AMENDMENT TO RULES COMMITTEE PRINT 115-70

OFFERED BY MR. LAWSON OF FLORIDA

Page 381, after line 9, insert the following:

SEC. 861. COMMERCIALIZATION ASSISTANCE PILOT PROGRAM.

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

“(tt) COMMERCIALIZATION ASSISTANCE PILOT PROGRAMS.—

“(1) PILOT PROGRAMS IMPLEMENTED.—

“(A) IN GENERAL.—Except as provided in subparagraph (B), not later than one year after the date of the enactment of this subsection, a covered agency shall implement a commercialization assistance pilot program, under which an eligible entity may receive a subsequent Phase II SBIR award.

“(B) EXCEPTION.—If the Administrator determines that a covered agency has a program that is sufficiently similar to the commercialization assistance pilot program established
under this subsection, such covered agency shall
not be required to implement a commercialization
assistance pilot program under this subsection.

“(2) Percent of Agency Funds.—The head of each covered agency may allocate not more than 5 percent of the funds allocated to the SBIR program of the covered agency for the purpose of making a subsequent Phase II SBIR award under the commercialization assistance pilot program.

“(3) Termination.—A commercialization assistance pilot program established under this subsection shall terminate on September 30, 2022.

“(4) Application.—To be selected to receive a subsequent Phase II SBIR award under a commercialization assistance pilot program, an eligible entity shall submit to the covered agency implementing such pilot program an application at such time, in such manner, and containing such information as the covered agency may require, including—

“(A) an updated Phase II commercialization plan; and

“(B) the source and amount of the matching funding required under paragraph (5).

“(5) Matching Funding.—
“(A) IN GENERAL.—The Administrator shall require, as a condition of any subsequent Phase II SBIR award made to an eligible entity under this subsection, that a matching amount (excluding any fees collected by the eligible entity receiving such award) equal to the amount of such award be provided from an eligible third-party investor.

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

“(6) AWARD.—A subsequent Phase II SBIR award made to an eligible entity under this subsection—

“(A) may not exceed the limitation described under subsection (aa)(1); and

“(B) shall be disbursed during Phase II.

“(7) USE OF FUNDS.—The funds awarded to an eligible entity under this subsection may only be used for research and development activities that build on eligible entity’s Phase II program and ensure the research funded under such Phase II is rapidly progressing towards commercialization.
“(8) SELECTION.—In selecting eligible entities to participate in a commercialization assistance pilot program under this subsection, the head of a covered agency shall consider—

“(A) the extent to which such award could aid the eligible entity in commercializing the research funded under the eligible entity’s Phase II program;

“(B) whether the updated Phase II commercialization plan submitted under paragraph (4) provides a sound approach for establishing technical feasibility that could lead to commercialization of such research;

“(C) whether the proposed activities to be conducted under such updated Phase II commercialization plan further improve the likelihood that such research will provide societal benefits;

“(D) whether the small business concern has progressed satisfactorily in Phase II to justify receipt of a subsequent Phase II SBIR award;

“(E) the expectations of the eligible third-party investor that provides matching funding under paragraph (5); and
“(F) the likelihood that the proposed activities to be conducted under such updated Phase II commercialization plan using matching funding provided by such eligible third-party investor will lead to commercial and societal benefit.

“(9) Evaluation report.—Not later than 3 years after the date of the enactment of this subsection, the Comptroller General of the United States shall submit to the Committee on Science, Space, and Technology and the Committee on Small Business of the House of Representatives, and the Committee on Small Business and Entrepreneurship of the Senate, a report including—

“(A) a summary of the activities of commercialization assistance pilot programs carried out under this subsection;

“(B) a detailed compilation of results achieved by such commercialization assistance pilot programs, including the number of eligible entities that received awards under such programs;

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

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

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

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

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

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

“(I) an analysis of the effectiveness of the
commercialization assistance pilot program im-
plemented by each covered agency; and
“(J) recommendations for improvements to the commercialization assistance pilot program.

“(10) DEFINITIONS.—For purposes of this subsection:

“(A) COVERED AGENCY.—The term ‘covered agency’ means a Federal agency required to have an SBIR program.

“(B) ELIGIBLE ENTITY.—The term ‘eligible entity’ means a small business concern that has received a Phase II award under an SBIR program and an additional Phase II SBIR award under subsection (ff) from the covered agency to which such small business concern is applying for a subsequent Phase II SBIR award.

“(C) ELIGIBLE THIRD-PARTY INVESTOR.—The term ‘eligible third-party investor’ means a small business concern other than an eligible entity, a venture capital firm, an individual investor, a non-SBIR Federal, State or local government, or any combination thereof.

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

“(i) The eligible entity’s internal research and development funds.
“(ii) Funding in forms other than cash, such as in-kind or other intangible assets.

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

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

“(E) Subsequent Phase II SBIR Award.—The term ‘subsequent Phase II SBIR award’ means an award granted to an eligible entity under this subsection to carry out further commercialization activities for research conducted pursuant to an SBIR program.”.