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2
3 To amend the Small Business Act to reauthorize and modify the Small Business Innovation
4 Research and Small Business Technology Transfer Research programs, and for other purposes.
5

6 Mr. Markey introduced the following bill; which was read twice and referred to the Committee
7 on _____
8

9 Be it enacted by the Senate and House of Representatives of the United States of America in
10 Congress assembled,

11 SECTION 1. SHORT TITLE.

12 This Act may be cited as the “SBIR/STTR Reauthorization Act of 2025”.

13 SEC. 2. TABLE OF CONTENTS.

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

15 Sec.1.Short title.

16 Sec.2.Table of contents.

17 TITLE I—REAUTHORIZATION OF PROGRAMS

18 Sec.101.Extension of SBIR and STTR authority.

19 Sec.102.Extension of FAST Program.

20 TITLE II—ENHANCING COMPETITION

21 Sec.201.Increasing agency expenditures for SBIR and STTR programs.

22 Sec.202.SBIR and STTR fellowships.

23 Sec.203.Phase II strategic breakthrough funding.

24 Sec.204.Implementation briefings.

25 TITLE III—INCREASING RURAL PARTICIPATION IN 26 THE SBIR AND STTR PROGRAMS

27 Sec.301.Extending outreach to individuals in rural areas.

28 Sec.302.Agency outreach to rural communities.

29 TITLE IV—COMMERCIALIZATION IMPROVEMENTS

30 Sec.401.Phase III award education.

31 Sec.402.Report on certain denials of Phase III.

32 Sec.403.Technology Commercialization Official.

33 Sec.404.Phase III improvements.

1 Sec.405.Performance metrics.

2 **TITLE V—PILOT PROGRAMS**

3 Sec.501.Extend and modify assistance for administrative, oversight, and contract processing
4 costs.

5 Sec.502.Extend and expand the direct to Phase II authority.

6 Sec.503.Extend commercialization readiness program for civilian agencies.

7 Sec.504.Extension of certain SBIR and STTR pilot programs.

8 **TITLE VI—OVERSIGHT AND SIMPLIFICATION 9 INITIATIVES**

10 Sec.601.Technical and business assistance improvements.

11 Sec.602.Improvements to website relating to the SBIR program and STTR program.

12 Sec.603.Improving SBIR and STTR data collection.

13 Sec.604.Indirect expenses.

14 Sec.605.Annual reports to Congress.

15 Sec.606.Comptroller general report on outreach.

16 Sec.607.Extend the report on award timeliness.

17 Sec.608.Pilot program to accelerate National Institutes of Health evaluation process.

18 Sec.609.Commercialization impact assessment.

19 Sec.610.Politicization prohibition.

20 **TITLE VII—COMBATTING FOREIGN INFLUENCE**

21 Sec.701.Due diligence program to assess security risks.

22 **TITLE VIII—TECHNICAL CHANGES**

23 Sec.801.Connecting SBIR and STTR awardees and small business investment companies.

24 Sec.802.Inclusion of SBICs in the SBIR and STTR programs.

25 Sec.803.Phase III and sole-source awards.

26 Sec.804.Amendments relating to open topics.

27 **TITLE IX—MISCELLANEOUS**

28 Sec.901.Technical amendments.

29 Sec.902.Severability.

30 **TITLE I—REAUTHORIZATION OF PROGRAMS**

1 SEC. 101. EXTENSION OF SBIR AND STTR AUTHORITY.

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

4 (b) STTR.—Section 9(n)(1)(A) of the Small Business Act (15 U.S.C. 638(n)(1)(A)) is
5 amended by striking “through fiscal year 2025”.

6 SEC. 102. EXTENSION OF FAST PROGRAM.

7 Section 34(i) of the Small Business Act (15 U.S.C. 657d(i)) is amended by striking
8 “September 30, 2005” and inserting “September 30, 2045”.

9 TITLE II—ENHANCING COMPETITION

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

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

13 (1) in subsection (f)(1)—

14 (A) in the matter preceding subparagraph (A), by inserting “(other than the National
15 Science Foundation and the National Institutes of Health)” after “Federal agency”;

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

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

19 (D) by inserting after subparagraph (I) the following:

20 “(J) not less than 4 percent in of such budget in fiscal years 2026 and 2027;

21 “(K) not less than 5 percent of such budget in fiscal years 2028 and 2029;

22 “(L) not less than 6 percent of such budget in fiscal years 2030 and 2031; and

23 “(M) not less than 7 percent of such budget in fiscal year 2032 and each fiscal year
24 thereafter;”; and

25 (2) in subsection (n)(1)—

26 (A) in the matter preceding subparagraph (A), by inserting “(other than the National
27 Science Foundation and the National Institutes of Health)” after “Federal agency”;

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

29 (C) in subparagraph (B)—

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

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

33 (iii) by adding at the end the following:

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

1 “(vii) 0.65 percent for fiscal year 2028 and 2029;
2 “(viii) 0.8 percent for fiscal year 2030 and 2031; and
3 “(ix) 1 percent for fiscal year 2032 and each fiscal year thereafter.”.

4 SEC. 202. SBIR AND STTR FELLOWSHIPS.

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

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

7 “(5) FELLOWSHIPS.—

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

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

19 “(C) SUPPORT ORGANIZATION.—Each Federal agency that makes an award or enters
20 into a partnership under subparagraph (A) may partner with or provide grants or
21 awards to a third-party organization to support and facilitate the enhanced outreach
22 under subparagraph (B), provided that the third-party organization is a nonprofit
23 organization with relevant experience and demonstrated expertise in delivery of
24 services described in subparagraph (B).

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

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

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

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

33 “(4) FELLOWSHIPS.—

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

39 “(B) ENHANCED OUTREACH.—Each Federal agency that makes an award or enters

1 into a partnership under subparagraph (A) shall provide for enhanced outreach to
2 increase the participation of women, socially disadvantaged individuals (as described
3 in section 8(a)(5)), and economically disadvantaged individuals (as described in
4 section 8(a)(6)(A)) in the fellowship and internship opportunities described in
5 subparagraph (A).

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

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

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

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

19 SEC. 203. PHASE II STRATEGIC BREAKTHROUGH 20 FUNDING.

21 (a) In General.—Section 9(aa) of the Small Business Act (15 U.S.C. 638(aa)) is amended by
22 adding at the end the following:

23 “(6) STRATEGIC BREAKTHROUGH ALLOCATION.—

24 “(A) DEFINITION.—In this paragraph, the term ‘strategic breakthrough allocation’
25 means, with respect to a participating agency with a required expenditure under
26 subsection (f)(1) in excess of \$100,000,000, a required expenditure amount from the
27 SBIR allocation under subsection (f)(1) of such agency of not more than 0.25 percent
28 of the extramural budget for research or research and development designated for such
29 agency for fiscal year 2026 and every fiscal year thereafter.

30 “(B) AWARD.—Under this paragraph, a funding agreement may be awarded to a
31 small business concern by each participating agency using funds made available under
32 a strategic breakthrough allocation.

33 “(C) FUND PARAMETERS.—

34 “(i) REQUIREMENTS.—In the case of a Phase II agreement that is awarded to a
35 small business concern by a participating agency using funds made available
36 under a strategic breakthrough allocation, the following requirements shall apply:

37 “(I) AWARD SIZE AND PERIOD OF PERFORMANCE.—A participating agency
38 may award from a strategic breakthrough allocation not more than
39 \$30,000,000 in aggregate to a small business concern, including its affiliates,
40 based on reaching production or development milestones, if the total period

1 of performance of the project with respect to which such funds are awarded
2 is not more than 48 months.

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

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

7 “(bb) demonstrate not less than 100 percent matching funds from
8 funding other than SBIR or STTR funding, including a requirement that
9 not less than 20 percent of those matching funds come from
10 Government sources;

11 “(cc) demonstrate that the proposal is an effective solution, as
12 determined by market research; and

13 “(dd) only be eligible for an award from the strategic breakthrough
14 allocation if the product, process, or technology of the small business
15 concern—

16 “(AA) meets a necessary level of readiness and has a government
17 or private pathway to acquisition or commercialization; and

18 “(BB) will meet high priority requirements or operational needs of
19 such participating agency through a successful transition and into the
20 acquisition process.

21 “(III) DEADLINE.—Each participating agency shall complete any contract
22 awards using strategic breakthrough allocation funds not later than 90 days
23 after receiving a proposal from a small business concern for the award.

24 “(IV) ELIGIBLE ACTIVITIES.—Eligible activities by a small business
25 concern using strategic breakthrough allocation funds are any critical
26 technology areas or requirements deemed necessary by the participating
27 agency.

28 “(V) SELECTION CRITERIA.—In making awards using funds made available
29 under a strategic breakthrough allocation, a participating agency shall
30 consider—

31 “(aa) the potential of the small business concern to provide new
32 technologies or processes, or new applications of existing technologies,
33 that will enable new alternatives to existing programs;

34 “(bb) whether a customer in the participating agency has expressed
35 an intent to purchase and integrate technology from the small business
36 concern into its operations; and

37 “(cc) whether a particular technology area is undercapitalized by
38 private investment.

39 “(ii) NO WAIVER REQUIRED.—Participating agencies with a budget for SBIR
40 greater than \$100,000,000 shall not be required to receive a waiver from the

1 Administrator to award a small business concern not more than \$30,000,000 when
2 using funds made available under a strategic breakthrough allocation.

3 “(D) ACQUISITION MECHANISM.—A participating agency shall establish a
4 mechanism to provide small business concerns with direct access to program and
5 requirements offices throughout the participating agency that may purchase technology
6 from small business concerns under Phase III of the SBIR program.

7 “(E) USE OF STREAMLINED CONTRACTING MECHANISMS.—Each participating agency
8 shall implement streamlined processes and requirements for submitting proposals and
9 applying for awards using funds made available under a strategic breakthrough
10 allocation.”.

11 (b) Commercialization Readiness Program.—Section 9(y) of the Small Business Act (15
12 U.S.C. 638(y)) is amended—

13 (1) in paragraph (2)—

14 (A) by striking “shall identify” and inserting the following: “shall—

15 “(A) identify”;

16 (B) in subparagraph (A), as so designated—

17 (i) by inserting “, including small business concerns with an award from the
18 strategic breakthrough allocation,” before “that have the potential”; and

19 (ii) by striking the period at the end and inserting a semicolon; and

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

21 “(B) ensure, in collaboration with SBIR program managers of each component, that
22 research programs identified under subparagraph (A) are analyzed within the
23 programming and budgeting process as budget requests are developed; and

24 “(C) provide to the Committee on Small Business and Entrepreneurship of the
25 Senate and the Committees on Small Business and Science, Space, and Technology of
26 the House of Representatives information on the integration of SBIR and STTR
27 awardees in budget rollouts for research, development, testing, and evaluation
28 activities.”;

29 (2) by striking paragraph (3) and redesignating paragraphs (4), (5), and (6) as paragraphs
30 (3), (4), and (5), respectively; and

31 (3) in paragraph (5), as so redesignated—

32 (A) in the subparagraph heading, by striking “AND STTR”;

33 (B) in subparagraph (A)—

34 (i) by inserting “substantively” before “increase”;

35 (ii) by striking “and the number of Phase II STTR contracts”; and

36 (iii) by inserting “in fiscal year 2030 as compared to fiscal year 2025” before
37 the semicolon at the end;

38 (C) in subparagraph (B), by striking “and” at the end;

(D) by redesignating subparagraph (C) as subparagraph (E); and

(E) by inserting after subparagraph (B) the following:

“(C) establish a mechanism to provide small business concerns with direct access to program and requirements offices that may purchase technology from the small business concern under Phase III of the SBIR program;

“(D) allow services to provide operational needs statements directly to chiefs of requirements offices; and”.

8 (c) Sunset.—Effective on September 30, 2029, this section and the amendments made by this
9 section shall cease to have effect and the provisions of law amended by this section shall be
10 restored as if such amendments had not been enacted.

SEC. 204. IMPLEMENTATION BRIEFINGS.

12 Not later than 60 days after the date of enactment of this Act, and on a recurrent basis until the
13 implementation of section 9(aa)(6) of the Small Business Act (15 U.S.C. 638), as added by
14 section 203, is complete, the head of each agency participating in the SBIR or STTR programs
15 that made an award from funds made available under a strategic breakthrough allocation, as
16 defined in section 9(aa)(6) of the Small Business Act, as added by section 203, shall brief the
17 Committee on Small Business and Entrepreneurship of the Senate and the Committees on Small
18 Business and on Science, Space, and Technology of the House of Representatives on such
19 implementation.

TITLE III—INCREASING RURAL PARTICIPATION IN THE SBIR AND STTR PROGRAMS

22 SEC. 301. EXTENDING OUTREACH TO INDIVIDUALS IN
23 RURAL AREAS.

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

(1) in subsection (b)(7)(C), by inserting "or owned by individuals who reside in rural areas" after "individuals"; and

(2) in subsection (e)—

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

(B) in paragraph (19), by striking the period at the end and inserting a semicolon; and

(C) by adding at the end the following:

32 “(20) the term ‘rural area’ means a county or other political subdivision of a State, the
33 District of Columbia, or a territory or possession of the United States that the Bureau of the
34 Census has defined as mostly rural or completely rural in the most recent decennial
35 census;”.

36 SEC. 302. AGENCY OUTREACH TO RURAL

1 COMMUNITIES.

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

3 (1) in subsection (e), as amended by section 301, by adding at the end the following:

4 “(21) the term ‘resource partner of the Administration’ means—

5 “(A) a small business development center;

6 “(B) a women’s business center described in section 29;

7 “(C) a Veteran Outreach Business Center described in section 32; and

8 “(D) a chapter of the Service Corps of Retired Executives described in section
9 8(b)(1)(B);”;

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

11 “(5) MODIFICATION RELATING TO RURAL OUTREACH.—Not later than 90 days after the
12 date of enactment of this paragraph, the Administrator shall modify the policy directives
13 issued pursuant to this subsection to require each Federal agency participating in the SBIR
14 program to enhance the outreach efforts of such Federal agency to rural areas to increase the
15 participation of small business concerns located in rural areas in the SBIR program,
16 including by ensuring that such Federal agency—

17 “(A) conducts outreach efforts with respect to the SBIR program in rural areas; and

18 “(B) when such Federal agency conducts such outreach in an area served by a
19 resource partner of the Administration, coordinates with such resource partner.

20 “(6) MODIFICATION RELATING TO RURAL OUTREACH.—Not later than 90 days after the
21 date of enactment of this paragraph, the Administrator shall modify the policy directives
22 issued pursuant to this subsection to require the Administration to place a special emphasis
23 on small business concerns in rural areas when conducting outreach related to the SBIR
24 program, including by ensuring that the Administration includes outreach efforts in rural
25 areas carried out by the Administration with respect to the SBIR program.”; and

26 (3) in subsection (p), by adding at the end the following:

27 “(4) MODIFICATION RELATING TO RURAL OUTREACH.—Not later than 90 days after the
28 date of the enactment of this paragraph, the Administrator shall modify the policy directive
29 issued pursuant to this subsection to require each Federal agency participating in the STTR
30 program to enhance the outreach efforts of such Federal agency to rural areas to increase the
31 participation of small business concerns located in rural areas in the STTR program,
32 including by ensuring that such Federal agency—

33 “(A) conducts outreach efforts with respect to the STTR program in rural areas; and

34 “(B) when such Federal agency conducts such outreach in an area served by a
35 resource partner of the Administration, coordinates with such resource partner.

36 “(5) MODIFICATION RELATING TO RURAL OUTREACH.—Not later than 90 days after the
37 date of the enactment of this paragraph, the Administrator shall modify the policy directive
38 issued pursuant to this subsection to require the Administration to place a special emphasis
39 on small business concerns in rural areas when conducting outreach related to the STTR

1 program, including by ensuring that the Administration includes outreach efforts in rural
2 areas carried out by the Administration with respect to the STTR program.”.

3 (b) Modification of Current Directives.—Section 9(j)(2)(F) of the Small Business Act (15
4 U.S.C. 638(j)(2)(F)) is amended to read as follows:

5 “(F) enhanced outreach efforts to increase the participation of small business
6 concerns that have never participated in Federal research and development to develop
7 innovative technologies;”.

8 TITLE IV—COMMERCIALIZATION IMPROVEMENTS

9 SEC. 401. PHASE III AWARD EDUCATION.

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

12 “(5) WORKFORCE TRAINING.—

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

19 “(B) TRAINING TOPICS.—The training activities required under subparagraph (A)
20 shall include training on—

- 21 “(i) the missions, goals, and authorities of the SBIR and STTR programs;
- 22 “(ii) the use of Phase III agreement;
- 23 “(iii) Phase III data rights; and
- 24 “(iv) the execution of Phase III sole source award contracts.

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

26 “(i) AGENCY ACQUISITION WORKFORCE.—The term ‘agency acquisition
27 workforce’ means the employees of a Federal agency that have procurement or
28 acquisition responsibilities, including—

29 “(I) employees described in section 1703 of title 41, United States Code;
30 and

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

33 “(ii) PHASE III ACQUISITION.—The term ‘Phase III acquisition’ means an
34 acquisition of a good or service from a participant in Phase III that such
35 participant has commercialized or is seeking to commercialize as such a
36 participant.”.

37 SEC. 402. REPORT ON CERTAIN DENIALS OF PHASE III.

1 Section 9(r) of the Small Business Act (15 U.S.C. 638(r)), as amended by section 401, is
2 further amended by adding at the end the following:

3 “(6) REPORTING.—Not later than 30 days after the date on which the Department of
4 Defense denies a small business concern Phase III agreement, the Secretary of Defense shall
5 report that denial to the Administrator, the Committee on Small Business and
6 Entrepreneurship of the Senate, the Committee on Small Business of the House of
7 Representatives, and the Committee on Science, Space, and Technology of the House of
8 Representatives.”.

9 **SEC. 403. TECHNOLOGY COMMERCIALIZATION
10 OFFICIAL.**

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

13 “(aaa) Technology Commercialization Official.—The head of each Federal agency required to
14 establish an SBIR or STTR program shall—

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

17 “(A) have sufficient experience with commercialization;

18 “(B) provide guidance to SBIR and STTR program awardees in commercializing
19 and transitioning technologies;

20 “(C) coordinate with the Administrator and the Technology Commercialization
21 Officials of other Federal agencies to identify additional markets and
22 commercialization pathways for promising SBIR and STTR program technologies;

23 “(D) submit to the Administrator an annual report on the number of technologies
24 from that SBIR or STTR program that have advanced commercialization activities,
25 including information required in the commercialization impact assessment report
26 under subsection (ccc);

27 “(E) identify and advocate for SBIR and STTR technologies with sufficient
28 technology and commercialization readiness to advance to Phase III awards or other
29 non-SBIR or STTR program contracts;

30 “(F) submit to the Administrator an annual report on—

31 “(i) the actions taken by that Federal agency to simplify, standardize, and
32 expedite the application process and requirements, procedures, and contracts as
33 required under subsection (hh); and

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

35 “(G) carry out such other duties as the head of that Federal agency determines
36 necessary; or

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

1 SEC. 404. PHASE III IMPROVEMENTS.

2 (a) Procurement Center Representative Directives.—

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

8 (2) MODIFICATION DEADLINE.—Not later than 1 year after the date of enactment of this
9 Act, the Administrator of the Small Business Administration shall modify the policy
10 directives issued pursuant to subsection (j) of section 9 of the Small Business Act (15
11 U.S.C. 638(j)) in accordance with paragraph (4) of that subsection, as amended by
12 paragraph (1).

13 (b) Phase III Award Simplification.—Section 9(r)(4) of the Small Business Act (15 U.S.C.
14 638(r)(4)) is amended—

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

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

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

18 “(C) report to the Administrator on the actions taken by the Federal agency or
19 Federal prime contractor to develop simplified and standardized procedures and model
20 contracts for Phase I, Phase II, and Phase III SBIR awards; and

21 “(D) issue standardized solicitation provisions and contract clauses that provide
22 clear guidance on the information that small business concerns participating in SBIR or
23 STTR programs can be expected to provide as part of market research or as part of a
24 proposal by those small business concerns to establish eligibility for Phase III
25 awards.”.

26 SEC. 405. PERFORMANCE METRICS.

27 (a) Definitions.—In this section:

28 (1) REVIEW PERIOD.—The term “review period” means, with respect to a covered small
29 business concern, the period consisting of the 3 consecutive full fiscal years preceding the
30 fourth fiscal year after the date of enactment of this Act.

31 (2) COVERED SMALL BUSINESS CONCERN.—The term “covered small business concern”
32 means a small business concern, as defined in section 3 of the Small Business Act (15
33 U.S.C. 632), that has received more than 50 awards under Phase I in the aggregate over the
34 review period across all Federal agencies.

35 (3) FEDERAL AGENCY; PHASE I; PHASE II.—The terms “Federal agency”, “Phase I”, and
36 “Phase II” have the meanings given those terms in section 9(e) of the Small Business Act
37 (15 U.S.C. 638(e)).

38 (4) STRATEGIC BREAKTHROUGH ALLOCATION.—The term “strategic breakthrough
39 allocation” has the meaning given the term in paragraph (6) of section 9(aa) of the Small

1 Business Act (15 U.S.C. 638(aa)), as added by section 203 of this Act.

2 (b) Benchmark.—

3 (1) DETERMINATION.—

4 (A) IN GENERAL.—A covered small business concern shall certify to the
5 Administrator of the Small Business Administration that—

6 (i) a minimum of 25 percent of the annual revenue of the small business
7 concern, averaged over the review period, is derived from awards under Phase III
8 of the SBIR or STTR program or sources other than the SBIR or STTR program
9 using the calculation methodology described in subparagraph (B) (other than
10 awards made through funds made available under a strategic breakthrough
11 allocation); or

12 (ii) a minimum of 20 percent of the annual revenue of the small business
13 concern, averaged from the fiscal year of the first SBIR or STTR award received
14 by the small business concern to the most recently completed fiscal year, is
15 derived from awards under Phase III of the SBIR or STTR program or sources
16 other than the SBIR or STTR program using the calculation methodology
17 described in subparagraph (B) (other than awards made through funds made
18 available under a strategic breakthrough allocation).

19 (B) CALCULATION.—In carrying out subparagraph (A), the Administrator of the
20 Small Business Administration shall consider the following:

21 (i) DIRECT REVENUES.—Receipts, as defined under section 121.104 of title 13,
22 Code of Federal Regulations, or any successor regulation, excluding fees received
23 from a third party for technology licensing.

24 (ii) THIRD PARTY REVENUE.—The portion of cash revenues received by a third
25 party, allocated in proportion to the value brought to the third party's revenue by
26 the technology developed by the small business concern, as a result of the sale of
27 new products or services.

28 (iii) INVESTMENTS.—Funds invested by the small business concern or third
29 parties, other than funds derived from an award under Phase I or Phase II of the
30 SBIR or STTR program, that further the development or commercialization of
31 technology to include:

32 (I) manufacturing or production start-up activities;
33 (II) purchase of plant and equipment for manufacturing or production;
34 (III) protection of intellectual property;
35 (IV) obtaining certifications;
36 (V) marketing start-up and marketing; and
37 (VI) training of workforce to manufacture or sell new products.

38 (iv) SALES OF BUSINESSES.—Funds received in a single transaction from the
39 sale of a business, technology portfolio, or similar item, amortized over a 5 year
40 period from the time of the sale.

(v) AFFILIATE, JOINT, AND NEW VENTURES.—Revenue, based on receipts, as defined under section 121.104 of title 13, Code of Federal Regulations, or any successor regulation, counted as the revenue of the small business concern in proportion to the ownership percentage of the small business concern in the entity.

(2) PROHIBITION.—

(A) IN GENERAL.—Notwithstanding any other provision of law or regulation, if the Administrator of the Small Business Administration makes a determination under paragraph (1) with respect to a small business concern, in the fiscal year following the fiscal year in which the Administrator makes the determination, the number of applications that the covered small business concern may submit for Phase I awards shall be not more than the total number of Phase I applications submitted by the covered small business concern during the review period, divided by 3.5.

(B) WAIVER.—

(i) IN GENERAL.—A Federal agency may grant a waiver at the time of a solicitation announcement for an SBIR or STTR award with respect to a topic for the SBIR or STTR program of the Federal agency if the topic is critical to the mission of the Federal agency or relates to national security.

(ii) WAIVER EFFECTS.—If the Federal Agency grants a waiver with respect to a topic for the SBIR or STTR program of a Federal agency, subparagraph (A) shall not prohibit any covered small business concern from receiving an SBIR or STTR award under such topic.

TITLE V—PILOT PROGRAMS

SEC. 501. 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 206, 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, 2045”; and

(B) by striking "3 percent" and inserting "3.3 percent"; and

(4) by adding at the end the following:

“(B) TRANSFER OF FUNDS.—

1 “(i) IN GENERAL.—Not later than 60 days after the date of enactment of an Act
2 providing appropriations for the Department of Defense, the Department of
3 Energy, the Department of Health and Human Services, the National Aeronautics
4 and Space Administration, or the National Science Foundation, the head of each
5 such entity for which that Act provided appropriations shall transfer not less than
6 10 percent of the amount of the funds used for the purposes described in clauses
7 (i) through (xii) of subparagraph (A) to the Administrator to increase the
8 resources of the Administration for administering the SBIR and STTR programs.

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

12 (b) Increasing Participation of Underserved Populations in the SBIR and STTR Programs.—

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

15 “(2) OUTREACH AND TECHNICAL ASSISTANCE.—A Federal agency participating in the
16 program under this subsection may use a portion of the funds authorized for uses under
17 paragraph (1) to carry out the policy directive required under subsection (j)(2)(F) and to
18 increase the participation of States with respect to which a low level of SBIR awards have
19 historically been awarded.”.

20 (2) CONFORMING AMENDMENT.—Section 9(mm)(6) of the Small Business Act (15 U.S.C.
21 638(mm)(6)) is amended by striking “including” and all that follows and inserting the
22 following: “including—

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

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

27 SEC. 502. EXTEND AND EXPAND THE DIRECT TO 28 PHASE II AUTHORITY.

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

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

31 “(1) IN GENERAL.—During”;

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

33 (A) by striking “2012 through 2025” and inserting “2012 through 2045”; and

34 (B) by striking “the National Institutes of Health, the Department of Defense, and
35 the Department of Education may each” and inserting “each Federal agency required to
36 carry out an SBIR program may”; and

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

38 “(2) LIMITATION.—The total value of awards provided by a Federal agency under this
39 subsection in a fiscal year shall be not more than 30 percent of the total funds allocated to

1 the SBIR program of the Federal agency during that fiscal year.

2 “(3) REPORT.—Each head of a Federal agency that exercises the authority under this
3 subsection shall include in the next report submitted by that Federal agency under
4 subsection (g)(9) following that exercise of authority the number and amount of awards
5 provided under this subsection by that Federal agency during the period covered by that
6 report.”.

7 **SEC. 503. EXTEND COMMERCIALIZATION READINESS**
8 **PROGRAM FOR CIVILIAN AGENCIES.**

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

10 (1) in the subsection heading, by striking “Pilot” and inserting “Civilian Agencies
11 Commercialization Readiness”;

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

14 (3) in paragraph (7), by striking “fiscal year 2025” and inserting “fiscal year 2045”.

15 **SEC. 504. EXTENSION OF CERTAIN SBIR AND STTR**
16 **PILOT PROGRAMS.**

17 Section 9(uu)(3) of the Small Business Act (15 U.S.C. 638(uu)(3)) is amended by striking
18 “September 30, 2025” and inserting “September 30, 2045”.

19 **TITLE VI—OVERSIGHT AND SIMPLIFICATION**
20 **INITIATIVES**

21 **SEC. 601. TECHNICAL AND BUSINESS ASSISTANCE**
22 **IMPROVEMENTS.**

23 Section 9 of the Small Business Act (15 U.S.C. 638(q)), as amended by section 403, is
24 amended—

25 (1) in subsection (q)—

26 (A) in paragraph (1)—

27 (i) in the matter preceding subparagraph (A)—

28 (I) by striking “may enter into an agreement with 1 or more vendors
29 selected under paragraph (2)(A) to provide small business concerns engaged
30 in SBIR or STTR projects with technical and business assistance services”
31 and inserting “shall authorize recipients of awards under the SBIR program
32 or the STTR program to select, if desired, technical and business assistance
33 provided under subparagraph (A), (B), or (C) of paragraph (2) with respect to
34 SBIR or STTR projects”;

35 (II) by inserting “cybersecurity assistance,” after “intellectual property
36 protections,”; and

1 (III) by striking “such concerns” and inserting “such recipients”;

2 (ii) in subparagraph (C), by striking “and” at the end;

3 (iii) in subparagraph (D), by striking the period at the end and inserting “; and”;
4 and

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

6 “(E) screening for potential foreign involvement in technology development or
7 commercialization activities.”; and

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

9 “(C) STAFF.—A small business concern may, by contract or otherwise, use funding
10 provided under this section to hire new staff, augment staff, or direct staff to conduct
11 or participate in training activities consistent with the goals listed in paragraph (1).”;

12 (C) in paragraph (3)—

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

14 “(A) PHASE I.—A Federal agency described in paragraph (1) shall authorize a
15 recipient of a Phase I SBIR or STTR award to use not more than \$6,500 per project,
16 included as part of the award of the recipient or in addition to the amount of the award
17 of the recipient as determined appropriate by the head of the Federal agency, for the
18 services described in paragraph (1)—

19 “(i) provided through a vendor selected under paragraph (2)(A);

20 “(ii) provided through a vendor other than a vendor selected under paragraph
21 (2)(A);

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

23 “(iv) provided through any combination of clauses (i) and (ii).

24 “(B) PHASE II.—A Federal agency described in paragraph (1) shall authorize a
25 recipient of a Phase II SBIR or STTR award to utilize not more than \$50,000 per
26 project, included as part of the award of the recipient or in addition to the amount of
27 the award of the recipient as determined appropriate by the head of the Federal agency,
28 for the services described in paragraph (1)—

29 “(i) provided through a vendor selected under paragraph (2)(A);

30 “(ii) provided through a vendor other than a vendor selected under paragraph
31 (2)(A);

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

33 “(iv) provided through any combination of clauses (i), (ii), and (iii).”; and

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

35 “(5) TARGETED REVIEW.—A Federal agency may perform targeted reviews of technical
36 and business assistance funding as described in subsection (mm)(1)(F).”; and

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

1 “(bbb) I–corps Participation.—

2 “(1) IN GENERAL.—Each Federal agency that is, as of January 1, 2025, required to
3 conduct an SBIR or STTR program with an Innovation Corps program (established under
4 section 601 of the American Innovation and Competitiveness Act (42 U.S.C. 1862s–8) and
5 commonly known as ‘I–Corps’) shall—

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

9 “(B) authorize the recipients described in subparagraph (A) to use amounts
10 authorized under this subsection to participate in the I–Corps teams course, I–Corps
11 bootcamp, or another equivalent training program.

12 “(2) COST OF PARTICIPATION.—The cost of participation by a recipient described in
13 paragraph (1)(A) in an I–Corps course, I–Corps bootcamp, or another equivalent training
14 program may be provided by—

15 “(A) an I–Corps team grant;

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

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

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

19 SEC. 602. IMPROVEMENTS TO WEBSITE RELATING TO 20 THE SBIR PROGRAM AND STTR PROGRAM.

21 (a) SBIR Program.—Section 9(g)(8) of the Small Business Act (15 U.S.C. 638(g)(8)) is
22 amended—

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

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

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

26 “(D) for each research institution subcontracted by a recipient of a Phase I, Phase II,
27 or Phase III SBIR award to perform research or research and development with respect
28 to the award—

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

30 “(ii) whether the research institution is—

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

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

37 “(III) a federally funded research and development center (as identified by

1 the National Science Foundation in accordance with the Federal Acquisition
2 Regulation); and

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

6 “(I) a part B institution (as defined in section 322 of the Higher Education
7 Act of 1965 (20 U.S.C. 1061));

8 “(II) a Hispanic-serving institution (as defined in section 502 of such Act
9 (20 U.S.C. 1101a));

10 “(III) a Tribal College or University (as defined in section 316 of such Act
11 (20 U.S.C. 1059c));

12 “(IV) an Alaska Native-serving institution or a Native Hawaiian-serving
13 institution (as defined in section 317(b) of such Act (20 U.S.C. 1059d(b)));

14 “(V) a Predominantly Black Institution (as defined in section 371(c) of
15 such Act (20 U.S.C. 1067q(c)));

16 “(VI) an Asian American and Native American Pacific Islander-serving
17 institution (as defined in section 371(c) of such Act (20 U.S.C. 10
18 1067q(c))); or

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

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

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

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

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

26 “(D) for each research institution subcontracted by a recipient of a Phase I or Phase
27 II STTR award to perform research or research and development with respect to the
28 award—

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

30 “(ii) whether the research institution is—

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

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

37 “(III) a federally funded research and development center (as identified by
38 the National Science Foundation in accordance with the Federal Acquisition
39 Regulation); and

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

4 “(I) a part B institution (as defined in section 322 the Higher Education
5 Act of 1965 (20 U.S.C. 1061));

6 “(II) a Hispanic-serving institution (as defined in section 502 of such Act
7 (20 U.S.C. 1101a));

8 “(III) a Tribal College or University (as defined in section 316 of such Act
9 (20 U.S.C. 1059c));

10 “(IV) an Alaska Native-serving institution or a Native Hawaiian-serving
11 institution (as defined in section 317(b) of such Act (20 U.S.C. 1059d(b)));

12 “(V) a Predominantly Black Institution (as defined in section 371(c) of
13 such Act (20 U.S.C. 1067q(c)));

14 “(VI) an Asian American and Native American Pacific Islander-serving
15 institution (as defined in section 371(c) of such Act (20 U.S.C. 25
16 1067q(c))); or

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

19 (c) Database Reporting.—

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

22 (A) by striking “Phase I or Phase II SBIR or STTR” each place it appears and
23 inserting “Phase I, Phase II, or Phase III SBIR or STTR”;

24 (B) in paragraph (1)(B)—

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

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

27 (iii) by adding at the end the following

28 “(iv) information regarding any research institution subcontracted by that small
29 business concern to perform research or research and development with respect to
30 the award, including—

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

32 “(II) whether the research institution is—

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

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

1 “(cc) a federally funded research and development center (as
2 identified by the National Science Foundation in accordance with the
3 Federal Acquisition Regulation); and

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

9 (C) in paragraph (2)—

10 (i) in subparagraph (A), by striking “Phase I or Phase II of the SBIR program or
11 the STTR” and inserting “Phase I, Phase II, or Phase III of the SBIR program or
12 the STTR”;

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

14 (iii) in subparagraph (G)(ii), by striking the period at the end and inserting “;
15 and”; and

16 (iv) by adding at the end the following:

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

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

21 “(ii) whether the research institution is—

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

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

28 “(III) a federally funded research and development center (as identified by
29 the National Science Foundation in accordance with the Federal Acquisition
30 Regulation); and

31 “(iii) for each research institution that is an institution of higher education (as
32 defined in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001)),
33 whether the research institution is an institution described in paragraphs (1)
34 through (7) of section 371(a) of such Act (20 U.S.C. 1067q(a)).”; and

35 (D) in paragraph (3)(C), by striking “Phase I or Phase II award” each place it
36 appears and inserting “Phase I, Phase II, or Phase III award”.

37 (2) DATABASE UPDATE DEADLINE.—Notwithstanding paragraphs (1) or (2) of section 9(k)
38 of the Small Business Act (15 U.S.C. 638(k)), the Administrator shall, not later than 1 year
39 after the date of enactment of this Act, include—

40 (A) in the database described such paragraph (1) the information required under

1 such paragraph, as amended by subparagraphs (A) and (B) of paragraph (1) of this
2 subsection; and

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

6 **SEC. 603. IMPROVING SBIR AND STTR DATA
7 COLLECTION.**

8 (a) Additional Data Fields in SBIR Database.—Section 9(k)(1) of the Small Business Act (15
9 U.S.C. 638(k)(1)) is amended—

10 (1) in subparagraph (E)(iv), by striking “and” at the end;

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

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

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

14 “(i) direct to Phase II, under subsection (cc);

15 “(ii) subsequent Phase II, under subsection (bb)(1);

16 “(iii) a strategic breakthrough award under subsection (aa)(6);

17 “(iv) a Phase III prime contract award; or

18 “(v) a Phase III subcontract award.”.

19 (b) Improving FPDS Data Tracking.—The Administrator of General Services shall update the
20 Federal Procurement Data System described in section 1122(a)(4) of title 41, United States
21 Code, or any successor system, to—

22 (1) require reporting on whether an award under the SBIR or STTR program is classified
23 or designated as—

24 (A) direct to Phase II, under subsection (cc) of such section;

25 (B) subsequent Phase II, under subsection (bb)(1) of such section;

26 (C) a strategic breakthrough award under subsection (aa)(6) of such section;

27 (D) a Phase III prime contract award; or

28 (E) a Phase III subcontract award;

29 (2) require reporting on whether a contract is designated as a Phase III contract;

30 (3) require reporting on whether non-SBIR contracts and subcontracts are using SBIR or
31 STTR- funded technology; and

32 (4) allow a Government contracting officer, when recording a Phase II or Phase III
33 contract following on from work done by a small business concern during a Phase I or
34 Phase II award to reference an SBIR or STTR contract identification number for relevant
35 prior SBIR or STTR work done.

1 SEC. 604. INDIRECT EXPENSES.

2 (a) Definitions.—In this section, the terms “Federal agency”, “SBIR”, and “STTR” have the
3 meanings given those terms in section 9(e) of the Small Business Act (15 U.S.C. 638(e)).

4 (b) Program.—For indirect expenses, the following requirements shall apply:

5 (1) If a small business concern has negotiated and approved rates through a recognized
6 Government authority, such as the Defense Contract Audit Agency, for fiscal year 2024 or
7 any prior fiscal year, such rates shall be allowed without negotiation in all SBIR awards.

8 (2) If a firm does not have negotiated rates, the Government may negotiate rates with the
9 firm consistent with the allowability of indirect costs under the Federal Acquisition
10 Regulation, or any successor regulation.

11 (3) The Government may not require cost sharing as a condition of making an SBIR or
12 STTR award.

13 SEC. 605. ANNUAL REPORTS TO CONGRESS.

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

15 (1) in subsection (g)—

16 (A) in paragraph (9)—

17 (i) by inserting “the Committee on Small Business and Entrepreneurship of the
18 Senate, the Committee on Small Business of the House of Representatives,” after
19 “SBIR program to”;

20 (ii) by inserting a comma after “Administration”; and

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

23 (B) in paragraph (10), by striking “applicable),,” and inserting “applicable),”;

24 (2) in subsection (o)—

25 (A) in paragraph (8), by striking “applicable),,” and inserting “applicable),”;

26 (B) in paragraph (10)—

27 (i) by inserting “the Committee on Small Business and Entrepreneurship of the
28 Senate, the Committee on Small Business of the House of Representatives,” after
29 “STTR program to”;

30 (ii) by inserting a comma after “Administration”; and

31 (iii) by inserting after “Technology Policy” the following: “and publish that
32 report on the website of that Federal agency as soon as practicable”; and

33 (3) in subsection (gg)(6), by inserting “Congress and” after “agency to”.

34 SEC. 606. COMPTROLLER GENERAL REPORT ON
35 OUTREACH.

1 (a) Definitions.—In this section:

2 (1) FEDERAL AGENCY; SBIR; STTR.—The terms “Federal agency”, “SBIR”, and “STTR”
3 have the meanings given those terms in section 9(e) of the Small Business Act (15 U.S.C.
4 638(e)).

5 (2) NEW ENTRANT.—The term “new entrant” means a small business concern that has
6 received one Phase I or Phase II SBIR or STTR award.

7 (3) UNDERREPRESENTED GROUPS.—The term “underrepresented groups” means—

8 (A) small business concerns located in States with respect to which a low level of
9 SBIR and STTR awards have historically been awarded on a per capita basis;

10 (B) small business concerns owned and controlled by women; and

11 (C) small business concerns owned and controlled by socially and economically
12 disadvantaged individuals.

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

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

18 (6) SMALL BUSINESS CONCERN OWNED AND CONTROLLED BY SOCIALLY AND
19 ECONOMICALLY DISADVANTAGED INDIVIDUALS; SMALL BUSINESS CONCERN OWNED AND
20 CONTROLLED BY WOMEN.—The terms “small business concern owned and controlled by
21 socially and economically disadvantaged individuals” and “small business concern owned
22 and controlled by women” have the meanings given those terms in section 8(d) of the Small
23 Business Act (15 U.S.C. 637(d)).

24 (b) Report.—

25 (1) IN GENERAL.—Not later than 3 years after the date of enactment of this Act, the
26 Comptroller General of the United States shall submit to the Committee on Small Business
27 and Entrepreneurship of the Senate and the Committee on Small Business of the House of
28 Representatives a report on the effectiveness of the SBIR and STTR programs with respect
29 to diversification of participants and commercialization.

30 (2) CONTENTS.—The report shall include, to the extent practicable, an assessment of—

31 (A) the demographics of small business concerns receiving SBIR or STTR awards,
32 including new entrants and underrepresented groups;

33 (B) the efforts of participating agencies to broaden representation and participation
34 of new entrants and underrepresented groups in the SBIR and STTR programs;

35 (C) how participating agencies develop solicitation topics and attract applicants; and

36 (D) such other matters as the Comptroller General, in consultation with the
37 Committee on Small Business and Entrepreneurship of the Senate and the Committee
38 on Small Business of the House of Representatives, determines appropriate.

39 SEC. 607. EXTEND THE REPORT ON AWARD

1 **TIMELINESS.**

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

3 (1) in the matter preceding clause (i), by striking “3 years” and inserting “11 years”;

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

5 (3) by redesignating clause (ii) as clause (iii); and

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

7 “(ii) provides the average and median amount of time that each Federal agency
8 with an SBIR or STTR program takes to review and make a final decision on
9 proposals submitted under the program; and”.

10 **SEC. 608. PILOT PROGRAM TO ACCELERATE 11 NATIONAL INSTITUTES OF HEALTH EVALUATION 12 PROCESS.**

13 (a) In General.—Section 9(hh) of the Small Business Act (15 U.S.C. 638(hh)) is amended by
14 adding at the end the following:

15 “(3) PILOT PROGRAM TO ACCELERATE THE NATIONAL INSTITUTES OF HEALTH SBIR AND
16 STTR AWARDS.—

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

21 “(B) AWARD PROCEDURES.—In carrying out the pilot program under subparagraph
22 (A), the Director of the National Institutes of Health shall—

23 “(i) develop simplified and standardized procedures across all relevant
24 awarding offices at the National Institutes of Health; and

25 “(ii) reduce to as close to 90 days as possible the amount of time between the
26 date on which the applicable solicitation closes and the final decision on each
27 proposal submitted to that solicitation.

28 “(C) MERIT REVIEW.—

29 “(i) IN GENERAL.—Under the pilot program under subparagraph (A), the
30 Director of the National Institutes of Health may, with respect to awards under the
31 SBIR and STTR programs of the National Institutes of Health, use such peer
32 review procedures (including consultation with appropriate scientific experts) as
33 the Director determines to be appropriate to obtain assessments of scientific and
34 technical merit and potential for commercialization.

35 “(ii) DEEMED.—The use of peer review procedures under clause (i) shall be
36 deemed to fulfill any requirements applicable to the award under the SBIR or
37 STTR program of the National Institutes of Health under sections 406(a)(3)(A)
38 and 492 of the Public Health Service Act (42 U.S.C. 284a(a)(3)(A), 289a).

1 “(D) TERMINATION.—The pilot program under subparagraph (A) shall terminate on
2 September 30, 2045.”.

3 (b) Evaluation Report.—Not later than 3 years after the date of enactment of this Act, the
4 Director of the National Institutes of Health shall submit to the Committee on Small Business
5 and Entrepreneurship of the Senate and the Committee on Small Business and the Committee on
6 Science, Space, and Technology of the House of Representatives an evaluation of the pilot
7 program established under paragraph (3) of section 9(hh) of the Small Business Act (15 U.S.C.
8 638(hh)), as added by subsection (a), including an analysis of the peer review procedures used
9 under subparagraph (C) of that paragraph and the effects on award times.

10 **SEC. 609. COMMERCIALIZATION IMPACT
11 ASSESSMENT.**

12 Section 9 of the Small Business Act (15 U.S.C. 638), as amended by section 403, is amended
13 by adding at the end the following:

14 “(ccc) Commercialization Impact Assessment.—

15 “(1) IN GENERAL.—The Administrator shall coordinate with the head of each Federal
16 agency with an SBIR or STTR program to develop an annual commercialization impact
17 assessment, which shall measure, for each small business concern that has received not less
18 than 50 Phase II awards over the last 10 fiscal years on or after October 1 of the ninth full
19 fiscal year beginning before the fiscal year in which the assessment is carried out—

20 “(A) the total dollar value of Federal awards, subgrants, contracts, and subcontracts,
21 other than SBIR or STTR awards, received by the small business concern;

22 “(B) the total dollar value of all SBIR and STTR Phase I and Phase II awards
23 received by the small business concern;

24 “(C) the average annual gross revenue of the small business concern;

25 “(D) the total revenue received or realized by the small business concern and the
26 licensing partner of the small business concern from the sale or licensing of any
27 product or service resulting from research conducted under an SBIR or STTR award,
28 which shall be disaggregated by the revenue from those sales, the licensing partner
29 revenue, and the small business concern revenue from that licensing;

30 “(E) additional investments in the small business concern from any source, other
31 than Phase I or Phase II SBIR or STTR awards, to further the research and
32 development conducted under an SBIR or STTR award received by the small business
33 concern;

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

36 “(G) new, unique spin-out companies and third party revenues from any businesses
37 resulting from research conducted by the small business concern under an SBIR or
38 STTR award;

39 “(H) the year in which the first Phase II award was received by the small business
40 concern and the total number of employees of the small business concern at the time of

1 the first Phase II award;

2 “(I) the number of employees of the small business concern, as of the end of the
3 most recently completed fiscal year;

4 “(J) the total number and value of Phase III awards received by the small business
5 concern;

6 “(K) the amount of money saved by the Federal Government as a result of SBIR-
7 funded technologies developed by the small business concern;

8 “(L) the extent to which SBIR or STTR-funded technology developed by the small
9 business concern has met agency needs;

10 “(M) the total number and value of any contract or subcontract in which an SBIR or
11 STTR-funded technology was procured.

12 “(2) PUBLICATION.—The Administrator shall create a report on the findings of each
13 commercialization impact assessment and shall—

14 “(A) include that report in the annual report required under subsection (b)(7); and

15 “(B) submit that report to—

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

17 “(ii) the Committee on Science, Space, and Technology and the Committee on
18 Small Business of the House of Representatives.”.

19 SEC. 610. POLITICIZATION PROHIBITION.

20 Section 9 of the Small Business Act (15 U.S.C. 638), as amended by sections 403, 601, and
21 609, is amended by adding at the end the following:

22 “(ddd) Prohibition on Participation by Political Employees in the SBIR and STTR
23 Programs.—

24 “(1) DEFINITION.—In this subsection, the term ‘political employee’ means any
25 individual—

26 “(A) occupying a position described under sections 5312 through 5316 of title 5,
27 United States Code (relating to the Executive Schedule);

28 “(B) that is a noncareer appointee (as that term is defined under section 3132(a) of
29 such title) in the Senior Executive Service;

30 “(C) occupying a position in the executive branch of the Government of a
31 confidential or policy-determining character under schedule C of subpart C of part 213
32 of title 5, Code of Federal Regulations;

33 “(D) occupying a position in schedule G of the excepted service, established by
34 Executive Order 14317 (90 Fed. Reg. 34753, relating to creating Schedule G in the
35 excepted service); or

36 “(E) occupying any other position that has been excepted from the competitive
37 service by reason of the confidential, policy-determining, policy-making, or policy-
38 advocating character of the position.

1 “(2) PROHIBITION.—The head of each agency with an SBIR or STTR program shall
2 ensure that no political employee participates in the solicitation, review, scoring, selection,
3 or awarding of SBIR or STTR grants or contracts by such agency.”.

4 **TITLE VII—COMBATTING FOREIGN INFLUENCE**

5 **SEC. 701. DUE DILIGENCE PROGRAM TO ASSESS
6 SECURITY RISKS.**

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

8 (1) in paragraph (3)(C), by striking “September 30, 2025” and inserting “September 30,
9 2045”; and

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

11 “(4) COMMUNICATION.—Each Federal agency that has established and implemented a
12 due diligence program under this subsection and that, with respect to a small business
13 concern seeking a federally funded award, determines under that program that the small
14 business concern poses a security risk, shall—

15 “(A) notify the small business concern regarding that determination before formally
16 notifying the small business concern regarding the decision of the Federal agency with
17 respect to the award; and

18 “(B) provide the small business concern with the opportunity to mitigate that
19 security risk.”.

20 **TITLE VIII—TECHNICAL CHANGES**

21 **SEC. 801. CONNECTING SBIR AND STTR AWARDEES
22 AND SMALL BUSINESS INVESTMENT COMPANIES.**

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

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

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

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

27 “(L) connecting SBIR and STTR awardees with small business investment
28 companies (as defined in section 103 of the Small Business Investment Act of 1958
29 (15 U.S.C. 662)) and other domestic private investors.”.

30 **SEC. 802. INCLUSION OF SBICS IN THE SBIR AND STTR
31 PROGRAMS.**

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

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

- (2) by striking “or private equity firms” each place that term appears and inserting “private equity firms, or SBICs”;
- (3) in subsection (e), as amended by section 302, by adding at the end the following:
 - “(22) the term ‘SBIC’ means a small business investment company as defined in section 103 of the Small Business Investment Act of 1958 (15 U.S.C. 662); and”;
- (4) in the heading for subsection (dd), by striking “or Private Equity Firms” and inserting “Private Equity Firms, or SBICs”.

SEC. 803. PHASE III AND SOLE-SOURCE AWARDS.

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

(1) in the heading, by inserting “Sole Source and Other” after “Justification for”; and
(2) in the heading for paragraph (4), by inserting “SOLE SOURCE AND OTHER” after
“JUSTIFICATION FOR”.

SEC. 804. AMENDMENTS RELATING TO OPEN TOPICS.

(a) Definition of Open Topic Announcement.—Section 9(e) of the Small Business Act (15 U.S.C. 638(e)), as amended by sections 301, 302, and 802, is amended by adding at the end the following:

“(23) 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

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

(b) Program on Innovation Open Topics.—Section 9(ww) of the Small Business Act (15 U.S.C. 638) is amended—

(1) in paragraph (1)—

(A) in the matter preceding subparagraph (A), by striking "Secretary of Defense" and inserting "head of each participating agency"; and

(B) by striking "the Department of Defense" each place it appears and inserting "such participating agency";

(2) in paragraph (2)—

(A) by striking “Secretary of Defense” and inserting “head of each participating agency”;

(B) by striking "each component of" and inserting "such participating agency and, with respect to"; and

(C) by inserting “, each component thereof,” before “per fiscal year”; and

1 (3) by striking paragraph (3).

2 **TITLE IX—MISCELLANEOUS**

3 **SEC. 901. TECHNICAL AMENDMENTS.**

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

5 (1) by striking “small-business concerns” each place it appears and inserting “small
6 business concerns”;

7 (2) by striking “Committee on Small Business of the Senate” each place it appears and
8 inserting “Committee on Small Business and Entrepreneurship of the Senate”;

9 (3) by striking “Committee on Science and the” each place it appears and inserting
10 “Committee on Science, Space, and Technology and the”;

11 (4) in subsection (d)(2), by striking “small-business firms” and inserting “small business
12 concerns”;

13 (5) in subsection (e)(3), by inserting “concern” after “small business”;

14 (6) in subsection (g)—

15 (A) in paragraph (4)(A), by striking “SBIR proposals” and inserting “ SBIR
16 solicitations”;

17 (B) in paragraph (10), by striking “,” and inserting “,”;

18 (C) in paragraph (13)(A), by inserting “malign” before “foreign talent recruitment
19 program”;

20 (7) in subsection (o)—

21 (A) in paragraph (8), by striking “,” and inserting “,”;

22 (B) in paragraph (17)(A), by inserting “malign” before “foreign talent recruitment
23 program”; and

24 (8) in subsection (vv)(2)(B), by inserting “subsection” before “(g)(13)”.

25 **SEC. 902. SEVERABILITY.**

26 If any provision of this Act, or the application of such provision to any person or
27 circumstance, is held to be invalid, the remainder of the Act, and the application of the remaining
28 provisions, shall not be affected.