

119TH CONGRESS
1ST SESSION

S. 853

To improve the SBIR and STTR programs under the Small Business Act,
and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 5, 2025

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

A BILL

To improve the SBIR and STTR programs under the Small
Business Act, 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 “Investing in National Next-Generation Opportunities for
6 Venture Acceleration and Technological Excellence” or the
7 “INNOVATE Act”.

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

Sec. 1. Short title; table of contents.
Sec. 2. Definitions.

TITLE I—PROMOTING TRANSITION FOR BATTLE-READY
TECHNOLOGIES

- Sec. 101. Enhancing small business success in the STTR program.
- Sec. 102. Phase II strategic breakthrough funding.
- Sec. 103. Implementation briefings.
- Sec. 104. Fixed-price contracts.

TITLE II—ENCOURAGING SMALL BUSINESS INNOVATION IN ALL
OF AMERICA

- Sec. 201. Encouraging new SBIR and STTR entrants.
- Sec. 202. Combating discriminatory practices in the SBIR and STTR programs.

TITLE III—STREAMLINING PARTICIPATION IN THE SBIR AND
STTR PROGRAMS

- Sec. 301. Definition of open topics.
- Sec. 302. Reducing administrative burden.

TITLE IV—PROTECTING AMERICAN INNOVATION FROM
ADVERSARIAL INFLUENCE

- Sec. 401. Definition of foreign risk.
- Sec. 402. Bolstering research security of SBIR and STTR awards.
- Sec. 403. Strengthening the due diligence program to assess security risks.
- Sec. 404. Strengthening agency recovery authority.
- Sec. 405. Best practices on investor informational rights.
- Sec. 406. GAO report.

TITLE V—SIMPLIFYING SBIR-STTR COMMERCIALIZATION
STANDARDS

- Sec. 501. Streamlining transition and commercialization rate benchmarks.
- Sec. 502. Improving direct to Phase II authorities.
- Sec. 503. Improving SBIR-STTR data collection.
- Sec. 504. Streamlining program administration.
- Sec. 505. Extending SBIR and STTR authorization.

1 SEC. 2. DEFINITIONS.

2 In this Act, the terms “Phase I”, “Phase II”, “Phase
3 III”, “SBIR”, and “STTR” have the meanings given
4 those terms in section 9(e) of the Small Business Act (15
5 U.S.C. 638(e)).

1 **TITLE I—PROMOTING TRANSI-**
 2 **TION FOR BATTLE-READY**
 3 **TECHNOLOGIES**

4 **SEC. 101. ENHANCING SMALL BUSINESS SUCCESS IN THE**
 5 **STTR PROGRAM.**

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

8 (1) in subsection (e)—

9 (A) in paragraph (6)—

10 (i) in subparagraph (A), by adding
 11 “and” at the end; and

12 (ii) by striking subparagraphs (B) and
 13 (C) and inserting the following:

14 “(B) opportunities for follow-on funding in
 15 Phases II and III of the SBIR program;” and

16 (B) in paragraph (7)—

17 (i) by striking “40” and inserting
 18 “50”; and

19 (ii) by striking “30” and inserting
 20 “20”;

21 (2) in subsection (f)(1)—

22 (A) in subparagraph (H), by striking
 23 “and” at the end;

1 (B) in subparagraph (I), by striking “and
 2 each fiscal year thereafter,” and inserting “;
 3 and”; and

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

5 “(J) not less than 3.45 percent of such
 6 budget in fiscal year 2026 and every year there-
 7 after,”; and

8 (3) in subsection (n)—

9 (A) in paragraph (1)(B)—

10 (i) in clause (iv), by striking “and” at
 11 the end;

12 (ii) in clause (v), by striking “and
 13 each fiscal year thereafter.” and inserting
 14 “; and”; and

15 (iii) by adding at the end the fol-
 16 lowing:

17 “(vi) not less than 0.20 percent for
 18 fiscal year 2026 and each fiscal year there-
 19 after.”;

20 (B) by redesignating paragraphs (2) and
 21 (3) as paragraphs (3) and (4), respectively; and

22 (C) by inserting after paragraph (1) the
 23 following:

24 “(2) PURPOSE OF STTR PROGRAM.—

1 “(A) IN GENERAL.—Each Federal agency
 2 shall use its STTR budget to fund small busi-
 3 ness concerns conducting fundamental, basic, or
 4 other scientific research that stands to benefit
 5 most from partnerships with eligible research
 6 institutions.

7 “(B) DoD AND NASA.—The Department
 8 of Defense and the National Aeronautics and
 9 Space Administration shall use their STTR
 10 budget to solely fund research at technology
 11 readiness levels 1, 2, and 3.”.

12 **SEC. 102. PHASE II STRATEGIC BREAKTHROUGH FUNDING.**

13 (a) IN GENERAL.—Section 9 of the Small Business
 14 Act (15 U.S.C. 638), as amended by this Act, is amend-
 15 ed—

16 (1) by redesignating subsection (y) as para-
 17 graph (3), adjusting the margins accordingly, and
 18 moving it so as to appear in subsection (ff) after
 19 paragraph (2);

20 (2) in subsection (aa), by adding at the end the
 21 following:

22 “(6) STRATEGIC BREAKTHROUGH ALLOCA-
 23 TION.—The Department of Defense or its compo-
 24 nents shall not be required to receive a waiver from
 25 the Administrator to award a small business concern

1 not more than \$30,000,000 when using funds made
 2 available under a strategic breakthrough alloca-
 3 tion.”;

4 (3) in subsection (ff)—

5 (A) in the subsection heading, by striking
 6 “AND STTR” and inserting “PHASE II”;

7 (B) in paragraph (1), by striking “or
 8 Phase II STTR award”; and

9 (C) in paragraph (3), as so redesignated—

10 (i) in the paragraph heading, by strik-
 11 ing “COMMERCIALIZATION READINESS
 12 PROGRAM” and inserting “STRATEGIC
 13 BREAKTHROUGH AWARDS”;

14 (ii) in subparagraph (A), as so redes-
 15 ignated—

16 (I) in the first sentence, by strik-
 17 ing “create and administer a ‘Com-
 18 mercialization Readiness Program’ ”
 19 and inserting “provide funding”; and

20 (II) in the second sentence, by
 21 striking “create and administer a
 22 Commercialization Program under
 23 this subsection” and inserting “pro-
 24 vide funding under this paragraph”;

1 (iii) in subparagraph (B), as so redес-
 2 ignated—

3 (I) in the first sentence, by strik-
 4 ing “In carrying out the Commer-
 5 cialization Readiness Program” and
 6 inserting the following:

7 “(i) IN GENERAL.—In carrying out
 8 this paragraph”;

9 (II) in clause (i), as so des-
 10 ignated—

11 (aa) by striking “shall iden-
 12 tify” and inserting “shall—
 13 “(I) identify”;

14 (bb) in subclause (I), as so
 15 designated, by striking the period
 16 at the end and inserting a semi-
 17 colon; and

18 (cc) by adding at the end
 19 the following:

20 “(II) ensure, in collaboration
 21 with SBIR program managers of each
 22 component of the Department of De-
 23 fense, that research programs identi-
 24 fied under subclause (I) are analyzed
 25 within the programming and budg-

eting process as budget requests are
developed; and

“(III) provide to the Committee
on Small Business and Entrepreneur-
ship of the Senate and the Commit-
tees on Small Business and Science,
Space, and Technology of the House
of Representatives information on the
integration of SBIR and STTR
awardees in budget rollouts for re-
search, development, testing, and eval-
uation activities.”; and

(III) by adding at the end the
following:

“(ii) AWARD.—Under this paragraph,
a funding agreement may be awarded to a
small business concern by the Department
of Defense using funds made available
under a strategic breakthrough allocation,
as defined in subparagraph (C)(i).”;

(iv) by striking subparagraphs (C),
(D), and (E), as so redesignated, and in-
serting the following:

“(C) FUNDING PARAMETERS.—

1 “(i) DEFINITION.—In this subpara-
2 graph, the term ‘strategic breakthrough al-
3 location’ means a required expenditure
4 amount for the Department of Defense
5 within the SBIR allocation under sub-
6 section (f)(1) for fiscal year 2026 and
7 every fiscal year thereafter of not less than
8 0.25 percent of the extramural budget for
9 research or research and development des-
10 ignated for the Department of Defense.

11 “(ii) REQUIREMENTS.—In the case of
12 a Phase II agreement that is awarded to a
13 small business concern by the Department
14 of Defense using funds made available
15 under a strategic breakthrough allocation,
16 the following requirements shall apply:

17 “(I) AWARD SIZE AND PERIOD
18 OF PERFORMANCE.—The Department
19 of Defense may award not more than
20 1 award of not more than
21 \$30,000,000 per small business con-
22 cern, including its affiliates, spinouts,
23 or subsidiaries, from the strategic
24 breakthrough allocation with a period

1 of performance of not more than 48
2 months.

3 “(II) SMALL BUSINESS CONCERN
4 REQUIREMENTS.—The small business
5 concern shall—

6 “(aa) have been awarded not
7 less than 1 prior Phase II award
8 under the SBIR program;

9 “(bb) demonstrate not less
10 than 100 percent matching funds
11 through new outside capital or
12 amounts awarded by the Depart-
13 ment of Defense under a pro-
14 gram other than Phase I and II
15 of the SBIR or STTR program
16 as a result of an award using
17 funds made available under a
18 strategic breakthrough allocation;

19 “(cc) have been awarded not
20 more than \$50,000,000 in cumu-
21 lative Department of Defense
22 contracts or awards; and

23 “(dd) only be eligible for an
24 award from the strategic break-
25 through allocation if the product,

1 process, or technology of the
2 small business concern—

3 “(AA) meets a nec-
4 essary level of readiness and
5 has a commitment for inclu-
6 sion in a program objective
7 memorandum from an offi-
8 cial with the rank of pro-
9 gram executive officer or
10 higher in an acquisition or-
11 ganization of the Depart-
12 ment of Defense;

13 “(BB) is an effective
14 solution, as determined by
15 market research; and

16 “(CC) will meet high
17 priority military require-
18 ments or operational needs
19 of a military department
20 through a successful transi-
21 tion and into the acquisition
22 process.

23 “(III) DEADLINE.—The Depart-
24 ment of Defense shall complete any
25 contract awards using strategic break-

1 through allocation funds not later
2 than 90 days after receiving a pro-
3 posal from a small business concern
4 for the award.

5 “(IV) ELIGIBLE ACTIVITIES.—
6 Eligible activities by a small business
7 concern using strategic breakthrough
8 allocation funds are—

9 “(aa) design for manufac-
10 turing;

11 “(bb) establishing manufac-
12 turing facilities, tooling, and sup-
13 ply chain capacity;

14 “(cc) buying raw materials
15 or inventory;

16 “(dd) the integration of
17 products with open interoper-
18 ability standards;

19 “(ee) testing, evaluation,
20 and certification of low-rate pro-
21 duction units; and

22 “(ff) the purchase of pro-
23 duction units and maintenance.

1 “(V) SELECTION CRITERIA.—In
2 making awards, the Department of
3 Defense shall consider—

4 “(aa) the potential of the
5 small business concern to—

6 “(AA) advance the na-
7 tional security capabilities of
8 the United States;

9 “(BB) provide new
10 technologies or processes, or
11 new applications of existing
12 technologies, that will enable
13 new alternatives to existing
14 programs;

15 “(CC) provide future
16 cost savings; and

17 “(DD) enhance the
18 lethality and efficiency of
19 the United States military;

20 “(bb) whether a major sys-
21 tem or customer in the Depart-
22 ment of Defense has expressed
23 intent to purchase and integrate
24 technology from the small busi-

1 ness concern into its operations;
2 and

3 “(cc) such other criteria that
4 the Department of Defense deter-
5 mines to be appropriate.

6 “(D) ACQUISITION MECHANISM.—The De-
7 partment of Defense shall establish a mecha-
8 nism, such as a major system, to provide small
9 business concerns with direct access to program
10 and requirements offices throughout the De-
11 partment of Defense that may purchase tech-
12 nology from small business concerns under
13 Phase III of the SBIR program of the Depart-
14 ment of Defense.

15 “(E) OPERATIONAL NEEDS.—The Depart-
16 ment of Defense shall allow services to provide
17 operational needs statements directly to chiefs
18 of requirements offices.”; and

19 (v) in subparagraph (F), as so redes-
20 ignated—

21 (I) by amending clause (i) to
22 read as follows:

23 “(i) set a goal to substantively in-
24 crease the number of Phase II SBIR con-
25 tracts awarded by the Secretary that lead

1 to technology transition into programs of
 2 record or fielded systems in fiscal year
 3 2028 compared to fiscal year 2025; and”;
 4 (II) by striking clause (ii);
 5 (III) by redesignating clause (iii)
 6 as clause (ii); and
 7 (IV) in clause (ii), as so redesign-
 8 nated—
 9 (aa) in subclause (I), by
 10 adding “and” at the end;
 11 (bb) in subclause (II)—
 12 (AA) by striking
 13 “through the Commer-
 14 cialization Readiness Pro-
 15 gram” and inserting “under
 16 a strategic breakthrough al-
 17 location”; and
 18 (BB) by striking “;
 19 and” and inserting a period;
 20 and
 21 (cc) by striking subclause
 22 (III); and
 23 (4) by redesignating subsection (xx), entitled
 24 “Additional Provisions Relating to Solicitation Top-

1 ics”, as subsection (y), and moving it so as to ap-
 2 pear after subsection (x).

3 (b) TECHNICAL AND CONFORMING AMENDMENTS.—
 4 Section 9 of the Small Business Act (15 U.S.C. 638), as
 5 amended by this Act, is amended—

6 (1) in subsection (i)(1), by striking “subsection
 7 (y)” and inserting “subsection (ff)(3)”;

8 (2) in subsection (mm)(1)(D), by striking “sub-
 9 section (y)” and inserting “subsection (ff)(3)”;

10 (3) in subsection (tt), by striking “(y)(6)(C)”
 11 and inserting “(ff)(3)(F)(ii)”.

12 **SEC. 103. IMPLEMENTATION BRIEFINGS.**

13 Not later than 60 days after the date of enactment
 14 of this Act, and on a recurrent basis until implementation
 15 is complete, the Secretary of Defense shall brief the Com-
 16 mittee on Small Business and Entrepreneurship of the
 17 Senate and the Committee on Small Business and the
 18 Committee on Science, Space, and Technology of the
 19 House of Representatives on the implementation of para-
 20 graph (3) of section 9(ff) of the Small Business Act (15
 21 U.S.C. 638(ff)), as added by section 102.

22 **SEC. 104. FIXED-PRICE CONTRACTS.**

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

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

3 “(5) FIXED-PRICE CONTRACT.—Any funding
4 agreement that is a contract made with expenditures
5 allocated to the SBIR program under paragraph (1)
6 shall be a firm-fixed-price contract (as defined in
7 section 16.202 of the Federal Acquisition Regula-
8 tion), unless, on a case-by-case basis, the head of the
9 awarding Federal agency makes a written deter-
10 mination to utilize a different contract structure.”;
11 and

12 (2) in subsection (n), as amended by section
13 101, by adding at the end the following:

14 “(5) FIXED-PRICE CONTRACT.—Any funding
15 agreement that is a contract made with expenditures
16 allocated to the STTR program under paragraph (1)
17 shall be a firm-fixed-price contract (as defined in
18 section 16.202 of the Federal Acquisition Regula-
19 tion), unless the head of the awarding Federal agen-
20 cy makes a written determination to utilize a dif-
21 ferent contract structure.”.

1 **TITLE II—ENCOURAGING SMALL**
 2 **BUSINESS INNOVATION IN**
 3 **ALL OF AMERICA**

4 **SEC. 201. ENCOURAGING NEW SBIR AND STTR ENTRANTS.**

5 (a) IN GENERAL.—

6 (1) ENCOURAGING NEW SBIR AND STTR EN-
 7 TRANTS.—Section 9(jj) of the Small Business Act
 8 (15 U.S.C. 638(jj)) is amended to read as follows:
 9 “(jj) ENCOURAGING NEW SBIR AND STTR EN-
 10 TRANTS.—

11 “(1) OPTIMIZING SBIR AND STTR FUNDING.—A
 12 small business concern, including its affiliates, spin-
 13 outs, or subsidiaries, may not apply to a Phase I or
 14 Phase II solicitation under an SBIR or STTR pro-
 15 gram if the small business concern, including its af-
 16 filiates, spinouts, or subsidiaries, has previously re-
 17 ceived over \$75,000,000 in funding from SBIR or
 18 STTR Phase I and Phase II awards.

19 “(2) PRIMARY INVESTIGATORS.—An individual
 20 may not concurrently serve as the primary investi-
 21 gator on more than 1 proposal to a single Phase I
 22 solicitation or a single Phase II solicitation.

23 “(3) PHASE I SIZE STANDARD.—A small busi-
 24 ness concern applying for a Phase I award may not
 25 have annual receipts (as defined in section 121.104

1 of title 13, Code of Federal Regulations, or any suc-
 2 cessor regulation) of more than \$40,000,000 for the
 3 most recent fiscal year.”.

4 (2) CONFORMING AMENDMENT.—Section
 5 9(tt)(1)(A) of the Small Business Act (15 U.S.C.
 6 638(tt)(1)(A)) by striking “, (jj)(6)”.

7 (b) PHASE 1A PROGRAM.—Section 9 of the Small
 8 Business Act (15 U.S.C. 638), as amended by this Act,
 9 is amended—

10 (1) in subsection (e)(4)—

11 (A) in subparagraph (A), by striking “sub-
 12 paragraph (B)” and inserting “subparagraph
 13 (C)”;

14 (B) by redesignating subparagraphs (B)
 15 and (C) as subparagraphs (C) and (D); and

16 (C) by inserting after subparagraph (A),
 17 the following:

18 “(B) a 1A phase for the same purposes as
 19 the first phase described under subparagraph
 20 (A) and intended to increase accessibility to the
 21 program for new entrants, with proposals sub-
 22 mitted pursuant to only SBIR open topic an-
 23 nouncements;”; and

24 (2) by amending subsection (pp) to read as fol-
 25 lows:

1 “(pp) PHASE 1A AWARDS.—

2 “(1) SENSE OF CONGRESS.—It is the sense of
3 Congress that—

4 “(A) Phase 1A funds will bring thousands
5 of new small business concerns committed to
6 commercialization of critical technologies into
7 the SBIR program; and

8 “(B) in order for participating agencies to
9 benefit from the full scope of American innova-
10 tion and identify the most promising solutions
11 to scale, Phase 1A awards should fund the
12 strongest technologies in a topic area regardless
13 of—

14 “(i) the location of the small business
15 concern within the United States; or

16 “(ii) the educational background of
17 the principal investigator.

18 “(2) AUTHORIZATION.—The head of each agen-
19 cy with an SBIR program shall allocate not less
20 than 2.5 percent of funding for the SBIR program
21 of the agency to Phase 1A awards.

22 “(3) SOLICITATION.—A solicitation issued
23 under this subsection shall be conducted as an open
24 topic announcement, as defined in subsection (e).

1 “(4) ELIGIBILITY.—In order to be eligible for
 2 an award under this subsection, a small business
 3 concern, including its affiliates, spinouts, or subsidi-
 4 aries, shall not have previously received an SBIR or
 5 STTR award.

6 “(5) PROPOSAL.—

7 “(A) IN GENERAL.—A proposal submitted
 8 in response to a solicitation under this sub-
 9 section shall consist of a report of no more than
 10 2 pages in length and shall contain the criteria
 11 described in subparagraph (B).

12 “(B) CRITERIA.—

13 “(i) IDENTIFICATION OF PROBLEM.—

14 The small business concern shall describe
 15 the problem that the proposal is intended
 16 to address for the awarding agency and
 17 any commercial customer.

18 “(ii) DESCRIPTION OF SOLUTION.—

19 The small business concern shall describe
 20 the proposed solution, including the tech-
 21 nical basis for the solution to demonstrate
 22 how the solution would address the prob-
 23 lem described in the proposal, including
 24 the level of maturity of the solution at the
 25 time of the proposal.

1 “(iii) IMPACT OF THE SOLUTION.—

2 The small business concern shall describe
 3 how adoption of the proposed solution
 4 would produce potential time savings, cost
 5 savings, risk reduction, improvement of
 6 mission outcomes, or any other beneficial
 7 impact for the awarding agency and any
 8 commercial customer.

9 “(iv) DIFFERENTIATION.—The small
 10 business concern shall—

11 “(I) identify the state of solu-
 12 tions in use at the time of the pro-
 13 posal to address the problem de-
 14 scribed in the proposal; and

15 “(II) explain how the proposed
 16 solution is a unique and novel solu-
 17 tion.

18 “(v) COMMERCIALIZATION STRAT-
 19 EGY.—The small business concern shall—

20 “(I) describe how the small busi-
 21 ness concern intends to fund the pro-
 22 posed solution; and

23 “(II) explain the market for the
 24 proposed solution, including the in-

1 tended Government and commercial
2 end users.

3 “(6) AWARD LIMITS.—

4 “(A) NUMBER OF AWARDS.—A small busi-
5 ness concern or principal investigator is eligible
6 for not more than 1 Phase 1A award.

7 “(B) AMOUNT.—An award made under
8 this subsection shall be for not more than
9 \$40,000.

10 “(7) NOTIFICATION OF SELECTION OR NON-SE-
11 LECTION.—Each agency shall notify each small busi-
12 ness concern of the award decision of the agency on
13 any proposal submitted by the small business con-
14 cern not later than 90 days after the date on which
15 the solicitation closes.

16 “(8) APPLICATION FOR PHASE II AWARD.—

17 “(A) ELIGIBILITY.—A small business con-
18 cern that receives a Phase 1A award shall be el-
19 igible to apply for a Phase II award.

20 “(B) USE OF FUNDS.—A small business
21 concern may use funds from a Phase 1A award
22 to develop a proposed solution in pursuit of a
23 subsequent proposal for a Phase I award or a
24 Phase II award.”.

1 **SEC. 202. COMBATING DISCRIMINATORY PRACTICES IN**
 2 **THE SBIR AND STTR PROGRAMS.**

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

5 (1) in subsection (b)(7)(C), by striking “owned
 6 and controlled by women or by socially and economi-
 7 cally disadvantaged individuals” and inserting
 8 “owned by individuals who reside in emerging States
 9 or rural areas”;

10 (2) in subsection (e)—

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

13 (B) in paragraph (19), by striking the pe-
 14 riod at the end and inserting a semicolon; and

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

16 “(20) the term ‘emerging State’ means the 25
 17 States with the fewest combined number of award
 18 recipients in the SBIR program and the STTR pro-
 19 gram that have received their first Phase I award in
 20 the previous 10 fiscal years;

21 “(21) the term ‘rural area’ means a county or
 22 other political subdivision of a State that the Bureau
 23 of the Census has defined as mostly rural or com-
 24 pletely rural in the most recent decennial census;”;

25 (3) in subsection (g)(8)(A)—

26 (A) by striking clause (iii);

1 (B) by redesignating clauses (iv), (v), and
 2 (vi) as clauses (iii), (iv), and (v), respectively;
 3 and

4 (C) in clause (iii), as so redesignated, by
 5 striking “a socially or economically disadvan-
 6 taged individual or has a socially or economi-
 7 cally disadvantaged individual” and inserting
 8 “an individual who resides in an emerging State
 9 or rural area or has an individual who resides
 10 in an emerging State or rural area”;

11 (4) in subsection (j)—

12 (A) by adjusting the margins for para-
 13 graphs (2) and (3) 2 ems to the left; and

14 (B) in paragraph (2)—

15 (i) by striking subparagraph (F’);

16 (ii) by redesignating subparagraphs
 17 (G), (H), and (I) as subparagraphs (F’),
 18 (G), and (H); and

19 (iii) in subparagraph (H), as so redesi-
 20 gnated, by striking “subparagraph (H)”
 21 and inserting “subparagraph (G)”;

22 (5) in subsection (k)(1)(F)—

23 (A) by striking clause (ii);

1 (B) by redesignating clauses (iii), (iv), and
 2 (v) as clauses (ii), (iii), and (iv), respectively;
 3 and

4 (C) in clause (ii), as so redesignated, by
 5 striking “a socially or economically disadvan-
 6 taged individual or has a socially or economi-
 7 cally disadvantaged individual” and inserting
 8 “an individual who resides in an emerging State
 9 or rural area or has an individual who resides
 10 in an emerging State or rural area”;

11 (6) in subsection (o)(9)(A)—

12 (A) by striking clause (iii);

13 (B) by redesignating clauses (iv), (v), and
 14 (vi) as clauses (iii), (iv), and (v), respectively;
 15 and

16 (C) in clause (iii), as so redesignated, by
 17 striking “a socially or economically disadvan-
 18 taged individual or has a socially or economi-
 19 cally disadvantaged individual” and inserting
 20 “an individual who resides in an emerging State
 21 or rural area or has an individual who resides
 22 in an emerging State or rural area”; and

23 (7) in subsection (mm)—

24 (A) in paragraph (1)—

1 (i) in the matter preceding subpara-
2 graph (A), by striking “and until Sep-
3 tember 30, 2025”; and

4 (ii) in subparagraph (F), by striking
5 “or abuse to ensure compliance” and in-
6 serting “abuse, or adversarial influence to
7 ensure compliance”;

8 (B) in paragraph (2)(A), by striking “to
9 carry out the policy directive required under
10 subsection (j)(2)(F) and” and inserting “to in-
11 crease the participation of States with respect
12 to which a low level of SBIR awards have his-
13 torically been awarded”; and

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

15 “(7) ELIGIBILITY.—For an agency to be eligi-
16 ble to utilize funds allocated to the SBIR program
17 of that Federal agency under this subsection, the
18 agency shall not—

19 “(A) consider the race, gender, or ethnicity
20 of the principal investigator, founder, or key
21 personnel of the small business concern apply-
22 ing for an SBIR or STTR award in an award
23 decision under the SBIR or STTR program of
24 the agency;

“(B) require or consider a statement or plan to promote diversity or equity as part of an application for an SBIR or STTR award under the SBIR or STTR program of the agency; or

“(C) offer supplemental funds to a recipient of an SBIR or STTR award based on the race, gender, or ethnicity of the principal investigator, founder, or key personnel of a small business concern.”.

TITLE III—STREAMLINING PARTICIPATION IN THE SBIR AND STTR PROGRAMS

SEC. 301. DEFINITION OF OPEN TOPICS.

Section 9(e) of the Small Business Act (15 U.S.C. 638(e)), as amended by section 202(2), is amended by adding at the end the following:

“(22) the term ‘open topic announcement’ means a solicitation for SBIR or STTR proposals that—

“(A) is a generalized problem statement or broad technology area and does not contain any language requiring that the solutions that a small business concern proposes adhere to specific technological specifications; and

1 “(B) evaluates the ability of the solution
 2 proposed by the small business concern to meet
 3 the stated innovation need of the agency or
 4 Government end user; and”.

5 **SEC. 302. REDUCING ADMINISTRATIVE BURDEN.**

6 Section 9(jj) of the Small Business Act (15 U.S.C.
 7 638(jj)), as amended by section 201(a)(1), is amended by
 8 adding at the end the following:

9 “(4) REDUCING ADMINISTRATIVE BURDEN.—

10 “(A) LIMIT ON SUBMISSIONS TO A SOLICI-
 11 TATION.—A small business concern, including
 12 its affiliates, spinouts, or subsidiaries, may not
 13 submit more than 3 proposals to a single Phase
 14 I solicitation or a single Phase II solicitation
 15 under subsection (cc).

16 “(B) LIMIT ON SUBMISSIONS IN A SINGLE
 17 YEAR.—A small business concern, including its
 18 affiliates, spinouts, or subsidiaries, may not
 19 submit more than a combined total of 25 pro-
 20 posals to Phase I solicitations or Phase II so-
 21 licitations under subsection (cc) published by a
 22 single agency, including the components of the
 23 agency, in a single fiscal year.”.

1 **TITLE IV—PROTECTING AMER-**
 2 **ICAN INNOVATION FROM AD-**
 3 **VERSARIAL INFLUENCE**

4 **SEC. 401. DEFINITION OF FOREIGN RISK.**

5 Section 9(e) of the Small Business Act (15 U.S.C.
 6 638(e)), as amended by section 301, is amended by adding
 7 at the end the following:

8 “(23) the term ‘foreign risk’ means, in the past
 9 10 years, any foreign affiliation, technology licensing
 10 agreement, joint venture, contractual or financial ob-
 11 ligation (pending or otherwise), investment agree-
 12 ment, research relationship (including co-author-
 13 ship), or business relationship between—

14 “(A) a small business concern (including
 15 all subsidiaries, spinouts, and affiliates) submit-
 16 ting a proposal for an SBIR or STTR program,
 17 and covered individuals, owners, or other key
 18 personnel of the small business concern; and

19 “(B) an individual, research institution,
 20 business entity, government, or government-
 21 owned entity in a foreign country of concern
 22 that is disclosed, as required under subsection
 23 (g) or subsection (o), or otherwise identified in
 24 the due diligence process, as required under
 25 subsection (vv).”.

1 **SEC. 402. BOLSTERING RESEARCH SECURITY OF SBIR AND**
 2 **STTR AWARDS.**

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

5 (1) in subsection (g)—

6 (A) by redesignating paragraphs (15),
 7 (16), and (17) as paragraphs (16), (18) and
 8 (19), respectively;

9 (B) by inserting after paragraph (14) the
 10 following:

11 “(15) evaluate whether a small business con-
 12 cern presents a risk to national security for any rea-
 13 son, through measures including—

14 “(A) the due diligence process required
 15 under subsection (vv);

16 “(B) disclosures submitted under this sub-
 17 section; or

18 “(C) coordination with the Inspector Gen-
 19 eral of the agency or the intelligence community
 20 (as defined under section 3 of the National Se-
 21 curity Act of 1947 (50 U.S.C. 3003));”;

22 (C) in paragraph (16), as so redesign-
 23 nated—

24 (i) by striking subparagraph (B);

25 (ii) by striking “that—” and all that
 26 follows through “the small business con-

cern submitting” and inserting “that the small business concern submitting”;

(iii) by redesignating clauses (i), (ii), and (iii) as subparagraphs (A), (B), and (C), respectively, and adjusting the margins accordingly;

(iv) in subparagraph (B), as so redesignated, by striking “or” at the end;

(v) in subparagraph (C), as so redesignated, by striking “and” at the end; and

(vi) by adding at the end the following:

“(D) has a foreign risk connecting the small business concern to an entity, including any affiliates, spinouts, or subsidiaries of the entity, or individual on one or more of the following lists:

“(i) the UFLPA Entity List maintained by the Department of Homeland Security;

“(ii) the Non-SDN Chinese Military-Industrial Complex Companies List of the Office of Foreign Assets Control maintained by the Department of the Treasury;

1 “(iii) the Section 889 Prohibition List
2 established under section 889 of the John
3 S. McCain National Defense Authorization
4 Act for Fiscal Year 2019 (Public Law
5 115–232) and maintained by the Depart-
6 ment of Defense;

7 “(iv) the list of Chinese Military com-
8 panies required under section 1260H of
9 the William M. (Mac) Thornberry National
10 Defense Authorization Act for Fiscal Year
11 2021 (Public Law 116–283) and main-
12 tained by the Department of Defense;

13 “(v) the Military End User List main-
14 tained by the Bureau of Industry and Se-
15 curity of the Department of Commerce;

16 “(vi) the Entity List maintained by
17 the Bureau of Industry and Security of the
18 Department of Commerce;

19 “(vii) the List of Equipment and
20 Services maintained by the Federal Com-
21 munications Commission; and

22 “(viii) the Withhold Release Orders
23 and Findings List maintained by U.S.
24 Customs and Border Protection;

1 “(E) has a foreign risk with a primary
2 source that is classified; or

3 “(F) has a foreign risk or another national
4 security risk not listed in statute or regulatory
5 guidance that an agency determines warrants a
6 denial;”;

7 (D) by inserting after paragraph (16), as
8 so redesignated, the following:

9 “(17) not, and any personnel of the Federal
10 agency including technical points of contact shall
11 not, communicate to an applicant prior to formal no-
12 tification of an award decision that an application
13 was denied due to a foreign risk;” and

14 (E) in paragraph (19), as so redesign-
15 ated—

16 (i) in subparagraph (B), by striking
17 “(16)(A)” and inserting “(18)(A)”;

18 (ii) in subparagraph (C), by striking
19 “(16)(B)” and inserting “(18)(B)”;

20 (2) in subsection (o)—

21 (A) by redesignating paragraphs (19),
22 (20), and (21) as paragraphs (20), (22) and
23 (23), respectively;

24 (B) by inserting after paragraph (18) the
25 following:

1 “(19) evaluate whether a small business con-
2 cern presents a risk to national security for any rea-
3 son, through measures including—

4 “(A) the due diligence process required
5 under subsection (vv);

6 “(B) disclosures submitted under this sub-
7 section; or

8 “(C) coordination with the Inspector Gen-
9 eral of the agency or the intelligence community
10 (as defined under section 3 of the National Se-
11 curity Act of 1947 (50 U.S.C. 3003));”;

12 (C) in paragraph (20), as so redesign-
13 nated—

14 (i) by striking subparagraph (B);

15 (ii) by striking “that—” and all that
16 follows through “the small business con-
17 cern submitting” and inserting “that the
18 small business concern submitting”;

19 (iii) by redesignating clauses (i), (ii),
20 and (iii) as subparagraphs (A), (B), and
21 (C), respectively, and adjusting the mar-
22 gins accordingly;

23 (iv) in subparagraph (B), as so redesi-
24 gnated, by striking “or” at the end;

(v) in subparagraph (C), as so redesignated, by striking “and” at the end; and

(vi) by adding at the end the following:

“(D) has a foreign risk connecting the small business concern to an entity, including any affiliates, spinouts, or subsidiaries of the entity, or individual on one or more of the following lists:

“(i) the UFLPA Entity List maintained by the Department of Homeland Security;

“(ii) the Non-SDN Chinese Military-Industrial Complex Companies List of the Office of Foreign Assets Control maintained by the Department of the Treasury;

“(iii) the Section 889 Prohibition List established under section 889 of the John S. McCain National Defense Authorization Act for Fiscal Year 2019 (Public Law 115–232) and maintained by the Department of Defense;

“(iv) the list of Chinese Military companies required under section 1260H of the William M. (Mac) Thornberry National

1 Defense Authorization Act for Fiscal Year
 2 2021 (Public Law 116–283) and main-
 3 tained by the Department of Defense;

4 “(v) the Military End User List main-
 5 tained by the Bureau of Industry and Se-
 6 curity of the Department of Commerce;

7 “(vi) the Entity List maintained by
 8 the Bureau of Industry and Security of the
 9 Department of Commerce;

10 “(vii) the List of Equipment and
 11 Services maintained by the Federal Com-
 12 munications Commission; and

13 “(viii) the Withhold Release Orders
 14 and Findings List maintained by U.S.
 15 Customs and Border Protection;

16 “(E) has a foreign risk with a primary
 17 source that is classified; or

18 “(F) has a foreign risk or another national
 19 security risk not listed in statute or regulatory
 20 guidance that an agency determines warrants a
 21 denial;”;

22 (D) by inserting after paragraph (20) the
 23 following:

24 “(21) not, and any personnel of the Federal
 25 agency including technical points of contact shall

not, communicate to an applicant prior to formal notification of an award decision that an application was denied due to a foreign risk;” and

(E) in paragraph (23), as so redesignated—

(i) in subparagraph (B), by striking “(20)(A)” and inserting “(22)(A)”; and

(ii) in subparagraph (C), by striking “(20)(B)” and inserting “(22)(B)”.

**SEC. 403. STRENGTHENING THE DUE DILIGENCE PROGRAM
TO ASSESS SECURITY RISKS.**

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

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

(2) by adding at the end the following:

“(C) examine any relationship of a small business concern seeking an award to any entity or individual included on the lists, as published on the date of the closing of the solicitation, described under subsections (g)(16)(D) and (o)(20)(D).”.

1 **SEC. 404. STRENGTHENING AGENCY RECOVERY AUTHOR-**
 2 **ITY.**

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

5 (1) in subsection (g)(18), as redesignated by
 6 section 402—

7 (A) in the matter preceding subparagraph
 8 (A), by inserting “, as adjusted for inflation ac-
 9 cording to the Consumer Price Index published
 10 by the Bureau of Labor Statistics,” after
 11 “amounts”;

12 (B) in subparagraph (A)—

13 (i) by inserting “during the 10-year
 14 period beginning on the date of the award,
 15 or during a longer or indefinite period as
 16 determined by the head of the awarding
 17 agency as necessary for national security,”
 18 before “the small business concern”; and

19 (ii) by striking “or” at the end;

20 (C) in subparagraph (B)—

21 (i) by inserting “during the 10-year
 22 period beginning on the date of the award,
 23 or during a longer or indefinite period as
 24 determined by the head of the awarding
 25 agency as necessary for national security,”
 26 before “there is a change”; and

1 (ii) by striking “and” at the end; and

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

3 “(C) during the 5-year period beginning on
4 the date of the award, or during a longer or in-
5 definite period as determined by the head of the
6 awarding agency as necessary for national secu-
7 rity, the small business concern sells, leases, or
8 provides (through joint research, technological
9 licensing, or otherwise) intellectual property
10 that was developed, wholly or in part, using an
11 SBIR award to a foreign entity or individual
12 unless the foreign entity or individual is incor-
13 porated in or a citizen of a country that is a
14 member of the North Atlantic Treaty Organiza-
15 tion or a major non-NATO ally, as described
16 under section 2321k of title 22, United States
17 Code; or

18 “(D) during the 10-year period beginning
19 on the date of the award, or during a longer or
20 indefinite period as determined by the head of
21 the awarding agency as necessary for national
22 security, the small business concern sells,
23 leases, or provides (through joint research, tech-
24 nological licensing, or otherwise) intellectual
25 property that was developed, wholly or in part,

1 using an SBIR award to an entity, government,
2 or individual in a foreign country of concern;
3 and”; and

4 (2) in subsection (o)(22), as redesignated by
5 section 402—

6 (A) in the matter preceding subparagraph
7 (A), by inserting “, as adjusted for inflation ac-
8 cording to the Consumer Price Index published
9 by the Bureau of Labor Statistics,” after
10 “amounts”;

11 (B) in subparagraph (A)—

12 (i) by inserting “during the 10-year
13 period beginning on the date of the award,
14 or during a longer or indefinite period as
15 determined by the head of the awarding
16 agency as necessary for national security,”
17 before “the small business concern”; and

18 (ii) by striking “or” at the end;

19 (C) in subparagraph (B)—

20 (i) by inserting “during the 10-year
21 period beginning on the date of the award,
22 or during a longer or indefinite period as
23 determined by the head of the awarding
24 agency as necessary for national security,”
25 before “there is a change”; and

1 (ii) by striking “and” at the end; and

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

3 “(C) during the 5 year period beginning on
4 the date of the award, or during a longer or in-
5 definite period as determined by the head of the
6 awarding agency as necessary for national secu-
7 rity, the small business concern sells, leases, or
8 provides (through joint research, technological
9 licensing, or otherwise) intellectual property
10 that was developed, wholly or in part, using an
11 STTR award to a foreign entity or individual
12 unless the foreign entity or individual is incor-
13 porated in or a citizen of a country that is a
14 member of the North Atlantic Treaty Organiza-
15 tion or a major non-NATO ally, as described
16 under section 2321k of title 22, United States
17 Code; or

18 “(D) during the 10-year period beginning
19 on the date of the award, or during a longer or
20 indefinite period as determined by the head of
21 the awarding agency as necessary for national
22 security, the small business concern sells,
23 leases, or provides (through joint research, tech-
24 nological licensing, or otherwise) intellectual
25 property that was developed, wholly or in part,

1 using an STTR award to an entity, govern-
 2 ment, or individual in a foreign country of con-
 3 cern; and”.

4 **SEC. 405. BEST PRACTICES ON INVESTOR INFORMATIONAL**
 5 **RIGHTS.**

6 Section 9(uu) of the Small Business Act (15 U.S.C.
 7 638(uu)) is amended to read as follows:

8 “(uu) BEST PRACTICES ON INVESTOR INFORMA-
 9 TIONAL RIGHTS.—

10 “(1) IN GENERAL.—The Administrator, in co-
 11 ordination with the heads of all agencies with an
 12 SBIR program, the Director of the White House Of-
 13 fice of Science and Technology Policy, and the Com-
 14 mittee on Foreign Investment in the United States,
 15 shall develop best practices to be shared with each
 16 recipient of an SBIR or STTR award by the agency
 17 granting the award.

18 “(2) CONTENTS.—The best practices developed
 19 under paragraph (1) shall include recommendations
 20 for protecting the proprietary technology and intel-
 21 lectual property of the small business concern from
 22 being shared unintentionally to foreign individuals
 23 and entities through informational rights of limited
 24 partners in venture capital, hedge fund, or private

1 equity firms that have investments in SBIR or
2 STTR recipients.”.

3 **SEC. 406. GAO REPORT.**

4 Paragraph (4) of section 4(b) of the SBIR and STTR
5 Extension Act of 2022 (Public Law 117–183; 136 Stat.
6 2194) is amended to read as follows:

7 “(4) GAO REPORT.—

8 “(A) IN GENERAL.—Not later than 1 year
9 after the date of enactment of the INNOVATE
10 Act, and annually thereafter for 3 years, the
11 Comptroller General of the United States shall
12 conduct a study and submit to the Committee
13 on Small Business and Entrepreneurship and
14 the Committee on Armed Services of the Senate
15 and the Committee on Small Business, the
16 Committee on Armed Services, and the Com-
17 mittee on Science, Space, and Technology of
18 the House of Representatives a report on the
19 implementation and best practices of the due
20 diligence programs established under section
21 9(vv) of the Small Business Act (15 U.S.C.
22 638(vv)) across Federal agencies required to es-
23 tablish an SBIR or STTR program.

24 “(B) STUDY.—The study shall evaluate—

1 “(i) the effectiveness of each Federal
2 agency that participates in the SBIR pro-
3 gram or STTR program in identifying—

4 “(I) enhanced risk in cybersecu-
5 rity practices in SBIR and STTR
6 projects;

7 “(II) enhanced risk in patents,
8 including co-authorship with aca-
9 demics in foreign countries of concern
10 in SBIR and STTR projects;

11 “(III) enhanced foreign influence
12 risk among employees of small busi-
13 ness concerns involved in SBIR and
14 STTR projects;

15 “(IV) foreign ownership of a
16 small business concern seeking an
17 award, including the financial ties and
18 obligations (which shall include sur-
19 ety, equity, and debt obligations) in
20 SBIR and STTR projects; and

21 “(V) security risks among appli-
22 cants to the SBIR program or the
23 STTR program, including connections
24 to an entity, including any affiliates,
25 spinouts, or subsidiaries of the entity,

1 or individual on one or more of the
2 lists referenced in subsection
3 (g)(16)(D);

4 “(ii) by year, the number of proposals
5 and number of small business concerns
6 with foreign risks by each Federal agency
7 that participates in the SBIR program or
8 STTR program, including a delineation of
9 how many of those small business concerns
10 have previously received an award under
11 the SBIR program or STTR program and
12 the nature of those foreign risks made by
13 each Federal agency; and

14 “(iii) the extent to which the Inspec-
15 tor General and counterintelligence au-
16 thorities of each Federal agency that par-
17 ticipates in the SBIR or STTR program
18 effectively conducts investigations, audits,
19 inspections, and outreach relating to the
20 due diligence program to assess security
21 risks in the SBIR or STTR program.”.

1 **TITLE V—SIMPLIFYING SBIR-**
 2 **STTR COMMERCIALIZATION**
 3 **STANDARDS**

4 **SEC. 501. STREAMLINING TRANSITION AND COMMER-**
 5 **CIALIZATION RATE BENCHMARKS.**

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

8 (1) by amending paragraph (1)(A)(ii) to read
 9 as follows:

10 “(ii) for small business concerns that
 11 received or receive more than 10 Phase I
 12 awards, establish a minimum performance
 13 standard with respect to the receipt of
 14 Phase II awards that shall be a ratio of at
 15 least 0.25 for the number of Phase II
 16 awards received as compared to the num-
 17 ber of Phase I awards received; and”;

18 (2) in paragraph (3)—

19 (A) in subparagraph (A), by striking
 20 clauses (i) and (ii) and inserting the following:

21 “(i) IN GENERAL.—With respect to a
 22 small business concern that received or re-
 23 ceives more than 25 Phase I awards, the
 24 minimum performance standard shall be a
 25 ratio of at least 0.5 for the number of

Phase II awards received as compared to the number of Phase I awards received.

“(ii) CONSEQUENCE OF FAILURE TO MEET STANDARD.—If the head of a Federal agency determines that a small business concern is not meeting the applicable increased minimum performance standard established under clause (i), such small business concern may not participate in Phase I of the SBIR or STTR program of that agency during the 1-year period beginning on the date on which such determination is made and the small business concern may not receive more than 5 total Phase I awards from that agency during each 1-year period thereafter until the small business concern surpasses the minimum performance standard established under clause (i).”; and

(B) in subparagraph (B)—

(i) in clause (i), by striking subclauses (I) and (II) and inserting the following:

“(I) with respect to a small business concern, including its affiliates, spinouts, and subsidiaries, that has

1 received more than 25 Phase II
2 awards over its lifetime, require the
3 sum of the annual receipts (as defined
4 in section 121.104 of title 13, Code of
5 Federal Regulations, or any successor
6 regulation) of the small business con-
7 cern from sources other than Phase I
8 or Phase II SBIR or STTR awards
9 and investments received by the small
10 business concern to at minimum ex-
11 ceed the sum of the dollars awarded
12 through Phase I and Phase II awards
13 since the date of the first such award;
14 and

15 “(II) with respect to a small
16 business concern, including its affili-
17 ates, spinouts, and subsidiaries, that
18 receives more than 25 Phase II
19 awards over its lifetime, require a
20 minimum of 65 percent of the sum of
21 the annual receipts (as defined in sec-
22 tion 121.104 of title 13, Code of Fed-
23 eral Regulations, or any successor
24 regulation) of the small business con-
25 cern and investments received by the

1 small business concern during the 3
 2 years preceding the most recent fiscal
 3 year come from sources other than
 4 Phase I or Phase II SBIR or STTR
 5 awards.”; and

6 (ii) by amending clause (ii) to read as
 7 follows:

8 “(ii) CONSEQUENCE OF FAILURE TO
 9 MEET STANDARD.—If the head of a Fed-
 10 eral agency determines that a small busi-
 11 ness concern is not meeting an applicable
 12 increased minimum performance standard
 13 modified under clause (i), the small busi-
 14 ness concern may not apply for additional
 15 Phase I awards or Phase II awards until
 16 the small business concern has received
 17 enough annual receipts from sources other
 18 than an SBIR or STTR program to sur-
 19 pass the minimum performance standard
 20 established under clause (i).”.

21 **SEC. 502. IMPROVING DIRECT TO PHASE II AUTHORITIES.**

22 Section 9(cc) of the Small Business Act (15 U.S.C.
 23 638(cc)) is amended to read as follows:

24 “(cc) PHASE FLEXIBILITY.—

1 “(1) AWARDING A PHASE II AWARD ABSENT A
 2 PHASE I AWARD.—Each agency with an SBIR pro-
 3 gram may provide to a small business concern an
 4 award under Phase II of the SBIR program with re-
 5 spect to a project, without regard to whether the
 6 small business concern was provided an award under
 7 Phase I of an SBIR program with respect to such
 8 project, if the head of the agency determines that
 9 the small business concern has completed the deter-
 10 minations described in subsection (e)(4)(A) with re-
 11 spect to such project despite not having been pro-
 12 vided a Phase I award.

13 “(2) LIMITATIONS ON AWARDS.—

14 “(A) IN GENERAL.—Except as provided in
 15 subparagraph (B), the head of each agency with
 16 an SBIR program may award not more than 10
 17 percent of the funds allocated for the SBIR
 18 program of the agency in a given fiscal year
 19 under the authority of this subsection.

20 “(B) NATIONAL INSTITUTES OF HEALTH
 21 AND DEPARTMENT OF DEFENSE.—The Director
 22 of the National Institutes of Health may award
 23 not more than 30 percent of the funds allocated
 24 for the SBIR program of the National Insti-
 25 tutes of Health in a given fiscal year and the

Secretary of Defense may award not more than 30 percent of the funds allocated for the SBIR program of each component in the Department of Defense in a given fiscal year under the authority of this subsection.

“(C) LIMIT ON ELIGIBILITY FOR AWARDS.—An agency may not make an award under this subsection to a small business concern, including its affiliates, spinouts, and subsidiaries, that has received more than 25 Phase II awards.

“(D) LIMIT ON NUMBER OF AWARDS.—An agency may make not more than 25 awards under this subsection to a small business concern, including its affiliates, spinouts, and subsidiaries.”.

SEC. 503. IMPROVING SBIR-STTR DATA COLLECTION.

(a) ADDITIONAL DATA FIELDS IN SBIR DATABASE.—Section 9(k)(1) of the Small Business Act (15 U.S.C. 638(k)(1)) is amended—

- (1) in subparagraph (E)(iv), by striking “and” at the end;
- (2) in subparagraph (F)(v), by striking the period at the end and inserting “; and”; and
- (3) by adding at the end the following:

1 “(G) for each award granted, whether the
2 award is classified or designated as—

3 “(i) Phase 1A, under subsection (pp);

4 “(ii) direct to Phase II, under sub-
5 section (cc);

6 “(iii) subsequent Phase II, under sub-
7 section (bb)(1);

8 “(iv) strategic breakthrough award
9 under subsection (ff)(3);

10 “(v) Phase III prime contract award;

11 or

12 “(vi) Phase III subcontract award.”.

13 (b) IMPROVING FPDS DATA TRACKING.—

14 (1) IN GENERAL.—The Administrator of Gen-
15 eral Services shall update the Federal Procurement
16 Data System described in section 1122(a)(4) of title
17 41, United States Code, or any successor system,
18 to—

19 (A) require reporting on whether an award
20 under the SBIR or STTR program is classified
21 or designated as—

22 (i) Phase 1A, under subsection (pp) of
23 section 9 of the Small Business Act (15
24 U.S.C. 638), as amended by this Act;

1 (ii) direct to Phase II, under sub-
 2 section (cc) of such section;

3 (iii) subsequent Phase II, under sub-
 4 section (bb)(1) of such section;

5 (iv) a strategic breakthrough award
 6 under subsection (ff)(3) of such section;

7 (v) a Phase III prime contract award;

8 or

9 (vi) a Phase III subcontract award;

10 (B) require reporting on whether a con-
 11 tract is designated as a Phase III contract; and

12 (C) allow a Government contracting offi-
 13 cer, when recording a Phase II or Phase III
 14 contract following on from work done by a
 15 small business concern during a Phase I or
 16 Phase II award to reference an SBIR or STTR
 17 contract identification number for relevant prior
 18 SBIR or STTR work done.

19 (2) NO NEW FUNDS.—No additional funds are
 20 authorized to be appropriated for the purpose of car-
 21 rying out this subsection.

22 **SEC. 504. STREAMLINING PROGRAM ADMINISTRATION.**

23 Section 9 of the Small Business Act (15 U.S.C. 638),
 24 as amended by this Act, is amended—

(1) in subsection (bb)(3), by inserting “or another component of the same Federal agency” after “another Federal agency”;

(2) in subsection (gg)—

(A) in the heading, by striking “PILOT PROGRAM” and inserting “COMMERCIALIZATION READINESS PROGRAM”;

(B) by striking “pilot” each place the term appears;

(C) by striking paragraph (7);

(D) by redesignating paragraph (8) as paragraph (7); and

(E) by amending paragraph (7), as so redesignated, to read as follows:

“(7) DEFINITION.—In this subsection, the term ‘covered Federal agency’—

“(A) means a Federal agency participating in the SBIR program or the STTR program; and

“(B) does not include the Department of Defense.”;

(3) in subsection (hh)—

(A) by striking “FUNDING.—” and all that follows through “Federal agencies partici-

1 pating” and inserting “FUNDING.—Federal
2 agencies participating”; and

3 (B) by striking paragraph (2);

4 (4) in subsection (ii)(2)(B)—

5 (A) in clause (ii), by adding “and” at the
6 end;

7 (B) in clause (iii), by striking “; and” and
8 inserting a period; and

9 (C) by striking clause (iv);

10 (5) in subsection (qq)(3), by striking subpara-
11 graph (I);

12 (6) in subsection (vv)(3), by striking subpara-
13 graph (C);

14 (7) by redesignating subsection (yy) as sub-
15 section (xx);

16 (8) in subsection (xx), as so redesignated—

17 (A) in the subsection heading, by striking
18 “PILOT”;

19 (B) by striking “STTR PROGRAM.—” and
20 all that follows through “Not later than” and
21 inserting “STTR PROGRAM.—Not later than”;

22 (C) by striking paragraph (2); and

23 (D) by striking “pilot”;

24 (9) by redesignating subsection (zz) as sub-
25 section (yy); and

1 (10) in subsection (yy), as so redesignated—

2 (A) in the subsection heading, by striking
3 “PILOT”;

4 (B) in paragraph (1)—

5 (i) in the paragraph heading, by strik-
6 ing “PILOT” and inserting “PROGRAM”;

7 (ii) in subparagraph (B), by striking
8 “3.25” and inserting “3.50”; and

9 (iii) in subparagraph (C), by striking
10 “0.46” and inserting “0.21”;

11 (C) by striking paragraph (3); and

12 (D) by striking “pilot” each place the term
13 appears.

14 **SEC. 505. EXTENDING SBIR AND STTR AUTHORIZATION.**

15 Section 9 of the Small Business Act (15 U.S.C. 638),
16 as amended by this Act, is amended—

17 (1) in subsection (m), by striking “2025” and
18 inserting “2028”; and

19 (2) in subsection (n)(1)(A), by striking “2025”
20 and inserting “2028”.

○