



Legislative Bulletin.....April 23, 2008

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H.R. 5819—SBIR/STTR Reauthorization Act

H.R. 5819, the SBIR/STTR Reauthorization Act (sponsored by Rep. Velazquez, D-NY), is scheduled to be considered on the House floor on Wednesday, April 23, 2008, subject to a structured rule ([H.Res. 1125](#)), making in order the following 17 amendments, each debatable for 10 minutes.

The rule waives all points of order against consideration of the bill, except those regarding PAYGO and earmarks, waives all points of order against the bill itself—except the PAYGO rule—and allows the Chair to postpone consideration of the legislation at any time during its consideration. The rule allows one motion to recommit with or without instructions.

Note: The summaries below are based on RSC staff review of *actual amendment text* and thus differ from what's on the Rules Committee website. For a summary of the underlying bill, see a separate RSC document released today.

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AMENDMENTS MADE IN ORDER UNDER THE RULE

- 1. Boswell (D-IA)/Sutton(D/OH).** The amendment requires agencies, when determining SBIR and STTR award distribution, to give preferences to applications from companies in areas that have lost a major source of jobs. The amendment requires the SBA Administrator to promulgate regulations to carry out this requirement within 90 days.
- 2. Ehlers (R-MI).** The amendment strikes section 102 from the bill, thus leaving the current set-aside levels for SBIR and STTR funding unchanged. Currently, participating agencies are required to set-aside 2.5% of research funds for the SBIR program and 0.3% for the STTR program. Section 102 would increase the percentages to 3% and 0.6% respectively. According to a Statement of Administrative Policy, section 102 would require participating agencies to dedicate an addition \$650 million to the two programs.
- 3. Sestak (D-PA).** The amendment requires participating federal agencies to notify SBIR and STTR applicants that did not receive awards and provide an explanation as to why their request was not approved.
- 4. Matheson (D-UT).** The amendment requires agencies, when determining SBIR, STTR, and FAST award distribution, to give preferences to applications from organizations that are “making significant

contributions towards energy efficiency, including organizations that are making efforts to reduce their carbon footprint”.

5. Giffords (D-AZ). The amendment stipulates that SBIR awardees must have their primary business operations in the U.S. or a U.S. territory.

6. Graves (R-MO). The amendment strikes title II of the bill (regarding venture capital companies and places it with a new title. The new title specifies that if a venture capital operating company (VCOC) controlled by a large business has any interest in a small business that is primarily owned by multiple VCOCs that small business may only receive a SBIR or STTR award if:

- There are no more than two VCOC owned by large businesses with interest in the small business.
- The VCOCs owned by large businesses do not collectively own more than 20% of the small business.
- VCOCs owned by large businesses do not collaborate with each other to exercise control over the small business.

The amendment also defines a VCOC as a company described as such by the Secretary of Labor, is registered under the Investment Company Act of 1940 (or a company that would be registered under the Investment Company Act of 1940 if it had over 100 employees), and is located within the U.S.

7. Matsui (D-CA). The amendment requires each agency to establish initiatives to encourage participation between small businesses that win SBIR awards and “business incubators.” The amendment defines business incubators as entities that supply specialized services (such as shared office space, access to equipment, flexible leases, access to financing and training services) to entrepreneurial businesses during their start-phase.

8. Sutton (D-OH). The amendment requires agencies, when determining SBIR and STTR award distribution, to give preferences to applications from veterans.

9. Sutton (D-OH). The amendment requires agencies that award SBIR and STTR funds to make transportation research, development, and technology a priority.

10. Barrow (D-GA). The amendment would create a pilot program to make grants to minority institutions that partner with nonprofit organizations in an effort to increase the number of SBIR and STRR applications by minority-owned small business. Funds for the program would be taken from funds authorized for “commercialization programs.”

11. Capito (R-WV). The amendment would add “service-disabled veterans’ to the list of groups that SBIR Advisory Boards are required to target for inclusion in the SBIR and STTR programs.

12. Carney (D-PA). The amendment would require the SBA Administrator to include criteria designed to give preference to applicants who include a Small Business Development Center program that is accredited for its technology services when awarding Federal and State Technology Partnership Program (FAST) awards.

13. Gillibrand (D-NY). The amendment would require that at least one veteran who owns a small business is seated on the advisory board that oversees SBIR grants.

14. Walz (D-MN). The amendment would require the SBA Administrator, in consultation with the Secretary of Veterans Affairs, to develop an initiative to publicize SBIR programs to veterans returning from service.

15. Foster (D-IL)/Ellsworth (D-IN)/Altmire (D-PA). The amendment prohibits SBIR or STTR awards from going to a small business concern if an unlawful alien has an ownership interest in that concern or in a concern that has interest in the small business. The amendment also prohibits SBIR and STTR awards from going to businesses that have repeatedly hired, recruited, or referred unlawful aliens.

16. Welch (D-VT). The amendment strikes language from the bill that allows business concerns to receive Phase II and Phase III SBIR awards without first participating in and completing Phase I.

17. Welch (D-VT). The amendment would prohibit federal agencies from spending more than half of their SBIR budgets on Phase I awards that exceed \$200,000 or Phase II awards that exceed \$1.5 million. H.R. 5819 would increase Phase I awards from \$100,000 to \$750,000 and Phase II awards from \$300,000 to \$2.2 million.

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