ff) any person, wherever
4 located, who is a citizen or resi-
5 dent of a country controlled by
6 an entity listed in subclause (I);
7 or

8 “(gg) any corporation, part-
9 nership, association, or other or-
10 ganization organized under the
11 laws of a country controlled by
12 an entity listed in subclause (I).

13 “(ii) FOREIGN ENTITY OF CON-
14 CERN.—The term ‘foreign entity of con-
15 cern’ means a foreign entity that is—

16 “(I) designated as a foreign ter-
17 rorist organization by the Secretary of
18 State under section 219(a) of the Im-
19 migration and Nationality Act (8
20 U.S.C. 1189(a));

21 “(II) included on the list of spe-
22 cially designated nationals and
23 blocked persons maintained by the Of-
24 fice of Foreign Assets Control of the

1 Department of the Treasury (com-
2 monly known as the SDN list);

3 “(III) owned by, controlled by, or
4 subject to the jurisdiction or direction
5 of a government of a foreign country
6 that is a covered nation (as that term
7 is defined in section 4872 of title 10,
8 United States Code);

9 “(IV) alleged by the Attorney
10 General to have been involved in ac-
11 tivities for which a conviction was ob-
12 tained under—

13 “(aa) chapter 37 of title 18,
14 United States Code (commonly
15 known as the ‘Espionage Act’);

16 “(bb) section 951 or 1030 of
17 title 18, United States Code;

18 “(cc) chapter 90 of title 18,
19 United States Code (commonly
20 known as the ‘Economic Espio-
21 nage Act of 1996’);

22 “(dd) the Arms Export Con-
23 trol Act (22 U.S.C. 2751 et seq.);

24 “(ee) section 224, 225, 226,
25 227, or 236 of the Atomic En-

1 ergy Act of 1954 (42 U.S.C.
2 2274, 2275, 2276, 2277, and
3 2284);

4 “(ff) the Export Control Re-
5 form Act of 2018 (50 U.S.C.
6 4801 et seq.); or

7 “(gg) the International
8 Emergency Economic Powers Act
9 (50 U.S.C. 1701 et seq.); or

10 “(V) determined by the Secretary
11 of Commerce, in consultation with the
12 Secretary of Defense and the Director
13 of National Intelligence, to be engaged
14 in unauthorized conduct that is detri-
15 mental to the national security or for-
16 eign policy of the United States.

17 “(B) OWNERSHIP BY A COVERED FOREIGN
18 ENTITY.—A small business concern that is ma-
19 jority-owned by multiple venture capital oper-
20 ating companies, hedge funds, or private equity
21 firms is ineligible to receive an award under any
22 SBIR program if the Administrator determines
23 that such small business concern is, or is owned
24 and controlled in majority part by, a covered
25 foreign entity.

1 “(C) OWNERSHIP DETERMINATION.—In
 2 determining whether a small business concern is
 3 ineligible to receive an award under any SBIR
 4 program under subparagraph (A), the Adminis-
 5 trator shall consider whether the small business
 6 concern is a direct or indirect subsidiary of a
 7 foreign-owned firm.

8 “(D) SIZE STANDARDS.—The Adminis-
 9 trator shall establish size standards for small
 10 business concerns seeking to participate in an
 11 SBIR program solely under the authority under
 12 this section.”.

13 (b) APPLICABILITY.—The amendments made by sub-
 14 section (a) shall apply only with respect to awards made
 15 under a Small Business Innovation Research Program (as
 16 defined in section 9(e) of the Small Business Act (15
 17 U.S.C. 638(e))) after the date of enactment of this Act.

18 **SEC. 506. COMMERCIALIZATION IMPACT ASSESSMENT.**

19 Section 9 of the Small Business Act (15 U.S.C. 638),
 20 as amended by section 303, is amended by adding at the
 21 end the following:

22 “(ccc) COMMERCIALIZATION IMPACT ASSESSMENT.—
 23 “(1) IN GENERAL.—The Administrator shall co-
 24 ordinate with the head of each Federal agency with
 25 an SBIR or STTR program to develop an annual

1 commercialization impact assessment, which shall
2 measure, for each small business concern that has
3 received not less than 50 Phase II awards on or
4 after October 1 of the ninth full fiscal year begin-
5 ning before the fiscal year in which the assessment
6 is carried out—

7 “(A) the total dollar value of Federal
8 awards, subgrants, contracts, and subcontracts,
9 other than SBIR or STTR awards, received by
10 the small business concern in the preceding 9
11 fiscal years;

12 “(B) the total dollar value of all SBIR and
13 STTR Phase I and Phase II awards received by
14 the small business concern in the preceding 9
15 fiscal years;

16 “(C) the average annual gross revenue of
17 the small business concern over the preceding 9
18 fiscal years;

19 “(D) the total revenue of the small busi-
20 ness concern received or realized in the pre-
21 ceding 9 fiscal years from the sale or licensing
22 of any product or service resulting from re-
23 search conducted under an SBIR or STTR
24 award, which shall be disaggregated by the rev-

1 enue from those sales and the revenue from
2 that licensing;

3 “(E) additional investments in the small
4 business concern from any source, other than
5 Phase I or Phase II SBIR or STTR awards, to
6 further the research and development conducted
7 under an SBIR or STTR award received by the
8 small business concern in the preceding 9 fiscal
9 years;

10 “(F) any mergers and acquisitions of
11 SBIR or STTR award recipients during or
12 after the completion of a Phase II award;

13 “(G) new, unique spin-out companies and
14 third party revenues from any businesses in the
15 preceding 9 fiscal years resulting from research
16 conducted by the small business concern under
17 an SBIR or STTR award;

18 “(H) the year in which the first Phase II
19 award was received by the small business con-
20 cern and the total number of employees of the
21 small business concern at the time of the first
22 Phase II award;

23 “(I) the number of employees, as of the
24 end of the most recently completed fiscal year;
25 and

1 “(J) the total number and value of Phase
2 III awards received by the small business con-
3 cern.

4 “(2) PUBLICATION.—The Administrator shall
5 create a report on the findings of each commer-
6 cialization impact assessment and shall—

7 “(A) include that report in the annual re-
8 port required under subsection (b)(7); and

9 “(B) submit that report to—

10 “(i) the Committee on Small Business
11 and Entrepreneurship of the Senate; and

12 “(ii) the Committee on Science,
13 Space, and Technology and the Committee
14 on Small Business of the House of Rep-
15 resentatives.”.

16 **TITLE VI—TECHNICAL CHANGES**

17 **SEC. 601. INCLUSION OF SBICS IN THE SBIR AND STTR PRO-** 18 **GRAMS.**

19 Section 9 of the Small Business Act (15 U.S.C. 638),
20 as amended by section 505, is amended—

21 (1) by striking “or private equity firm invest-
22 ment” each place that term appears and inserting
23 “private equity firm, or SBIC investment”;

1 (2) by striking “or private equity firms” each
 2 place that term appears and inserting “private equity
 3 firms, or SBICs”;

4 (3) in subsection (e)—

5 (A) in paragraph (18), by striking “and”
 6 at the end;

7 (B) in paragraph (19), by striking the pe-
 8 riod at the end and inserting “; and”; and

9 (C) by adding at the end the following:

10 “(20) the term ‘SBIC’ means a small business
 11 investment company as defined in section 103 of the
 12 Small Business Investment Act of 1958 (15 U.S.C.
 13 662).”; and

14 (4) in the heading for subsection (dd), by strik-
 15 ing “OR PRIVATE EQUITY FIRMS” and inserting
 16 “PRIVATE EQUITY FIRMS, OR SBICs”.

17 **SEC. 602. PHASE III AND SOLE-SOURCE AWARDS.**

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

20 (1) in the heading, by inserting “SOLE SOURCE
 21 AND OTHER” after “JUSTIFICATION FOR”; and

22 (2) in the heading for paragraph (4), by insert-
 23 ing “SOLE SOURCE AND OTHER” after “JUSTIFICA-
 24 TION FOR”.

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