To amend the small business laws to create certain requirements with respect to the SBIR and STTR program, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

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

A BILL

To amend the small business laws to create certain requirements with respect to the SBIR and STTR program, and for other purposes.

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

3 SECTION 1. SHORT TITLE.

4 This Act may be cited as the “Encouraging Small
5 Business Innovation Act”.

(Original Signature of Member)
SEC. 2. INCLUSION OF TESTING AND EVALUATION IN THE DEFINITION OF RESEARCH AND DEVELOPMENT.

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

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

(2) by striking “means any activity which is” and inserting the following: “means—

“(A) any activity which is—”; and

(3) in clause (iii), as so redesignated, by adding “and” after the semicolon at the end; and

(4) by adding at the end the following new sub-paragraph:

“(B) any testing or evaluation in connection with such an activity;”.

SEC. 3. INCLUSION OF SMALL BUSINESS INVESTMENT COMPANIES IN SBIR AND STTR.

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

(1) by striking “or private equity firm investment” each place such term appears and inserting “private equity firm, or SBIC investment”; 

(2) by striking “or private equity firms” and inserting “private equity firms, or SBICs”;
(3) in subsection (e)—

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

(B) in paragraph (13)(B), by striking the period at the end and inserting “; and”; and

(C) by adding at the end the following new paragraph:

“(14) the term ‘SBIC’ means a small business investment company as defined in section 103 of the Small Business Investment Act of 1958.”; and

(4) in the heading for subsection (dd), by striking “OR PRIVATE EQUITY FIRMS” and inserting “PRIVATE EQUITY FIRMS, OR SBICS”.

SEC. 4. CALCULATION OF LEVERAGE OF SMALL BUSINESS INVESTMENT COMPANIES THAT INVEST IN SBIR OR STTR PARTICIPANTS.

Section 303(b)(2) of the Small Business Investment Act of 1958 (15 U.S.C. 683(b)(2)) is amended by adding at the end the following new subparagraph:

“(E) INVESTMENTS IN SBIR AND STTR PARTICIPANTS.—

“(i) IN GENERAL.—Subject to clause (ii), in calculating the outstanding leverage of a company for purposes of subparagraph (A), the Administrator shall exclude
the amount of any investment made in a
SBIR or STTR participant, if such invest-
ment is made in the first fiscal year after
the date of enactment of this subparagraph
or any fiscal year thereafter by a company
licensed during the applicable fiscal year.

“(ii) LIMITATIONS.—

“(I) AMOUNT OF EXCLUSION.—
The amount excluded under clause (i)
for a company shall not exceed 33
percent of the private capital of that
company.

“(II) MAXIMUM INVESTMENT.—
A company shall not make an invest-
ment in any one SBIR or STTR par-
ticipant in an amount equal to more
than 20 percent of the private capital
of that company.

“(III) OTHER TERMS.—The ex-
clusion of amounts under clause (i)
shall be subject to such terms as the
Administrator may impose to ensure
that there is no cost (as that term is
defined in section 502 of the Federal
Credit Reform Act of 1990 (2 U.S.C.
661a)) with respect to purchasing or guaranteeing any debenture involved.

“(iii) Definitions.—In this subparagraph, the term ‘SBIR or STTR participant’ means a small business concern that receives contracts or grants pursuant to section 9 of the Small Business Act.”.

SEC. 5. ENCOURAGING PARTICIPATION IN THE MENTOR-PROTEGE PROGRAM.

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

“(tt) Encouraging Participation in the Mentor-Protege Program.—The Administrator shall provide an increase to the past performance rating of any small business concern that has participated in the SBIR or STTR program that serves as a mentor under section 45 to a small business concern that seeks to participate in the SBIR or STTR program.”.

SEC. 6. ANNUAL MEETING FOR FEDERAL AGENCIES WITH A SBIR OR STTR PROGRAM.

(a) In General.—Section 9 of the Small Business Act (15 U.S.C. 638), as amended by section 3, is further amended by adding at the end the following new subsection:

“(uu) Annual Meeting.—
“(1) IN GENERAL.—The head of each Federal agency required to have a program under this section (or a designee) and the Administrator (or a designee) shall meet annually to discuss methods—

“(A) to improve the collection of data under this section;

“(B) to improve the reporting of data to the Administrator under this section;

“(C) to make the application processes for programs under this section more efficient; and

“(D) to increase participation in the programs under this section.

“(2) REPORTING.—Not later than 60 days after the date on which an annual meeting required under paragraph (1) is held, the Administrator shall submit to the Committee on Small Business and Entrepreneurship of the Senate, and the Committee on Small Business and the Committee on Science, Space, and Technology of the House of Representatives, a report on the findings of such meeting and recommendations on how to implement changes to programs under this section.”.

(b) FUNDING FOR ANNUAL MEETING.—Section 9(mm)(1) of the Small Business Act (15 U.S.C. 638(mm)(1)) is amended—
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(1) in subparagraph (I), by striking the “and” at the end;

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

(3) by adding at the end the following new sub-
paragraph:

“(K) the annual meeting required under subsection (uu).”.

SEC. 7. INCREASING PARTICIPATION OF UNDERSERVED POPULATIONS IN THE SBIR AND STTR PROGRAMS.

(a) 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 program under this subsection shall 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.”.

(b) CONFORMING AMENDMENT.—Section 9(mm)(6) of the Small Business Act (15 U.S.C. 638(mm)(6)) is amended by striking “paragraph (2)(A) and any use of
the waiver authority under paragraph (2)(B)” and inserting “paragraph (2)”.