

## HR 1425

Creating Jobs Through Small Business Innovation Act of 2011

**Congress:** 112 (2011–2013, Ended)

**Chamber:** House

**Policy Area:** Commerce

**Introduced:** Apr 7, 2011

**Current Status:** Placed on the Union Calendar, Calendar No. 85.

**Latest Action:** Placed on the Union Calendar, Calendar No. 85. (Jul 1, 2011)

**Official Text:** <https://www.congress.gov/bill/112th-congress/house-bill/1425>

### Sponsor

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**Name:** Rep. Ellmers, Renee L. [R-NC-2]

**Party:** Republican • **State:** NC • **Chamber:** House

## Cosponsors (26 total)

Cosponsor	Party / State	Role	Date Joined
Rep. Altmire, Jason [D-PA-4]	D · PA		Apr 7, 2011
Rep. Graves, Sam [R-MO-6]	R · MO		Apr 7, 2011
Rep. Hall, Ralph M. [R-TX-4]	R · TX		Apr 7, 2011
Rep. Johnson, Eddie Bernice [D-TX-30]	D · TX		Apr 7, 2011
Rep. Quayle, Benjamin [R-AZ-3]	R · AZ		Apr 7, 2011
Rep. Richmond, Cedric L. [D-LA-2]	D · LA		Apr 7, 2011
Rep. Wu, David [D-OR-1]	D · OR		Apr 7, 2011
Rep. Lipinski, Daniel [D-IL-3]	D · IL		Apr 12, 2011
Rep. Biggert, Judy [R-IL-13]	R · IL		Apr 13, 2011
Rep. Coble, Howard [R-NC-6]	R · NC		Apr 15, 2011
Rep. West, Allen B. [R-FL-22]	R · FL		May 2, 2011
Rep. Clarke, Hansen [D-MI-13]	D · MI		May 5, 2011
Rep. Lujan, Ben Ray [D-NM-3]	D · NM		May 5, 2011
Rep. Womack, Steve [R-AR-3]	R · AR		May 5, 2011
Rep. Hanna, Richard L. [R-NY-24]	R · NY		May 10, 2011
Rep. Lowey, Nita M. [D-NY-18]	D · NY		May 10, 2011
Rep. Chabot, Steve [R-OH-1]	R · OH		May 12, 2011
Rep. Walsh, Joe [R-IL-8]	R · IL		May 12, 2011
Rep. Barletta, Lou [R-PA-11]	R · PA		May 23, 2011
Rep. Bartlett, Roscoe G. [R-MD-6]	R · MD		May 23, 2011
Rep. Lance, Leonard [R-NJ-7]	R · NJ		May 23, 2011
Rep. Mulvaney, Mick [R-SC-5]	R · SC		May 23, 2011
Rep. Tipton, Scott R. [R-CO-3]	R · CO		May 23, 2011
Rep. Jones, Walter B., Jr. [R-NC-3]	R · NC		Jun 13, 2011
Rep. Herrera Beutler, Jaime [R-WA-3]	R · WA		Jun 24, 2011
Rep. Smith, Lamar [R-TX-21]	R · TX		Jun 24, 2011

## Committee Activity

Committee	Chamber	Activity	Date
Armed Services Committee	House	Referred to	May 18, 2011
Science, Space, and Technology Committee	House	Reported by	Apr 13, 2011
Small Business Committee	House	Reported By	Jul 1, 2011

## Subjects & Policy Tags

### Policy Area:

Commerce

## Related Bills

Bill	Relationship	Last Action
112 S 493	Related bill	May 4, 2011: Cloture on the bill (S. 493) not invoked in Senate by Yea-Nay Vote. 52 - 44. Record Vote Number: 64. (consideration: CR S2661; text: CR S2661)

Creating Jobs Through Small Business Innovation Act of 2011 - **Title I: Reauthorization of the SBIR and STTR Programs** - (Sec. 101) Amends the Small Business Act (the Act) to reauthorize through FY2014 the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs of the Small Business Administration (SBA).

(Sec. 102) Increases, for both the SBIR and STTR programs, the individual small business award levels from: (1) \$100,000 to \$150,000, for participation at the Phase I level; and (2) \$750,000 to \$1 million, for participation at the Phase II level. Changes from every five years to annually the required SBA inflation adjustment of such awards. Prohibits an agency from issuing an SBIR or STTR award if the award size exceeds established guidelines by more than 50%, and requires participating agencies to maintain specified information on awards exceeding such guidelines.

(Sec. 103) Allows a small business that receives a: (1) Phase I SBIR award from one agency to receive a Phase II award from another agency, as long as the head of each agency determines that the topics of the relevant awards are the same; and (2) Phase I award under either the SBIR or STTR program to receive a Phase II award under either program.

(Sec. 104) Requires federal agencies to conduct solicitations of Phase II SBIR and STTR proposals without any invitation, pre-screening, pre-selection, or down-selection process between the first and second phases.

(Sec. 105) Allows a federal agency to provide a Phase II SBIR only if the agency finds that the small business has been provided a Phase I SBIR award with respect to that project or has completed required determinations with respect to such project despite not having been provided a Phase I award.

(Sec. 106) Authorizes the Director of the National Institutes of Health (NIH), the Secretary of Energy, and the Director of the National Science Foundation (NSF), 30 days after notifying the Administrator and specified congressional committees, to award through competitive, merit-based procedures up to 45% of their respective SBIR funds to small businesses majority-owned by multiple venture capital companies, hedge funds, or private equity firms (such entities). Permits other federal agencies to award up to 35% of their SBIR funds to such small businesses. Provides conditions under which a small business which was not majority-owned by any such entities at the time of application for an SBIR award, but is so owned on the date of the award, may still be eligible for such award.

(Sec. 107) Provides conditions and requirements for allowing small businesses with less than 50% investment from entities described above to participate in SBIR and STTR programs.

(Sec. 108) Requires federal agencies and federal prime contractors, to the greatest extent practicable, to issue Phase III awards relating to technology, including sole source awards, to the SBIR and STTR award recipients that developed the technology.

(Sec. 109) Authorizes the head of each participating federal agency to issue SBIR and STTR awards to small businesses that have entered, or intend to enter, into a collaborative research and development (R&D) agreement with a federal laboratory or federally funded research and development center. Prohibits a federal agency from: (1) conditioning an award upon entering into such an agreement, (2) approving an agreement if the small business performs a lesser portion of the R&D activities than required by the Act and by SBIR and STTR Policy Directives, or (3) approving an agreement that violates any SBA provision or such Directives. Requires the Administrator to modify such Directives to ensure that small businesses may use the resources of federal laboratories or federally funded research and development centers without entering into such agreements.

(Sec. 110) Requires any federal agency involved in a judicial or administrative case or controversy concerning the SBIR or STTR program to provide timely notice thereof to the Administrator.

(Sec. 111) Allows a small business that receives a Phase II SBIR or STTR award to receive one additional Phase II SBIR or STTR award for continued work on that project.

**Title II: Outreach and Commercialization Initiatives** - (Sec. 201) Allows each federal agency conducting an STTR program (under current law, only an SBIR program) to contract for the provision of technical assistance to small businesses participating in that program. Extends from three to five years the authorized period of such assistance. Increases from \$4,000 to \$5,000 the amount authorized to be provided to SBIR or STTR participants under the first and second phases of such projects.

(Sec. 202) Redesignates the Commercialization Pilot Program as the Commercialization Readiness Program, and includes STTR technology projects under such Program. Makes such Program permanent. Authorizes the Secretary of Defense to: (1) establish goals for the transition of phase III technologies in subcontracting plans; and (2) require prime contractors to report on the number and amount of contracts entered into for phase III SBIR or STTR projects. Allows a contractor to certify, after consultation with the Secretary, that an appropriate Phase III technology is not available to be incorporated into a project of the prime contractor. Directs the Secretary to: (1) establish goals for increasing the number of phase II STTR and STTR contracts awarded that lead to technology transition into programs of record or fielded systems; (2) use incentives or create new incentives to encourage agency program managers and prime contractors to meet such goals; and (3) include in a required annual report to Congress information on projects funded through the Program and efforts to transition their technologies into programs of record or fielded systems.

(Sec. 203) Allows the head of each federal agency to allocate up to 10% of SBIR and STTR program funds to establish a pilot program: (1) for awards for technology development, testing, evaluation, and commercialization assistance for SBIR and STTR phase II technologies; or (2) to support the progress of research, research and development, and commercialization conducted under such programs to phase III. Outlines pilot program application requirements, and requires such agency heads to include pilot program information in required annual reports to the SBA Administrator. Terminates the pilot program at the end of FY2014.

(Sec. 204) Requires the Director of the Office of Science and Technology Policy to establish an Interagency SBIR/STTR Policy Committee to review, and make recommendations for improving the effectiveness and efficiency of, SBIR and STTR programs. Requires four reports from the Committee to specified congressional committees concerning such review and recommendations.

(Sec. 205) Further defines "Phase III" for purposes of the SBIR and STTR programs, including what will qualify as "commercialization" under such phase.

(Sec. 206) Requires final decisions on SBIR or STTR program proposals or applications within 90 days after the close of solicitations, or within 180 days thereafter if extended by the Administrator. Allows the NIH Director to make an award under an NIH SBIR or STTR program if the application for the award has undergone technical and scientific peer review under requirements of the Public Health Service Act.

(Sec. 207) Establishes a three-year Proof of Concept Partnership pilot program under which NIH shall use \$10 million of the NIH STTR allocation to provide awards to qualifying universities and research institutions to set up programs to fund competitive grants of up to \$100,000 for researchers to support proof of concept work and commercialization mentoring needed to translate promising research projects and technologies into a viable company. Limits pilot program awards to

qualifying institutions to up to \$1,000,000 annually.

**Title III: Oversight and Evaluation** - (Sec. 301) Directs the SBA, in currently-required annual reports concerning SBIR and STTR programs, to include information on: (1) proposals received from small businesses with venture capital, hedge fund, or private equity investment; (2) efforts to increase outreach to small businesses owned and controlled by women and socially or economically disadvantaged individuals; (3) implementation and compliance with requirements concerning the allocation of funding to small businesses owned and controlled by venture capital companies, hedge funds, or private equity firms; and (4) appeals of Phase III awards, as well as notices of noncompliance with SBIR and STTR Policy Directives. Directs the SBA to coordinate the implementation of electronic databases at participating federal agencies.

(Sec. 302) Requires agencies with an SBIR or STTR program to annually collect information similar to that outlined above for program assessment purposes.

(Sec. 304) Requires specified information concerning SBIR and STTR awardees to be included in public and government databases maintained by the SBA.

(Sec. 306) Directs the Comptroller General (CG), in each of the five years following the enactment of this Act, to: (1) conduct a fiscal and management audit of the SBIR and STTR programs, and (2) report audit results to specified congressional committees.

(Sec. 307) Amends the Small Business Reauthorization Act of 2000 to continue NAS evaluation of the SBIR program, as well as reports on such evaluation from the National Research Council to participating agency heads and specified congressional committees. Requires updates every four years.

(Sec. 308) Requires the SBA to include in an annual report to Congress specified information on Phase III awards issued by federal agencies participating in SBIR or STTR programs.

(Sec. 309) Requires each federal agency conducting an SBIR or STTR program to obtain consent from program applicants to release their contact information to economic development organizations.

(Sec. 310) Directs the Administrator, during the three-year period following enactment, to allow each federal agency required to conduct an SBIR program to use up to 3% of such funds for costs relating to administrative, oversight, and contract processing activities, including added costs necessitated by amendments made under this Act.

(Sec. 311) Requires the CG to conduct a study of, and report to Congress on, the impact of requirements of this Act relating to venture capital company, hedge fund, and private equity firm involvement in SBIR and STTR programs.

(Sec. 312) Directs the Administrator to: (1) amend the SBIR and STTR Policy Directives to include measures to prevent fraud, waste, and abuse in SBIR and STTR programs; and (2) establish a telephone hotline for reporting such fraud, waste, and abuse. Requires the CG to: (1) conduct a study every three years evaluating federal agency implementation of the amendments made to such Directives; and (2) report each study's results to specified congressional committees and SBIR/STTR-participating federal agencies.

(Sec. 313) Directs the Administrator to issue regulations to ensure that each federal agency required to carry out an SBIR or STTR program simplifies and standardizes the program proposal, selection, contracting, compliance and audit procedures to reduce the paperwork and regulatory compliance burden on small businesses participating in such program.

(Sec. 314) Requires the CG to study, and report on, reducing vulnerabilities of the SBIR STTR programs to fraud, waste, and abuse.

**Title IV: Policy Directives** - (Sec. 401) Requires the Administrator to: (1) promulgate amendments to the SBIR and STTR Policy Directives to conform them to this Act and its amendments, and (2) publish the amended Directives in the Federal Register.

**Title V: Other Provisions** - (Sec. 501) Directs each federal agency required to participate in an SBIR or STTR program to: (1) develop metrics to evaluate the effectiveness and benefit of such program, (2) conduct an annual evaluation of their program using such metrics, and (3) report evaluation results annually to the Administrator and Congress.

(Sec. 502) Requires all SBIR or STTR funds to be awarded pursuant to competitive and merit-based selection procedures.

(Sec. 503) Directs the Administrator to promulgate a rule that determines what restrictions, conditions, or covenants contained in a note, bond, debenture, other evidence of indebtedness, or preferred stock constitutes affiliation for SBA purposes, as defined in the Code of Federal Regulations.

(Sec. 504) Limits to three years any current or future SBIR- or STTR-related pilot program not specifically authorized by law.

(Sec. 505) Prohibits a small business from receiving an SBIR or STTR award if such small business has received, in that fiscal year, a dollar amount or aggregate number of such awards that exceeds 50% of the dollar amount or aggregate number of such awards received by the median state in the preceding fiscal year.

(Sec. 506) Requires the inspector general of each participating agency to report annually to Congress concerning cases related to fraud, waste, or abuse with respect to an SBIR or STTR program.

(Sec. 507) Requires participating federal agencies to attempt to shorten the time between the provision of notice of an SBIR or STTR program award and the subsequent release of award funding.

(Sec. 508) Directs the Administrator to establish and maintain a public Internet website of information relating to notice of and application for awards under the SBIR and STTR programs of each participating federal agency as the Administrator determines appropriate.

(Sec. 509) Requires federal agencies to give priority to applications that increase the number of SBIR and STTR award recipients conducting research with respect to clean coal technology, including coal gasification.

(Sec. 510) Requires the head of each agency that makes more than \$50 million in combined SBIR-STTR awards to report annually to Congress on efforts to enhance manufacturing activities, encourage manufacturing innovation, and develop new manufacturing technologies and processes.

(Sec. 511) Allows each federal agency with an SBIR program to develop "fast-track" programs to eliminate delays between a Phase I award and the application for and extension of a Phase II award in the case of promising Phase I research.

(Sec. 512) Requires SBIR-participating federal agencies to establish initiatives for encouraging partnerships between SBIR awardees and prime contractors, venture capital investment companies, business incubators, and larger

businesses, for the purpose of facilitating the progress of SBIR awardees to Phase III.

(Sec. 513) Requires federal agencies to give priority to applications that increase the number of SBIR and STTR award recipients conducting research related to reducing the environmental impact of: (1) acid mine drainage, and (2) the use of hydraulic fracturing during natural gas exploration activities.

## **Actions Timeline**

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- **Jul 1, 2011:** Reported (Amended) by the Committee on Small Business. H. Rept. 112-90, Part II.
- **Jul 1, 2011:** Committee on Armed Services discharged.
- **Jul 1, 2011:** Placed on the Union Calendar, Calendar No. 85.
- **May 26, 2011:** Reported (Amended) by the Committee on Science, Space, and Technology. H. Rept. 112-90, Part I.
- **May 18, 2011:** Referred to the Subcommittee on Emerging Threats and Capabilities.
- **May 11, 2011:** Committee Consideration and Mark-up Session Held.
- **May 11, 2011:** Ordered to be Reported (Amended).
- **May 4, 2011:** Committee Consideration and Mark-up Session Held.
- **May 4, 2011:** Ordered to be Reported (Amended) by Voice Vote.
- **May 3, 2011:** RE-REFERRAL OF H.R. 1425 - Mr. Hall(TX) asked unanimous consent the H.R. 1425 be re-referred to the Committee on Small Business, and in addition, to the Committees on Science, Space, and Technology and Armed Services. Agreed to without objection.
- **May 3, 2011:** Rerferred to the Committee on Small Business, and in addition to the Committees on Science, Space, and Technology, and Armed Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.
- **Apr 13, 2011:** Subcommittee Consideration and Mark-up Session Held.
- **Apr 13, 2011:** Forwarded by Subcommittee to Full Committee (Amended) by Voice Vote.
- **Apr 8, 2011:** Referred to the Subcommittee on Technology and Innovation.
- **Apr 7, 2011:** Introduced in House
- **Apr 7, 2011:** Referred to the Committee on Science, Space, and Technology, and in addition to the Committees on Small Business, and Armed Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.