

118TH CONGRESS
2D SESSION

H. R. 10407

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

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 12, 2024

Ms. VELÁZQUEZ introduced the following bill; which was referred 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

A BILL

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

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “SBIR/STTR Reau-
5 thorization Act of 2024”.

6 **SEC. 2. TABLE OF CONTENTS.**

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

- Sec. 1. Short title.
- Sec. 2. Table of contents.

TITLE I—REAUTHORIZATION OF PROGRAMS

- Sec. 101. Sense of Congress.
- Sec. 102. Extension of SBIR and STTR authority.
- Sec. 103. Extension of FAST Program.

TITLE II—DIVERSIFICATION INITIATIVES

- Sec. 201. SBIR and STTR fellowships.
- Sec. 202. Application assistance to broaden participation.
- Sec. 203. Technical and business assistance improvements.
- Sec. 204. Improvements to website relating to the SBIR program or STTR program.

TITLE III—COMMERCIALIZATION IMPROVEMENTS

- Sec. 301. Phase III award education.
- Sec. 302. Report on DoD denials of Phase III.

TITLE IV—PILOT PROGRAMS

- Sec. 401. Extend and modify assistance for administrative, oversight, and contract processing costs.
- Sec. 402. Extend and expand the direct to Phase II authority.
- Sec. 403. Acceleration of DoD SBIR and STTR awards.
- Sec. 404. Extend commercialization readiness program for civilian agencies.
- Sec. 405. Extend and expand Phase 0 proof of concept partnership program.
- Sec. 406. Extend commercialization assistance programs.

TITLE V—OVERSIGHT AND SIMPLIFICATION INITIATIVES

- Sec. 501. Annual reports to Congress.
- Sec. 502. Comptroller General reports on fraud controls.
- Sec. 503. Comptroller General report on diversification and commercialization.
- Sec. 504. Extend the report on award timeliness.
- Sec. 505. Pilot program to accelerate National Institutes of Health evaluation process.
- Sec. 506. Codifying safeguards for small business concerns majority-owned by venture capital operating companies, hedge funds, or private equity firms.

TITLE VI—TECHNICAL CHANGES

- Sec. 601. Inclusion of SBICs in the SBIR and STTR programs.
- Sec. 602. Phase III and sole-source awards.

1 **TITLE I—REAUTHORIZATION OF**
2 **PROGRAMS**

3 **SEC. 101. SENSE OF CONGRESS.**

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

6 (1) by inserting “(1)” before “Research and de-
7 velopment”; and

8 (2) by adding at the end the following new
9 paragraphs:

10 “(2) It is the sense of the Congress that—

11 “(A) the purpose of the SBIR and STTR pro-
12 grams is to strengthen the role of innovative small
13 business concerns in Federally funded research and
14 development, including—

15 “(i) stimulating technological innovation;

16 “(ii) using small business concerns to meet
17 the needs of Federal research and development;

18 “(iii) fostering and encouraging participa-
19 tion of and by socially and economically dis-
20 advantaged small business concerns (as defined
21 in section 8(a)(4)(A)) and small business con-
22 cerns owned and controlled by women in tech-
23 nological innovation; and

24 “(iv) increasing private sector commer-
25 cialization of innovations derived from Federal

1 research and development, thereby increasing
 2 competition, productivity, and economic growth;
 3 and

4 “(B) in addition to the purposes set forth in
 5 subparagraph (A), the purpose of the STTR pro-
 6 gram is to reserve a portion of the extramural re-
 7 search or research and development budgets of Fed-
 8 eral agencies to provide awards to small business
 9 concerns for cooperative research and development
 10 with research institutions.”.

11 **SEC. 102. EXTENSION OF SBIR AND STTR AUTHORITY.**

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

14 (b) STTR.—Section 9(n)(1)(A) of the Small Busi-
 15 ness Act (15 U.S.C. 638(n)(1)(A)) is amended by striking
 16 “through fiscal year 2025”.

17 **SEC. 103. EXTENSION OF FAST PROGRAM.**

18 Section 34(i) of the Small Business Act (15 U.S.C.
 19 657d(i)) is amended by striking “September 30, 2005”
 20 and inserting “September 30, 2030”.

21 **TITLE II—DIVERSIFICATION**
 22 **INITIATIVES**

23 **SEC. 201. SBIR AND STTR FELLOWSHIPS.**

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

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

“(5) FELLOWSHIPS.—

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

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

“(C) SUPPORT ORGANIZATION.—Each Federal agency that makes an award or enters into a partnership under subparagraph (A) may

1 partner with or provide grants or awards to a
2 third-party organization to support and facili-
3 tate the enhanced outreach under subparagraph
4 (B) provided that such third-party organization
5 is a nonprofit organization with relevant experi-
6 ence and demonstrated expertise in delivery of
7 services described in subparagraph (B).

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

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

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

20 (2) in subsection (n), by adding at the end the
21 following new paragraph:

22 “(4) FELLOWSHIPS.—

23 “(A) IN GENERAL.—A Federal agency may
24 provide grants or awards, either directly or in
25 partnership with a third party, to small busi-

1 ness concerns that have received SBIR or
2 STTR Phase II awards to provide fellowship
3 and internship opportunities at the under-
4 graduate, baccalaureate, graduate, and
5 postdoctoral levels in fields that are important
6 to such Federal agency.

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

17 “(C) SUPPORT ORGANIZATION.—Each
18 Federal agency that makes an award or enters
19 into a partnership under subparagraph (A) may
20 partner with or provide grants or awards to a
21 third-party organization to support and facili-
22 tate the enhanced outreach under subparagraph
23 (B) provided such third-party organization is a
24 nonprofit organization with relevant experience

1 and demonstrated expertise in delivery of serv-
2 ices described in subparagraph (B).

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

6 “(i) With respect to a Federal agency
7 that uses the authority under subsection
8 (mm), the funds authorized under such
9 subsection.

10 “(ii) With respect a Federal agency
11 other than a Federal agency described in
12 clause (i), not more than three percent of
13 the funds required to be expended under
14 paragraph (1).”.

15 **SEC. 202. APPLICATION ASSISTANCE TO BROADEN PARTICI-**
16 **PATION.**

17 (a) IN GENERAL.—Section 9(mm)(1) of the Small
18 Business Act (15 U.S.C. 638(mm)(1)) is amended—

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

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

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

“(L) providing small business concerns with assistance applying to the SBIR program or STTR program of the Federal agency, including providing such assistance to carry out the policy directive required under paragraphs (2)(F) or (5) of subsection (j) and subsection (p)(2)(H) to increase the participation of States with respect to which a low level of SBIR or STTR awards have historically been awarded.”.

(b) ENHANCED MINORITY INSTITUTION PARTICIPATION.—

(1) SBIR.—Section 9(j) of the Small Business Act (15 U.S.C. 638(j)), is amended by adding at the end the following new paragraph:

“(5) INCREASED OUTREACH REQUIREMENTS.—

Not later than 90 days after the date of the enactment of this paragraph, the Administration shall modify the policy directives issued pursuant to this subsection to require enhanced outreach efforts to increase the participation of individuals conducting research at minority institutions (as defined in section 365 of the Higher Education Act of 1965 (20 U.S.C. 1067k)) and Hispanic-serving institutions (as defined in section 502(a) of such Act (20 U.S.C. 1101a(a))) in SBIR programs.”.

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

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

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

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

“(H) procedures for outreach efforts to increase the participation of individuals conducting research at minority institutions (as defined in section 365 of the Higher Education Act of 1965 (20 U.S.C. 1067k)) and Hispanic-serving institutions (as defined in section 16502(a) of such Act (20 U.S.C. 1101a(a))) in STTR programs.”.

SEC. 203. TECHNICAL AND BUSINESS ASSISTANCE IMPROVEMENTS.

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

(1) in paragraph (1), in the matter preceding subparagraph (A)—

(A) by striking “may enter into an agreement with 1 or more vendors selected under

1 paragraph (2)(A) to provide small business con-
2 cerns engaged in SBIR or STTR projects with”
3 and inserting “shall authorize recipients of
4 awards under the SBIR program or the STTR
5 program to select, if desired, commercialization
6 activities provided under subparagraph (A),
7 (B), or (C) of paragraph (3) to provide such re-
8 cipients with”; and

9 (B) by inserting “cybersecurity assist-
10 ance,” after “market validation,”;

11 (2) in paragraph (3)—

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

14 “(A) PHASE I.—A Federal agency de-
15 scribed in paragraph (1) shall authorize a re-
16 cipient of a Phase I SBIR or STTR award to
17 use not more than \$6,500 per project, in addi-
18 tion to the amount of the award of the recipient
19 as determined appropriate by the head of the
20 Federal agency, for the services described in
21 paragraph (1)—

22 “(i) provided through a vendor se-
23 lected under paragraph (2)(A);

24 “(ii) provided, to the extent author-
25 ized by the Federal agency, through a ven-

dor other than a vendor selected under paragraph (2)(A); or

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

“(B) PHASE II.—A Federal agency described in paragraph (1) shall authorize a recipient of a Phase II SBIR or STTR award to use 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 under paragraph (2)(A);

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

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

(B) in subparagraph (E), by inserting “Phase I or” before “Phase II”; and

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

“(5) I-CORPS PARTICIPATION.—

1 “(A) IN GENERAL.—Each Federal agency
2 that is required to conduct an SBIR or STTR
3 program with an Innovation Corps program (es-
4 tablished under section 601 of the American In-
5 novation and Competitiveness Act (42 U.S.C.
6 1862s-8); commonly known as ‘I-Corps’)
7 shall—

8 “(i) provide an option for participa-
9 tion in an I-Corps teams course, I-Corps
10 bootcamp, or another equivalent training
11 program to recipients of an award under
12 the SBIR or STTR program; and

13 “(ii) authorize the recipients described
14 in clause (i) to use amounts authorized
15 under this subsection to participate in the
16 I-Corps teams course, I-Corps bootcamp,
17 or another equivalent training program.

18 “(B) COST OF PARTICIPATION.—The cost
19 of participation by a recipient described in sub-
20 paragraph (A)(i) in an I-Corps course, I-Corps
21 bootcamp, or another equivalent training pro-
22 gram may be provided by—

23 “(i) an I-Corps team grant;

24 “(ii) funds awarded to the recipient
25 under this subsection;

1 “(iii) the participating teams or other
 2 sources as appropriate; or
 3 “(iv) any combination of sources de-
 4 scribed in clauses (i), (ii), and (iii).”.

5 **SEC. 204. IMPROVEMENTS TO WEBSITE RELATING TO THE**
 6 **SBIR PROGRAM OR STTR PROGRAM.**

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

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

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

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

15 “(D) for each research institution subcon-
 16 tracted by a recipient of a Phase I, Phase II,
 17 or Phase III SBIR award to perform research
 18 or research and development with respect to
 19 such award—

20 “(i) the name and location of such re-
 21 search institution;

22 “(ii) whether such research institution
 23 is—

24 “(I) an institution of higher edu-
 25 cation (as such term is defined in sec-

tion 101 of the Higher Education Act of 1965 (20 U.S.C. 1001));

“(II) a nonprofit institution (as defined in section 4 of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3703)) other than an institution of higher education; or

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

“(iii) for each research institution that is an institution of higher education, whether such research institution is—

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

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

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

1 “(IV) an Alaska Native-serving
2 institution or a Native Hawaiian-serv-
3 ing institution (as defined in section
4 317(b) of such Act (20 U.S.C.
5 1059d(b)));

6 “(V) a Predominantly Black In-
7 stitution (as defined in section 371(c)
8 of such Act (20 U.S.C. 1067q(c)));

9 “(VI) an Asian American and
10 Native American Pacific Islander-
11 serving institution (as defined in sec-
12 tion 371(c) of such Act (20 U.S.C. 10
13 1067q(c))); or

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

18 (b) STTR PROGRAM.—Section 9(o)(9) of the Small
19 Business Act (15 U.S.C. 638(o)(9)) is amended—

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

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

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

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

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

“(ii) whether such research institution is—

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

“(II) a nonprofit institution (as defined in section 4 of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3703)) other than an institution of higher education; or

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

“(iii) for each research institution that is an institution of higher education, whether such research institution is—

1 “(I) a part B institution (as de-
2 fined in section 322 the Higher Edu-
3 cation Act of 1965 (20 U.S.C. 1061));

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

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

10 “(IV) an Alaska Native-serving
11 institution or a Native Hawaiian-serv-
12 ing institution (as defined in section
13 317(b) of such Act (20 U.S.C.
14 1059d(b)));

15 “(V) a Predominantly Black In-
16 stitution (as defined in section 371(c)
17 of such Act (20 U.S.C. 1067q(c)));

18 “(VI) an Asian American and
19 Native American Pacific Islander-
20 serving institution (as defined in sec-
21 tion 371(c) of such Act (20 U.S.C. 25
22 1067q(c))); or

23 “(VII) a Native American-serving
24 nontribal institution (as defined in

1 section 371(c) of such Act (20 U.S.C.
2 1067q(c));”.

3 (c) DATABASE REPORTING.—

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

6 (A) by striking “Phase I or Phase II SBIR
7 or STTR” each place it appears and inserting
8 “Phase I, Phase II, or Phase III SBIR or
9 STTR”;

10 (B) in paragraph (1)(B)—

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

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

15 (iii) by adding at the end the fol-
16 lowing new clause:

17 “(iv) information regarding any re-
18 search institution subcontracted by such
19 small business concern to perform research
20 or research and development with respect
21 to such award, including—

22 “(I) the name and location of
23 such research institution;

24 “(II) whether such research insti-
25 tution is—

1 “(aa) an institution of high-
2 er education (as such term is de-
3 fined in section 101 of the High-
4 er Education Act of 1965 (20
5 U.S.C. 1001));

6 “(bb) a nonprofit institution
7 (as defined in section 4 of the
8 Stevenson-Wydler Technology In-
9 novation Act of 1980 (15 U.S.C.
10 3703)) other than an institution
11 of higher education; or

12 “(cc) a federally funded re-
13 search and development center
14 (as identified by the National
15 Scientific Foundation in accord-
16 ance with the Federal Acquisition
17 Regulation); and

18 “(III) for each research institu-
19 tion that is an institution of higher
20 education (as such term is defined in
21 section 101 of the Higher Education
22 Act of 1965 (20 U.S.C. 1001)),
23 whether such research institution is
24 an institution described in paragraphs

1 (1) through (7) of section 371(a) of
2 such Act (20 U.S.C. 1067q(a));”;

3 (C) in paragraph (2)—

4 (i) in subparagraph (A), by striking
5 “Phase I or Phase II of the SBIR program
6 or the STTR” and inserting “Phase I,
7 Phase II, or Phase III of the SBIR pro-
8 gram or the STTR”;

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

11 (iii) in subparagraph (G)(ii), by strik-
12 ing the period at the end and inserting “;
13 and”; and

14 (iv) by adding at the end the following
15 new subparagraph:

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

22 “(i) the name and location of such re-
23 search institution;

24 “(ii) whether such research institution
25 is—

1 “(I) an institution of higher edu-
2 cation (as such term is defined in sec-
3 tion 101 of the Higher Education Act
4 of 1965 (20 U.S.C. 1001));

5 “(II) a nonprofit institution (as
6 defined in section 4 of the Stevenson-
7 Wydler Technology Innovation Act of
8 1980 (15 U.S.C. 3703)) other than an
9 institution of higher education; or

10 “(III) a federally funded research
11 and development center (as identified
12 by the National Scientific Foundation
13 in accordance with the Federal Acqui-
14 sition Regulation); and

15 “(iii) for each research institution
16 that is an institution of higher education
17 (as such term is defined in section 101 of
18 the Higher Education Act of 1965 (20
19 U.S.C. 1001)), whether such research in-
20 stitution is an institution described in
21 paragraphs (1) through (7) of section
22 371(a) of such Act (20 U.S.C.
23 1067q(a)).”; and

24 (D) in paragraph (3)(C), by striking
25 “Phase I or Phase II award” each place it ap-

1 pears and inserting “Phase I, Phase II, or
2 Phase III award”.

3 (2) DATABASE UPDATE DEADLINE.—Notwith-
4 standing paragraphs (1) or (2) of section 9(k) of the
5 Small Business Act (15 U.S.C. 638(k)), the Admin-
6 istrator shall, not later than 1 year after the date
7 of the enactment of this Act, include—

8 (A) in the database described such para-
9 graph (1) the information required under such
10 paragraph, as amended by subparagraphs (A)
11 and (B) of paragraph (1) of this Act; and

12 (B) in the database described such para-
13 graph (2) the information required under such
14 paragraph, as amended by subparagraphs (A)
15 and (C) of paragraph (1) of this Act.

16 **TITLE III—COMMERCIALIZATION** 17 **IMPROVEMENTS**

18 **SEC. 301. PHASE III AWARD EDUCATION.**

19 Section 9(r) of the Small Business Act (15 U.S.C.
20 638(r)) is amended by adding at the end the following new
21 paragraph:

22 “(5) WORKFORCE TRAINING.—

23 “(A) IN GENERAL.—The Administrator, in
24 coordination with the Secretary of Defense, the
25 Administrator of the General Services Adminis-

1 tration, and the head of any such other Federal
2 agency that the Administrator determines ap-
3 propriate, shall establish training activities for
4 contracting officers and agency acquisition
5 workforce of Federal agencies to ensure that
6 such individuals are fully aware of all aspects of
7 Phase III acquisitions under the SBIR and
8 STTR programs, as applicable.

9 “(B) TRAINING TOPICS.—The training ac-
10 tivities required under subparagraph (A) shall
11 include training on—

12 “(i) the missions, goals, and authori-
13 ties of the SBIR and STTR programs;

14 “(ii) the use of Phase III agreement;
15 and

16 “(iii) Phase III data rights.

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

18 “(i) AGENCY ACQUISITION WORK-
19 FORCE.—The term ‘agency acquisition
20 workforce’ means the employees of a Fed-
21 eral agency that have procurement or ac-
22 quisition responsibilities, including—

23 “(I) employees described in sec-
24 tion 1703 of title 41, United States
25 Code; and

1 “(II) individuals that are part of
2 the acquisition workforce (as such
3 term is defined in section 101(a) of
4 title 10, United States Code).

5 “(ii) PHASE III ACQUISITION.—The
6 term ‘Phase III acquisition’ means the ac-
7 quisition of a good or service from a par-
8 ticipant in Phase III that such participant
9 has commercialized or is seeking to com-
10 mercialize as such a participant.”.

11 **SEC. 302. REPORT ON DOD DENIALS OF PHASE III.**

12 Section 9(r) of the Small Business Act (15 U.S.C.
13 638(r)), as amended by section 301, is further amended
14 by adding at the end the following new paragraph:

15 “(6) REPORTING.—Not later than 30 days after
16 the date on which the Department of Defense denies
17 a small business concern Phase III agreement, the
18 Secretary of Defense shall report that denial to the
19 Administrator.”.

TITLE IV—PILOT PROGRAMS

SEC. 401. EXTEND AND MODIFY ASSISTANCE FOR ADMINISTRATIVE, OVERSIGHT, AND CONTRACT PROCESSING COSTS.

(a) IN GENERAL.—Section 9(mm) of the Small Business Act (15 U.S.C. 638(mm)), as amended by section 202, is further amended—

(1) by designating the text of paragraph (1) as subparagraph (A); and

(2) in paragraph (1)—

(A) by redesignating subparagraphs (A) through (L) as clauses (i) through (xii), respectively;

(B) by striking “September 30, 2025” and inserting “September 30, 2030”;

(C) by striking “3 percent” and inserting “3.3 percent”; and

(D) by adding at the end the following new subparagraph:

“(B) TRANSFER OF FUNDS.—

“(i) IN GENERAL.—Not later than 2 months after the date of the enactment of an Act providing appropriations for the Department of Defense, the Department of Energy, the Department of Health and

Human Services, the National Aeronautics and Space Administration, or the National Science Foundation, the head of each such entity for which such Act provided appropriations shall transfer not less than 10 percent of the funds described under subparagraph (A) to the Administrator to increase the resources of the Administration for administering the SBIR and STTR programs.

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

(b) INCREASING PARTICIPATION OF UNDERSERVED POPULATIONS IN THE SBIR AND STTR PROGRAMS.—

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

“(2) OUTREACH AND TECHNICAL ASSISTANCE.—A Federal agency participating in the program under this subsection may use a portion of the funds authorized for uses under paragraph (1) to

1 carry out the policy directive required under sub-
 2 section (j)(2)(F) and to increase the participation of
 3 States with respect to which a low level of SBIR
 4 awards have historically been awarded.”.

5 (2) CONFORMING AMENDMENT.—Section
 6 9(mm)(6) of the Small Business Act (15 U.S.C.
 7 638(mm)(6)) is amended by striking “including”
 8 and all that follows and inserting the following: “in-
 9 cluding—

10 “(A) the use of funds transferred under
 11 subparagraph (B) of paragraph (1) for the uses
 12 authorized in such subparagraph and to achieve
 13 the objectives of paragraph (2); and

14 “(B) the use of other funds under this
 15 subsection to achieve such objectives.”.

16 **SEC. 402. EXTEND AND EXPAND THE DIRECT TO PHASE II**
 17 **AUTHORITY.**

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

20 (1) by designating the text of subsection (cc) as
 21 paragraph (1); and

22 (2) in subsection (cc)—

23 (A) by striking “2012 through 2025” and
 24 inserting “2012 through 2030”;

1 (B) by striking “the National Institutes of
2 Health, the Department of Defense, and the
3 Department of Education may each” and in-
4 serting “each Federal agency required to carry
5 out an SBIR program may”; and

6 (C) by adding at the end the following new
7 paragraphs:

8 “(2) LIMITATION.—The total value of awards
9 provided by a Federal agency under this subsection
10 in a fiscal year shall be—

11 “(A) except as provided in subparagraph
12 (B), not more than 10 percent of the total
13 funds allocated to the SBIR program of the
14 Federal agency during that fiscal year; and

15 “(B) with respect to the National Insti-
16 tutes of Health, not more than 15 percent of
17 the total funds allocated to the SBIR program
18 of the National Institutes of Health during that
19 fiscal year.

20 “(3) REPORT.—Each head of a Federal agency
21 that exercises the authority under this subsection
22 shall include in the next report submitted by such
23 Federal agency under (g)(9) following such exercise
24 the number and amount of awards provided under

1 this subsection by such Federal agency in the period
2 covered by such report.”.

3 **SEC. 403. ACCELERATION OF DOD SBIR AND STTR AWARDS.**

4 (a) IN GENERAL.—Section 9(hh) of the Small Busi-
5 ness Act (15 U.S.C. 638(hh)) is amended—

6 (1) in the heading, by inserting “AND SIM-
7 PLIFIED DoD FORMS” after “OF FUNDING”; and

8 (2) by amending paragraph (2) to read as fol-
9 lows:

10 “(2) ACCELERATE DEPARTMENT OF DEFENSE
11 SBIR AND STTR AWARDS.—

12 “(A) IN GENERAL.—Notwithstanding sub-
13 sections (g)(4) and (o)(4), the Under Secretary
14 of Defense for Research and Engineering, act-
15 ing through the Director of Defense Procure-
16 ment and Acquisition Policy of the Department
17 of Defense, shall develop simplified and stand-
18 ardized procedures and model contracts
19 throughout the Department of Defense for
20 Phase I, Phase II, and Phase III SBIR awards
21 that, to the extent practicable, reduce the
22 amount of time between the provision of notice
23 of such awards and the subsequent release of
24 funding with respect to the awards to 90 days.

1 “(B) CONSULTATION.—In carrying out
 2 subparagraph (A), the Director of Defense Pro-
 3 curement and Acquisition Policy of the Depart-
 4 ment of Defense shall consult with the Director
 5 of the Office of Small Business Programs of the
 6 Department of Defense.”.

7 (b) TIMING.—The Under Secretary of Defense for
 8 Research and Engineering, acting through the Director of
 9 Defense Procurement and Acquisition Policy of the De-
 10 partment of Defense, shall carry out section 9(hh)(2) of
 11 the Small Business Act (15 U.S.C. 638(hh)(2)), as
 12 amended by subsection (a), not later than 1 year after
 13 the date of the enactment of this Act.

14 **SEC. 404. EXTEND COMMERCIALIZATION READINESS PRO-**
 15 **GRAM FOR CIVILIAN AGENCIES.**

16 Section 9(gg) of the Small Business Act (15 U.S.C.
 17 638(gg)) is amended—

18 (1) in the heading, by striking “PILOT” and in-
 19 serting “CIVILIAN AGENCIES COMMERCIALIZATION
 20 READINESS”;

21 (2) by striking “pilot program” each place it
 22 appears and inserting “covered program”; and

23 (3) by striking “fiscal year 2025” and inserting
 24 “fiscal year 2030”.

1 **SEC. 405. EXTEND AND EXPAND PHASE 0 PROOF OF CON-**
2 **CEPT PARTNERSHIP PROGRAM.**

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

5 (1) in the subsection heading, by striking
6 “PILOT”;

7 (2) in paragraph (1)—

8 (A) by striking “Director of the National
9 Institutes of Health” and inserting “head of a
10 covered agency”;

11 (B) by striking “pilot program” and in-
12 serting “program”;

13 (C) by striking “the Director shall award”
14 and inserting “the head of each covered agency
15 shall make”; and

16 (D) by striking “grants” each place it ap-
17 pears and inserting “awards”;

18 (3) by amending paragraph (2) to read as fol-
19 lows:

20 “(2) DEFINITIONS.—In this subsection—

21 “(A) the term ‘covered agency’ means the
22 National Institutes of Health, the National
23 Science Foundation, the National Aeronautics
24 and Space Administration, and the Department
25 of Energy;

1 “(B) the term ‘Phase 0 program’ means a
2 Proof of Concept Partnership program; and

3 “(C) the term ‘qualifying institution’
4 mean—

5 “(i) a university or other research in-
6 stitution that participates in the STTR
7 program of the National Institutes of
8 Health, National Science Foundation, Na-
9 tional Aeronautics and Atmospheric Ad-
10 ministration, Department of Energy, or
11 Department of Defense; or

12 “(ii) another U.S.-based organization
13 with relevant expertise and capability in
14 technology translation, technology entre-
15 preneurship, or technical research and de-
16 velopment.”;

17 (4) in paragraph (3)—

18 (A) by amending subparagraph (A) to read
19 as follows:

20 “(A) IN GENERAL.—A Proof of Concept
21 Partnership shall be set up by a qualifying in-
22 stitution to make awards to individual research-
23 ers in support of proof of concept work and
24 commercialization mentoring needed to trans-

late promising research projects and technologies into a viable company.”; and

(B) in subparagraph (B)—

(i) in the matter preceding clause

(i)—

(I) by striking “Proof of Concept Partnership program” and inserting “Phase 0 program”; and

(II) by striking “award grants” and inserting “make awards”;

(ii) by redesignating clause (ii) as clause (iv); and

(iii) by inserting after clause (i) the following new clauses:

“(ii) Eligible individual researchers include faculty members, university staff, industrial scientists, owners of small business concerns, postdoctoral scholars, and students.

“(iii) Awards may support technical validations, market research, entrepreneurial training, clarifying intellectual property rights position and strategy, and investigating commercial or business opportunities.”;

1 (5) in paragraph (4)—

2 (A) in subparagraph (A)—

3 (i) by striking “The Director” and in-
4 serting “The head of a covered agency”;
5 and

6 (ii) by striking “\$1,000,000” and in-
7 serting “\$1,500,000”; and

8 (B) in subparagraph (B)—

9 (i) in the matter preceding clause (i),
10 by striking “In determining” and all that
11 follows through “qualifying institutions—”
12 and inserting the following: “In deter-
13 mining which qualifying institutions receive
14 awards under the Phase 0 program, the
15 head of a covered agency shall consider, in
16 addition to any other criteria such head
17 determines necessary, the extent to which
18 the qualifying institution—”;

19 (ii) by amending clause (i) to read as
20 follows:

21 “(i) have an established and proven
22 record of working in the areas of tech-
23 nology transfer, technology or commer-
24 cialization, entrepreneurial development, or
25 another related innovation practice;”;

1 (iii) in clause (iv), by inserting “aca-
2 demic,” after “industry,”; and

3 (iv) by amending clause (v) to read as
4 follows:

5 “(v) have demonstrated a plan for encouraging par-
6 ticipation of small business concerns owned and controlled
7 by socially and economically disadvantaged individuals and
8 small business concerns owned and controlled by women;”;

9 (6) in paragraph (6)—

10 (A) in the matter preceding subparagraph

11 (A)—

12 (i) by striking “The Director” and in-
13 serting “The head of each covered agen-
14 cy”; and

15 (ii) by striking “pilot program” and
16 inserting “Phase 0 program implemented
17 by such head”;

18 (B) in subparagraph (B), by striking “the
19 pilot program” and inserting “such Phase 0
20 program”;

21 (C) in subparagraph (C), by striking “the
22 pilot program” and inserting “such Phase 0
23 program”;

(D) in subparagraph (D), by striking “the pilot program” and inserting “such Phase 0 program”; and

(E) in subparagraph (E)—

(i) by striking “the program’s effectiveness” and inserting “the effectiveness of such Phase 0 program”; and

(ii) by inserting after “supporting data” the following: “, including how the program contributes to the implementation of the policy directive required under subsection (j)(2)(F)”; and

(7) by striking paragraph (7).

SEC. 406. EXTEND COMMERCIALIZATION ASSISTANCE PROGRAMS.

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

(1) in the heading, by striking “PILOT”;

(2) by striking “subsequent Phase II” each place it appears and inserting “third Phase II”;

(3) in paragraph (1), by amending the heading to read as follows: “PROGRAM IMPLEMENTATIONS”;

(4) by striking “pilot” each place it appears;

(5) in paragraph (3), by striking “September 30, 2025” and inserting “September 30, 2030”;

1 (6) in paragraph (5)(B)—

2 (A) by striking “An eligible entity” and in-
3 serting the following:

4 “(i) IN GENERAL.—An eligible enti-
5 ty”; and

6 (B) by adding at the end the following new
7 clause:

8 “(ii) CERTAIN AGENCY FUNDS.—An
9 eligible entity may use funds received from
10 Federal agencies, other than funds received
11 under an SBIR or STTR program, to meet
12 the matching requirement of subparagraph
13 (A).”;

14 (7) by redesignating paragraph (10) as para-
15 graph (11);

16 (8) by inserting after paragraph (9) the fol-
17 lowing new paragraph:

18 “(10) TIMING.—An eligible entity may apply
19 for and receive a third Phase II award any time
20 after the eligible entity receives an additional Phase
21 II SBIR award under subsection (ff), including after
22 the completion of such additional Phase II SBIR
23 award.”; and

1 (9) in subparagraph (E) of paragraph (11), as
 2 so redesignated, in the heading, by striking “SUBSE-
 3 QUENT PHASE II” and inserting “THIRD PHASE II”.

4 **TITLE V—OVERSIGHT AND**
 5 **SIMPLIFICATION INITIATIVES**

6 **SEC. 501. ANNUAL REPORTS TO CONGRESS.**

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

9 (1) in subsection (g)(9)—

10 (A) by inserting “Congress,” after “SBIR
 11 program to”;

12 (B) by inserting a comma after “Adminis-
 13 tration”; and

14 (C) by inserting after “Technology Policy”
 15 the following: “and publish such report on the
 16 website of such Federal agency as soon as prac-
 17 ticable”;

18 (2) in subsection (o)(10)—

19 (A) by inserting “Congress,” after “STTR
 20 program to”;

21 (B) by inserting a comma after “Adminis-
 22 tration”; and

23 (C) by inserting after “Technology Policy”
 24 the following: “and publish such report on the

1 website of such Federal agency as soon as prac-
 2 ticable”; and

3 (3) in subsection (gg)(6), by inserting “Con-
 4 gress and” after “agency to”.

5 **SEC. 502. COMPTROLLER GENERAL REPORTS ON FRAUD**
 6 **CONTROLS.**

7 (a) REPORT ON STUDY WITH RESPECT TO VENTURE
 8 CAPITAL OPERATING COMPANY, HEDGE FUND, AND PRI-
 9 VATE EQUITY FIRM INVOLVEMENT.—Section 5142 of the
 10 National Defense Authorization Act for Fiscal Year 2012
 11 (15 U.S.C. 638a) is amended by inserting “through De-
 12 cember 31, 2027” after “every 3 years thereafter”.

13 (b) REPORT ON PROGRAM TO FIGHT FRAUD,
 14 WASTE, AND ABUSE.—Section 5143(b) of the National
 15 Defense Authorization Act for Fiscal Year 2012 (15
 16 U.S.C. 638b(b)) is amended by inserting “through Decem-
 17 ber 31, 2027,” after “every 4 years thereafter”.

18 **SEC. 503. COMPTROLLER GENERAL REPORT ON DIVER-**
 19 **SIFICATION AND COMMERCIALIZATION.**

20 (a) IN GENERAL.—Not later than three years after
 21 the date of the enactment of this Act, the Comptroller
 22 General of the United States shall submit to the Com-
 23 mittee on Small Business and Entrepreneurship of the
 24 Senate and the Committee on Small Business of the
 25 House of Representatives a report on the effectiveness of

1 the SBIR and STTR programs with respect to diversifica-
2 tion of participants and commercialization.

3 (b) CONTENTS.—The report shall include, to the ex-
4 tent practicable, an assessment of—

5 (1) the demographics of small business concerns
6 receiving SBIR or STTR awards, including new en-
7 trants and underrepresented groups;

8 (2) the efforts of participating agencies to
9 broaden representation and participation of new en-
10 trants and underrepresented groups in the SBIR
11 and STTR programs;

12 (3) how participating agencies develop solicita-
13 tion topics and attract applicants;

14 (4) the efforts of participating agencies to sup-
15 port technology commercialization;

16 (5) the extent to which the SBIR and STTR
17 awards made by each participating agency align with
18 the research priorities and technology needs of that
19 participating agency; and

20 (6) such other matters as the Comptroller Gen-
21 eral, in consultation with the Committee on Small
22 Business and Entrepreneurship of the Senate and
23 the Committee on Small Business of the House of
24 Representatives, determines appropriate.

25 (c) DEFINITIONS.—In this section:

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

5 (2) NEW ENTRANT.—The term “new entrant”
6 means a small business concern that has not pre-
7 viously received an SBIR or STTR award.

8 (3) UNDERREPRESENTED GROUPS.—The term
9 “underrepresented groups” means small business
10 concerns located in States with respect to which a
11 low level of SBIR and STTR awards have histori-
12 cally been awarded, small business concerns owned
13 and controlled by women, and small business con-
14 cerns owned and controlled by socially and economi-
15 cally disadvantaged individuals.

16 (4) PARTICIPATING AGENCY.—The term “par-
17 ticipating agency” means a Federal agency carrying
18 out an SBIR or STTR program under section 9 of
19 the Small Business Act (15 U.S.C. 638).

20 (5) SMALL BUSINESS CONCERN.—The term
21 “small business concern” has the meaning given
22 such term under section 3 of the Small Business Act
23 (15 U.S.C. 632).

24 (6) SMALL BUSINESS CONCERN OWNED AND
25 CONTROLLED BY SOCIALLY AND ECONOMICALLY DIS-

1 ADVANTAGED INDIVIDUALS; SMALL BUSINESS CON-
 2 CERN OWNED AND CONTROLLED BY WOMEN.—The
 3 terms “small business concern owned and controlled
 4 by socially and economically disadvantaged individ-
 5 uals” and “small business concern owned and con-
 6 trolled by women” have the meanings given such
 7 terms in section 8(d) of the Small Business Act (15
 8 U.S.C. 637(d)).

9 **SEC. 504. EXTEND THE REPORT ON AWARD TIMELINESS.**

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

12 (1) in the matter preceding clause (i), by strik-
 13 ing “3 years” and inserting “11 years”;

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

15 (3) by redesignating clause (ii) as clause (iii);

16 and

17 (4) by inserting after clause (i) the following
 18 new clause:

19 “(ii) provides the average and median
 20 amount of time that each Federal agency
 21 with an SBIR or STTR program takes to
 22 review and make a final decision on pro-
 23 posals submitted under the program; and”.

1 **SEC. 505. PILOT PROGRAM TO ACCELERATE NATIONAL IN-**
2 **STITUTES OF HEALTH EVALUATION PROC-**
3 **ESS.**

4 (a) IN GENERAL.—Section 9(hh) of the Small Busi-
5 ness Act (15 U.S.C. 638(hh)) is amended by adding at
6 the end the following new paragraph:

7 “(3) PILOT PROGRAM TO ACCELERATE THE NA-
8 TIONAL INSTITUTES OF HEALTH SBIR AND STTR
9 AWARDS.—

10 “(A) IN GENERAL.—Not later than 1 year
11 after the date of the enactment of this para-
12 graph, the Director of the National Institutes of
13 Health shall establish a pilot program to reduce
14 the time for awards under the SBIR and STTR
15 programs of the National Institutes of Health.

16 “(B) AWARD PROCEDURES.—In carrying
17 out the pilot program under subparagraph (A),
18 the Director shall develop simplified and stand-
19 ardized procedures across all relevant awarding
20 offices at the National Institutes of Health and
21 reduce the amount of time between the provi-
22 sion of notice of such awards and the subse-
23 quent release of funding with respect to the
24 awards to be as close to 90 days as possible.

25 “(C) MERIT REVIEW.—

1 “(i) IN GENERAL.—Under the pilot
2 program under subparagraph (A), the Di-
3 rector of the National Institutes of Health
4 may, with respect to awards under the
5 SBIR and STTR programs of the National
6 Institute of Health, use such peer review
7 procedures (including consultation with ap-
8 propriate scientific experts) as the Director
9 determines to be appropriate to obtain as-
10 sessments of scientific and technical merit
11 and potential for commercialization.

12 “(ii) DEEMED.—The use of peer re-
13 view procedures under clause (i) shall be
14 deemed to fulfill any requirements applica-
15 ble to the award under the SBIR or STTR
16 program of the National Institute of
17 Health under sections 406(a)(3)(A) and
18 492 of the Public Health Service Act (42
19 U.S.C. 284a(a)(3)(A); 289a).

20 “(D) TERMINATION.—The pilot program
21 under subparagraph (A) shall terminate on
22 September 30, 2030.”.

23 (b) EVALUATION REPORT.—Not later than three
24 years after the date of enactment of this Act, the Director
25 of the National Institutes of Health shall submit to the

1 Committees on Small Business and Science, Space, and
 2 Technology of the House of Representatives and the Com-
 3 mittee on Small Business and Entrepreneurship of the
 4 Senate an evaluation of the pilot program established
 5 under paragraph (3) of section 9(hh) of the Small Busi-
 6 ness Act (15 U.S.C. 638(hh)), as added by subsection (a),
 7 including an analysis of the peer review procedures used
 8 under subparagraph (C) of such paragraph and the effects
 9 on award times.

10 **SEC. 506. CODIFYING SAFEGUARDS FOR SMALL BUSINESS**
 11 **CONCERNS MAJORITY-OWNED BY VENTURE**
 12 **CAPITAL OPERATING COMPANIES, HEDGE**
 13 **FUNDS, OR PRIVATE EQUITY FIRMS.**

14 (a) IN GENERAL.—Section 9(dd) of the Small Busi-
 15 ness Act (15 U.S.C. 638(dd)) is amended—

16 (1) in paragraph (6)(B), by striking “If a Fed-
 17 eral” and inserting “Except as provided in para-
 18 graph (8), if a Federal”; and

19 (2) by adding at the end the following new
 20 paragraph:

21 “(8) PARTICIPATION LIMITS.—

22 “(A) IN GENERAL.—A small business con-
 23 cern that is majority-owned by multiple venture
 24 capital operating companies, hedge funds, or
 25 private equity firms is ineligible to receive an

1 award under any SBIR program if the Admin-
2 istrator determines that such small business
3 concern is, or is owned and controlled in major-
4 ity part by, a covered foreign entity.

5 “(B) OWNERSHIP DETERMINATION.—In
6 determining whether a small business concern is
7 ineligible to receive an award under any SBIR
8 program under subparagraph (A), the Adminis-
9 trator shall consider whether the small business
10 concern is a direct or indirect subsidiary of a
11 foreign-owned firm.

12 “(C) SIZE STANDARDS.—The Adminis-
13 trator shall establish size standards for small
14 business concerns seeking to participate in an
15 SBIR program solely under the authority under
16 this section.

17 “(D) DEFINITIONS.—In this paragraph:

18 “(i) COVERED FOREIGN ENTITY.—the
19 term ‘covered foreign entity’—

20 “(I) means—

21 “(aa) a foreign entity of
22 concern;

23 “(bb) a government or polit-
24 ical party of a foreign country of
25 concern;

1 “(cc) a natural person who
2 is not a lawful permanent resi-
3 dent of the United States, citizen
4 of the United States, or any
5 other protected individual (as
6 such term is defined in section
7 274B(a)(3) of the Immigration
8 and Nationality Act (8 U.S.C.
9 1324b(a)(3))); or

10 “(dd) a partnership, associa-
11 tion, corporation, organization, or
12 other combination of persons or-
13 ganized under the laws of or hav-
14 ing its principal place of business
15 in a foreign country of concern;
16 and

17 “(II) includes—

18 “(aa) any person owned by,
19 controlled by, or subject to the
20 jurisdiction or direction of a an
21 entity listed in subclause (I);

22 “(bb) any person, wherever
23 located, who acts as an agent,
24 representative, or employee of an
25 entity listed in subclause (I);

1 “(cc) any person who acts in
2 any other capacity at the order,
3 request, or under the direction or
4 control, of an entity listed in sub-
5 clause (I), or of a person whose
6 activities are directly or indirectly
7 supervised, directed, controlled,
8 financed, or subsidized in whole
9 or in majority part by an entity
10 listed in subclause (I);

11 “(dd) any person who di-
12 rectly or indirectly through any
13 contract, arrangement, under-
14 standing, relationship, or other-
15 wise, owns 25 percent or more of
16 the equity interests of an entity
17 listed in subclause (I);

18 “(ee) any person with sig-
19 nificant responsibility to control,
20 manage, or direct an entity listed
21 in subclause (I);

22 “(ff) any person, wherever
23 located, who is a citizen or resi-
24 dent of a country controlled by

1 an entity listed in subclause (I);

2 or

3 “(gg) any corporation, part-
4 nership, association, or other or-
5 ganization organized under the
6 laws of a country controlled by
7 an entity listed in subclause (I).

8 “(ii) FOREIGN ENTITY OF CON-
9 CERN.—The term ‘foreign entity of con-
10 cern’ means a foreign entity that is—

11 “(I) designated as a foreign ter-
12 rorist organization by the Secretary of
13 State under section 219(a) of the Im-
14 migration and Nationality Act (8
15 U.S.C. 1189(a));

16 “(II) included on the list of spe-
17 cially designated nationals and
18 blocked persons maintained by the Of-
19 fice of Foreign Assets Control of the
20 Department of the Treasury (com-
21 monly known as the SDN list);

22 “(III) owned by, controlled by, or
23 subject to the jurisdiction or direction
24 of a government of a foreign country
25 that is a covered nation (as such term

1 is defined in section 4872 of title 10,
2 United States Code);

3 “(IV) alleged by the Attorney
4 General to have been involved in ac-
5 tivities for which a conviction was ob-
6 tained under—

7 “(aa) chapter 37 of title 18,
8 United States Code (commonly
9 known as the Espionage Act);

10 “(bb) section 951 or 1030 of
11 such title;

12 “(cc) chapter 90 of such
13 title (commonly known as the
14 Economic Espionage Act of
15 1996);

16 “(dd) the Arms Export Con-
17 trol Act (22 U.S.C. 2751 et seq.);

18 “(ee) section 224, 225, 226,
19 227, or 236 of the Atomic En-
20 ergy Act of 1954 (42 U.S.C.
21 2274, 2275, 2276, 2277, and
22 2284);

23 “(ff) the Export Control Re-
24 form Act of 2018 (50 U.S.C.
25 4801 et seq.); or

1 “(gg) the International
 2 Emergency Economic Powers Act
 3 (50 U.S.C. 1701 et seq.); or
 4 “(V) determined by the Secretary
 5 of Commerce, in consultation with the
 6 Secretary of Defense and the Director
 7 of National Intelligence, to be engaged
 8 in unauthorized conduct that is detri-
 9 mental to the national security or for-
 10 eign policy of the United States.”.

11 (b) APPLICABILITY.—The amendments made by sub-
 12 section (a) shall apply only with respect to awards made
 13 under an Small Business Innovation Research Program
 14 (as defined in section 9(e) of the Small Business Act (15
 15 U.S.C. 638(e))) after the date of the enactment of this
 16 Act.

17 **TITLE VI—TECHNICAL CHANGES**

18 **SEC. 601. INCLUSION OF SBICS IN THE SBIR AND STTR PRO-** 19 **GRAMS.**

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

22 (1) by striking “or private equity firm invest-
 23 ment” each place that term appears and inserting
 24 “private equity firm, or SBIC investment”;

1 (2) by striking “or private equity firms” each
 2 place that term appears and inserting “private equity
 3 firms, or SBICs”;

4 (3) in subsection (e)—

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

7 (B) in paragraph (19), by striking the pe-
 8 riod at the end and inserting “; and”; and

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

11 “(15) the term ‘SBIC’ means a small business
 12 investment company as defined in section 103 of the
 13 Small Business Investment Act of 1958 (15 U.S.C.
 14 662).”; and

15 (4) in the heading for subsection (dd), by strik-
 16 ing “OR PRIVATE EQUITY FIRMS” and inserting
 17 “PRIVATE EQUITY FIRMS, OR SBICs”.

18 **SEC. 602. PHASE III AND SOLE-SOURCE AWARDS.**

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

21 (1) in the heading, by inserting “SOLE SOURCE
 22 AND OTHER” after “JUSTIFICATION FOR”; and

- 1 (2) in the heading for paragraph (4), by insert-
- 2 ing “SOLE SOURCE AND OTHER” after “JUSTIFICA-
- 3 TION FOR”.

