

Purpose: In the nature of a substitute.

H. R. 5100

To extend the SBIR and STTR programs, and for other purposes.

Amendment In the Nature of a Substitute intended to be proposed by _____

Viz:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “SBIR and STTR Extension Act of 2026”.

SEC. 2. BOLSTERING RESEARCH SECURITY OF SBIR AND STTR AWARDS.

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

(1) in subsection (g)—

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

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

“(15) evaluate whether a small business concern presents a risk to national security for any reason, through measures including—

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

“(B) disclosures submitted under this subsection; or

“(C) coordination with the intelligence community, as defined in section 3 of the National Security Act of 1947 (50 U.S.C. 3003), Federal law enforcement, and other counterintelligence capabilities of the Federal Government;”;

(C) in paragraph (16), as so redesignated—

(i) by striking subparagraph (B);

(ii) by striking “that—” and all that follows through “the small business concern 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 of the entity, or individual on—

“(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; 132 Stat. 1917) 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 Defense Authorization Act for Fiscal Year 2021 (10 U.S.C. 113 note) and maintained by the Department of Defense;

“(v) the Military End User List maintained by the Bureau of Industry and Security of the Department of Commerce;

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

“(vii) the List of Equipment and Services maintained by the Federal Communications Commission; or

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

“(E) has a security risk with a primary source that is classified; or

“(F) has a security risk that the Federal agency determines warrants a denial;”;

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

“(17) provide for—

“(A) a process under which, upon making an award decision to deny an application on the basis of a determination under paragraph (16), the Federal agency provides to the small business concern, as appropriate pursuant to the discretion of the Federal agency and in a manner that does not compromise national security, a notification—

“(i) advising the small business concern of such determination; and

“(ii) identifying the criteria that formed the basis for such determination; and

“(B) a policy that clarifies that receipt of an award decision denying an application does not prohibit the small business concern from being eligible for an award in a subsequent award cycle;”;

(E) in paragraph (19), as so redesignated—

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

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

(2) in subsection (o)—

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

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

“(19) evaluate whether a small business concern presents a risk to national security for any reason, through measures including—

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

“(B) disclosures submitted under this subsection; or

“(C) coordination with the intelligence community, as defined in section 3 of the National Security Act of 1947 (50 U.S.C. 3003), Federal law enforcement, and other counterintelligence capabilities of the Federal Government;”;

(C) in paragraph (20), as so redesignated—

(i) by striking subparagraph (B);

(ii) by striking “that—” and all that follows through “the small business concern 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 of the entity, or individual on—

“(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; 132 Stat. 1917) 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 Defense Authorization Act for Fiscal Year 2021 (10 U.S.C. 113 note) and maintained by the Department of Defense;

“(v) the Military End User List maintained by the Bureau of Industry and Security of the Department of Commerce;

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

“(vii) the List of Equipment and Services maintained by the Federal Communications Commission; or

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

“(E) has a security risk with a primary source that is classified; or

“(F) has a security risk that the Federal agency determines warrants a denial;”;

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

“(21) provide for—

“(A) a process under which, upon making an award decision to deny an application on the basis of a determination under paragraph (19), the Federal agency provides to the small business concern, as appropriate pursuant to the discretion of the Federal agency and in a manner that does not compromise national security, a notification—

“(i) advising the small business concern of such determination; and

“(ii) identifying the criteria that formed the basis for such determination; and

“(B) a policy that clarifies that receipt of an award decision denying an application does not prohibit the small business concern from being eligible for an award in a subsequent award cycle;”;

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

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

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

(3) in subsection (vv)(2)—

(A) in the paragraph heading, by striking “RISKS” and inserting “SECURITY RISKS”;

(B) by amending subparagraph (A) to read as follows:

“(A) assess—

“(i) the cybersecurity practices of a small business concern;

“(ii) patent analysis;

“(iii) employee analysis;

“(iv) foreign ownership of a small business concern seeking an award, including the financial ties and obligations (which shall include surety, equity, and debt obligations) of the small business concern and employees of the small business concern to a foreign country, foreign person, or foreign entity;

“(v) foreign affiliations of a covered individual, owner, or other key personnel of a small business concern with an entity in a foreign country of concern;

“(vi) research relationships (including co-authorship) between a covered individual, owner, or other key personnel of a small business concern and an individual or entity in a foreign country of concern;

“(vii) investment relationships of a small business concern with an individual

or entity in a foreign country;

“(viii) technology licensing agreements or joint ventures (including joint venture-like agreements) with an individual or entity in a foreign country of concern; and

“(ix) business relationships between a covered individual, owner, or other key personnel of a small business concern and an individual or entity in a foreign country of concern;”;

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

(D) 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 in subsections (g)(16)(D) and (o)(20)(D).”.

SEC. 3. PHASE II STRATEGIC BREAKTHROUGH FUNDING.

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

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

“(6) STRATEGIC BREAKTHROUGH ALLOCATION.—The requirement under paragraph (1) and the requirement to receive a waiver from the Administrator under paragraph (4) do not apply to a Federal agency for awards of not more than \$30,000,000 to a small business concern with funds made available under a strategic breakthrough allocation (as defined in subsection (ff)(3)(A)).”; and

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

“(3) STRATEGIC BREAKTHROUGH AWARDS.—

“(A) STRATEGIC BREAKTHROUGH ALLOCATION DEFINED.—In this paragraph, the term ‘strategic breakthrough allocation’ means, with respect to a Federal agency with a required expenditure under subsection (f)(1) in excess of \$100,000,000, a required expenditure amount from the SBIR allocation under subsection (f)(1) of such agency of not more than 0.75 percent of the extramural budget for research or research and development designated for such agency for fiscal year 2026 and every fiscal year thereafter.

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

“(C) FUND PARAMETERS.—In the case of a Phase II agreement that is awarded to a small business concern by a Federal agency using funds made available under a strategic breakthrough allocation, the following requirements shall apply:

“(i) AWARD SIZE AND PERIOD OF PERFORMANCE.—A Federal agency may award from a strategic breakthrough allocation not more than \$30,000,000 to a small business concern, including its affiliates, in a single award or series of awards

1 based on reaching production or development milestones, if the total period of
2 performance of the project with respect to which such funds are awarded is not
3 more than 48 months.

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

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

8 “(II) demonstrate not less than 100 percent matching funds from—

9 “(aa) new private capital as a result of an award using funds made
10 available under a strategic breakthrough allocation;

11 “(bb) new funding awarded by a government agency under a program
12 other than Phase I or II of the SBIR or STTR program as a result of an
13 award using funds made available under a strategic breakthrough
14 allocation; or

15 “(cc) a combination of funds described in items (aa) and (bb);

16 “(III) demonstrate a technology that is an effective solution, as determined
17 by market research; and

18 “(IV) only be eligible for an award from the strategic breakthrough
19 allocation at the Department of Defense if the product, process, or
20 technology of the small business concern—

21 “(aa) meets a necessary level of readiness and has a commitment for
22 inclusion in a program objective memorandum from an official with the
23 rank of program acquisition executive or higher in an acquisition
24 organization of the Department of Defense; and

25 “(bb) will meet high priority requirements or operational needs of a
26 military department through a successful transition and into the
27 acquisition process.

28 “(iii) DEADLINE.—The Federal agency shall complete any contract awards
29 using strategic breakthrough allocation funds not later than 90 days after receiving
30 a proposal from a small business concern for the award.

31 “(iv) ELIGIBLE ACTIVITIES.—Eligible activities by a small business concern
32 using strategic breakthrough allocation funds are any critical technology areas or
33 requirements deemed necessary by the Federal agency.

34 “(v) SELECTION CRITERIA.—In making awards using funds made available
35 under a strategic breakthrough allocation, the Federal agency shall consider—

36 “(I) the potential of the small business concern to—

37 “(aa) advance the national security capabilities of the United States;
38 and

39 “(bb) provide new technologies or processes, or new applications of
40 existing technologies, that will enable new alternatives to existing

programs;

“(II) whether a customer in a Federal agency has expressed an intent to purchase and integrate technology from the small business concern into its operations; and

“(III) whether a particular technology area is undercapitalized by private investment.

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

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

(1) in paragraph (2)—

(A) by striking “shall identify” and inserting “shall—

“(A) identify”;

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

(i) by inserting “, including small business concerns with an award from the strategic breakthrough allocation (as defined in subsection (ff)(3)(A),” before “that have the potential”; and

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

(C) by adding at the end the following:

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

“(C) provide to the Committee on Small Business and Entrepreneurship of the Senate and the Committees 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 research, development, testing, and evaluation activities.”;

(2) by striking paragraph (3);

(3) by redesignating paragraphs (4), (5), and (6) as paragraphs (3), (4), and (5), respectively; and

(4) in paragraph (5), as so redesignated—

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

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

(C) 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; and”.

(c) Briefings.—Not later than 60 days after the date of enactment of this Act, and on a recurrent basis until the implementation of paragraph (3) of section 9(ff) of the Small Business Act (15 U.S.C. 638(ff)), as added by this section, is complete, the head of each Federal agency participating in the Small Business Innovation Research Program or the Small Business Technology Transfer Program under such section 9 that made an award from funds made available under a strategic breakthrough allocation (as defined in paragraph (3)(A) of such section 9(ff)) shall brief 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 on such implementation.

SEC. 4. REDUCING ADMINISTRATIVE BURDEN.

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

“(aaa) Reducing Administrative Burden.—The head of each Federal agency with an SBIR or STTR program shall set a limit of a maximum number of proposals that a small business concern, including its affiliates, may submit to Phase I solicitations or Phase II solicitations under subsection (cc) published by that Federal agency, including all components of that Federal agency, in a single fiscal year.”.

SEC. 5. PHASE III AWARD EDUCATION.

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

(1) in subsection (e), as amended by section 2, by adding at the end the following:

“(21) the term ‘agency acquisition workforce’ means the employees of a Federal agency that have procurement or acquisition responsibilities, including—

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

“(B) individuals that are part of the acquisition workforce, as defined in section 101(a) of title 10, United States Code.”;

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

“(5) WORKFORCE TRAINING.—

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

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

“(i) the missions, goals, and authorities of the SBIR and STTR programs;

“(ii) the use of Phase III agreements;

“(iii) Phase III data rights; and

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

“(C) FUNDING.—The training activities required under subparagraph (A) may be carried out using funds made available to carry out subsections (y) and (mm).”; and

(3) in subsection (mm)(1)—

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

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

(C) by adding at the end the following:

“(L) contracting officer and acquisition workforce training activities pursuant to subsection (r)(5).”.

SEC. 6. PHASE III IMPROVEMENTS.

(a) Procurement Center Representative Directives.—

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

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

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

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

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

(3) by adding at the end the following:

“(C) develop simplified and standardized procedures and model contracts for Phase I, Phase II, and Phase III SBIR awards and report to the Administrator on actions taken by the Federal agency in support of these objectives; and

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

SEC. 7. TECHNICAL AND BUSINESS ASSISTANCE IMPROVEMENTS.

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

(1) in subsection (q)—

(A) in paragraph (1)—

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

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

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

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

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

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

(iv) by adding at the end the following:

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

(B) in paragraph (2)—

(i) in the paragraph heading, by striking “VENDOR SELECTION” and inserting “ELIGIBLE USES OF FUNDS.—”;

(ii) by striking subparagraph (A);

(iii) by redesignating subparagraph (B) as subparagraph (A); and

(iv) by inserting after subparagraph (A), as so redesignated, the following:

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

(C) in paragraph (3)—

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

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

“(i) provided through a vendor selected by the small business concern under

paragraph (2)(A); or

“(ii) achieved through the activities described in paragraph (2)(B).

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

“(i) provided through a vendor selected by the small business concern under paragraph (2)(A); or

“(ii) achieved through the activities described in paragraph (2)(B).”; and

(D) by adding at the end the following:

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

(2) by adding at the end the following:

“(bbb) I-corps Participation.—

“(1) IN GENERAL.—Each Federal agency with an Innovation Corps program (commonly known as ‘I-Corps’) that is required to conduct an SBIR or STTR program shall—

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

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

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

“(A) an I-Corps team grant;

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

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

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

SEC. 8. EXTENDING SBIR AND STTR AUTHORIZATION.

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

(1) in subsection (m), by striking “September 30, 2025” and inserting “February 1, 2029”; and

(2) in subsection (n)(1)(A), by striking “fiscal year 2025” and inserting “February 1, 2029”.

SEC. 9. EXTENSION OF SBIR AND STTR PROGRAMS AND ACTIVITIES.

(a) Phase Flexibility.—Section 9(cc) of the Small Business Act (15 U.S.C. 638(cc)) is amended by striking “During fiscal years 2012 through 2025” and inserting “Until February 1, 2029”.

(b) Commercialization Readiness Program for Civilian Agencies Pilot Program.—Section 9(gg)(7) of the Small Business Act (15 U.S.C. 638(gg)(7)) is amended by striking “at the end of fiscal year 2025” and inserting “on February 1, 2029”.

(c) Accelerated Awards.—Section 9(hh)(2)(C) of the Small Business Act (15 U.S.C. 638(hh)(2)(C)) is amended by striking “September 30, 2025” and inserting “February 1, 2029”.

(d) Phase 0 Pilot Program.—Section 9(jj)(7) of the Small Business Act (15 U.S.C. 638(jj)(7)) is amended by striking “at the end of fiscal year 2025” and inserting “on February 1, 2029”.

(e) Administrative Assistance.—Section 9(mm)(1) of the Small Business Act (15 U.S.C. 638(mm)(1)) is amended by striking “September 30, 2025” and inserting “February 1, 2029”.

(f) Increased Minimum Performance Standards.—Section 9(qq)(3)(I) of the Small Business Act (15 U.S.C. 638(qq)(3)(I)) is amended by striking “September 30, 2025” and inserting “February 1, 2029”.

(g) Commercialization Assistance Pilot Programs.—Section 9(uu)(3) of the Small Business Act (15 U.S.C. 638(uu)(3)) is amended by striking “September 30, 2025” and inserting “February 1, 2029”.

(h) Due Diligence Program.—Section 9(vv)(3)(C) of the Small Business Act (15 U.S.C. 638(vv)(3)(C)) is amended by striking “September 30, 2025” and inserting “February 1, 2029”.

(i) STTR Participation of Military Research and Educational Institutions Pilot Program.—Section 9(yy)(2) of the Small Business Act (15 U.S.C. 638(yy)(2)) is amended by striking “September 30, 2025” and inserting “February 1, 2029”.

(j) Budget Calculation Pilot Program.—Section 9(zz)(3) of the Small Business Act (15 U.S.C. 638(zz)(3)) is amended by striking “September 30, 2025” and inserting “February 1, 2029”.