

115TH CONGRESS
1ST SESSION

H. R. 2702

To amend the Small Business Act to establish a commercialization assistance pilot program under the SBIR program, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 25, 2017

Mr. LAWSON of Florida introduced the following bill; which was referred to the Committee on Small Business, and in addition to the Committee on Science, Space, and Technology, 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 establish a commercialization assistance pilot program under the SBIR program, 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 Commercializa-
5 tion Assistance Act of 2017”.

1 **SEC. 2. COMMERCIALIZATION ASSISTANCE PILOT PRO-**
2 **GRAM.**

3 Section 9 of the Small Business Act (15 U.S.C. 638)
4 is amended by adding at the end the following new sub-
5 section:

6 “(tt) COMMERCIALIZATION ASSISTANCE PILOT PRO-
7 GRAMS.—

8 “(1) PILOT PROGRAMS IMPLEMENTED.—

9 “(A) IN GENERAL.—Except as provided in
10 subparagraph (B), not later than one year after
11 the date of the enactment of this subsection, a
12 covered agency shall implement a commer-
13 cialization assistance pilot program, under
14 which an eligible entity may receive a subse-
15 quent Phase II SBIR award.

16 “(B) EXCEPTION.—If the Administrator
17 determines that a covered agency has a pro-
18 gram that is sufficiently similar to the commer-
19 cialization assistance pilot program established
20 under this subsection, such covered agency shall
21 not be required to implement a commercializa-
22 tion assistance pilot program under this sub-
23 section.

24 “(2) PERCENT OF AGENCY FUNDS.—The head
25 of each covered agency may allocate not more than
26 5 percent of the funds allocated to the SBIR pro-

1 gram of the covered agency for the purpose of mak-
2 ing a subsequent Phase II SBIR award under the
3 commercialization assistance pilot program.

4 “(3) TERMINATION.—A commercialization as-
5 sistance pilot program established under this sub-
6 section shall terminate on September 30, 2022.

7 “(4) APPLICATION.—To be selected to receive a
8 subsequent Phase II SBIR award under a commer-
9 cialization assistance pilot program, an eligible enti-
10 ty shall submit to the covered agency implementing
11 such pilot program an application at such time, in
12 such manner, and containing such information as
13 the covered agency may require, including—

14 “(A) an updated Phase II commercializa-
15 tion plan; and

16 “(B) the source and amount of the match-
17 ing funding required under paragraph (5).

18 “(5) MATCHING FUNDING.—

19 “(A) IN GENERAL.—The Administrator
20 shall require, as a condition of any subsequent
21 Phase II SBIR award made to an eligible entity
22 under this subsection, that a matching amount
23 (excluding any fees collected by the eligible enti-
24 ty receiving such award) equal to the amount of

1 such award be provided from an eligible third-
2 party investor.

3 “(B) INELIGIBLE SOURCES.—An eligible
4 entity may not use funding from ineligible
5 sources to meet the matching requirement of
6 subparagraph (A).

7 “(6) AWARD.—A subsequent Phase II SBIR
8 award made to an eligible entity under this sub-
9 section—

10 “(A) may not exceed the limitation de-
11 scribed under subsection (aa)(1); and

12 “(B) shall be disbursed during Phase II.

13 “(7) USE OF FUNDS.—The funds awarded to
14 an eligible entity under this subsection may only be
15 used for research and development activities that
16 build on eligible entity’s Phase II program and en-
17 sure the research funded under such Phase II is
18 rapidly progressing towards commercialization.

19 “(8) SELECTION.—In selecting eligible entities
20 to participate in a commercialization assistance pilot
21 program under this subsection, the head of a covered
22 agency shall consider—

23 “(A) the extent to which such award could
24 aid the eligible entity in commercializing the re-

1 search funded under the eligible entity’s Phase
2 II program;

3 “(B) whether the updated Phase II com-
4 mercialization plan submitted under paragraph
5 (4) provides a sound approach for establishing
6 technical feasibility that could lead to commer-
7 cialization of such research;

8 “(C) whether the proposed activities to be
9 conducted under such updated Phase II com-
10 mercialization plan further improve the likeli-
11 hood that such research will provide societal
12 benefits;

13 “(D) whether the small business concern
14 has progressed satisfactorily in Phase II to jus-
15 tify receipt of a subsequent Phase II SBIR
16 award;

17 “(E) the expectations of the eligible third-
18 party investor that provides matching funding
19 under paragraph (5); and

20 “(F) the likelihood that the proposed ac-
21 tivities to be conducted under such updated
22 Phase II commercialization plan using matching
23 funding provided by such eligible third-party in-
24 vestor will lead to commercial and societal ben-
25 efit.

1 “(9) EVALUATION REPORT.—Not later than 3
2 years after the date of the enactment of this sub-
3 section, the Comptroller General of the United
4 States shall submit to the Committee on Science,
5 Space, and Technology and the Committee on Small
6 Business of the House of Representatives, and the
7 Committee on Small Business and Entrepreneurship
8 of the Senate, a report including—

9 “(A) a summary of the activities of com-
10 mercialization assistance pilot programs carried
11 out under this subsection;

12 “(B) a detailed compilation of results
13 achieved by such commercialization assistance
14 pilot programs, including the number of eligible
15 entities that received awards under such pro-
16 grams;

17 “(C) the rate at which each eligible entity
18 that received a subsequent Phase II SBIR
19 award under this subsection commercialized re-
20 search of the recipient;

21 “(D) the growth in employment and rev-
22 enue of eligible entities that is attributable to
23 participation in a commercialization assistance
24 pilot program;

1 “(E) a comparison of commercialization
2 success of eligible entities participating in a
3 commercialization assistance pilot program with
4 recipients of an additional Phase II SBIR
5 award under subsection (ff);

6 “(F) demographic information, such as
7 ethnicity and geographic location, of eligible en-
8 tities participating in a commercialization as-
9 sistance pilot program;

10 “(G) an accounting of the funds used at
11 each covered agency that implements a commer-
12 cialization assistance pilot program under this
13 subsection;

14 “(H) the amount of matching funding pro-
15 vided by eligible third-party investors, set forth
16 separately by source of funding;

17 “(I) an analysis of the effectiveness of the
18 commercialization assistance pilot program im-
19 plemented by each covered agency; and

20 “(J) recommendations for improvements to
21 the commercialization assistance pilot program.

22 “(10) DEFINITIONS.—For purposes of this sub-
23 section:

1 “(A) COVERED AGENCY.—The term ‘cov-
2 ered agency’ means a Federal agency required
3 to have an SBIR program.

4 “(B) ELIGIBLE ENTITY.—The term ‘eligi-
5 ble entity’ means a small business concern that
6 has received a Phase II award under an SBIR
7 program and an additional Phase II SBIR
8 award under subsection (ff) from the covered
9 agency to which such small business concern is
10 applying for a subsequent Phase II SBIR
11 award.

12 “(C) ELIGIBLE THIRD-PARTY INVESTOR.—
13 The term ‘eligible third-party investor’ means a
14 small business concern other than an eligible
15 entity, a venture capital firm, an individual in-
16 vestor, a non-SBIR Federal, State or local gov-
17 ernment, or any combination thereof.

18 “(D) INELIGIBLE SOURCES.—The term
19 ‘ineligible sources’ means the following:

20 “(i) The eligible entity’s internal re-
21 search and development funds.

22 “(ii) Funding in forms other than
23 cash, such as in-kind or other intangible
24 assets.

1 “(iii) Funding from the owners of the
2 eligible entity, or the family members or
3 affiliates of such owners.

4 “(iv) Funding attained through loans
5 or other forms of debt obligations.

6 “(E) SUBSEQUENT PHASE II SBIR
7 AWARD.—The term ‘subsequent Phase II SBIR
8 award’ means an award granted to an eligible
9 entity under this subsection to carry out further
10 commercialization activities for research con-
11 ducted pursuant to an SBIR program.”.

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