

119TH CONGRESS  
2D SESSION

# S. 3971

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## AN ACT

To extend the SBIR and STTR 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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Small Business Inno-  
3 vation and Economic Security Act”.

4 **SEC. 2. BOLSTERING RESEARCH SECURITY OF SBIR AND**  
5 **STTR AWARDS.**

6 (a) IN GENERAL.—Section 9 of the Small Business  
7 Act (15 U.S.C. 638) is amended—

8 (1) in subsection (g)—

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

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

14 “(15) evaluate whether a small business con-  
15 cern presents a security risk for any reason, through  
16 measures including—

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

19 “(B) disclosures submitted under this sub-  
20 section; or

21 “(C) coordination with the intelligence  
22 community, as defined in section 3 of the Na-  
23 tional Security Act of 1947 (50 U.S.C. 3003),  
24 Federal law enforcement, and other counter-  
25 intelligence capabilities of the Federal Govern-  
26 ment;”;

1 (C) in paragraph (16), as so redesignated—  
2

3 (i) by striking subparagraph (B);

4 (ii) by striking “that—” and all that  
5 follows through “the small business concern submitting” and inserting “that the  
6 small business concern submitting”;  
7

8 (iii) by redesignating clauses (i), (ii),  
9 and (iii) as subparagraphs (A), (B), and  
10 (C), respectively, and adjusting the margins accordingly;  
11

12 (iv) in subparagraph (B), as so redesignated, by striking “or” at the end;  
13

14 (v) in subparagraph (C), as so redesignated, by striking “and” at the end; and  
15

16 (vi) by adding at the end the following:  
17

18 “(D) has a security risk connecting the  
19 small business concern to an entity, including  
20 any affiliates of the entity, or individual on—

21 “(i) the UFLPA Entity List maintained by the Department of Homeland Security;  
22  
23

24 “(ii) the Non-SDN Chinese Military-Industrial Complex Companies List of the  
25

1 Office of Foreign Assets Control main-  
2 tained by the Department of the Treasury;

3 “(iii) the Section 889 Prohibition List  
4 established under section 889 of the John  
5 S. McCain National Defense Authorization  
6 Act for Fiscal Year 2019 (Public Law  
7 115–232; 132 Stat. 1917) and maintained  
8 by the Department of Defense;

9 “(iv) the list of Chinese Military com-  
10 panies required under section 1260H of  
11 the William M. (Mac) Thornberry National  
12 Defense Authorization Act for Fiscal Year  
13 2021 (10 U.S.C. 113 note) and maintained  
14 by the Department of Defense;

15 “(v) the Military End User List main-  
16 tained by the Bureau of Industry and Se-  
17 curity of the Department of Commerce;

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

21 “(vii) the List of Equipment and  
22 Services maintained by the Federal Com-  
23 munications Commission; or

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

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

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

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

10                  “(17) provide for—

11                   “(A) a process under which, upon making  
12                   an award decision to deny an application on the  
13                   basis of a determination under paragraph (16),  
14                   or upon making a determination under para-  
15                   graph (16) that a small business concern has a  
16                   security risk described in that paragraph, the  
17                   Federal agency provides to the small business  
18                   concern, as appropriate pursuant to the discre-  
19                   tion of the Federal agency and in a manner  
20                   that does not compromise national security, a  
21                   notification—

22                   “(i) advising the small business con-  
23                   cern of such determination; and

24                   “(ii) identifying the basis for such de-  
25                   termination; and

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

6           (E) in paragraph (19), as so redesign-  
7           nated—

8                   (i) in subparagraph (B), by striking  
9                   “paragraph (16)(A)” and inserting “para-  
10                   graph (18)(A)”;

11                   (ii) in subparagraph (C), by striking  
12                   “paragraph (16)(B)” and inserting “para-  
13                   graph (18)(B)”;

14           (2) in subsection (o)—

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

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

20                   “(19) evaluate whether a small business con-  
21                   cern presents a security risk for any reason, through  
22                   measures including—

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

1           “(B) disclosures submitted under this sub-  
2 section; or

3           “(C) coordination with the intelligence  
4 community, as defined in section 3 of the Na-  
5 tional Security Act of 1947 (50 U.S.C. 3003),  
6 Federal law enforcement, and other counter-  
7 intelligence capabilities of the Federal Govern-  
8 ment;”;

9           (C) in paragraph (20), as so redesign-  
10 nated—

11           (i) by striking subparagraph (B);

12           (ii) by striking “that—” and all that  
13 follows through “the small business con-  
14 cern submitting” and inserting “that the  
15 small business concern submitting”;

16           (iii) by redesignating clauses (i), (ii),  
17 and (iii) as subparagraphs (A), (B), and  
18 (C), respectively, and adjusting the mar-  
19 gins accordingly;

20           (iv) in subparagraph (B), as so redesi-  
21 gnated, by striking “or” at the end;

22           (v) in subparagraph (C), as so redesi-  
23 gnated, by striking “and” at the end; and

24           (vi) by adding at the end the fol-  
25 lowing:

1           “(D) has a foreign risk connecting the  
2 small business concern to an entity, including  
3 any affiliates of the entity, or individual on—

4           “(i) the UFLPA Entity List main-  
5 tained by the Department of Homeland Se-  
6 curity;

7           “(ii) the Non-SDN Chinese Military-  
8 Industrial Complex Companies List of the  
9 Office of Foreign Assets Control main-  
10 tained by the Department of the Treasury;

11           “(iii) the Section 889 Prohibition List  
12 established under section 889 of the John  
13 S. McCain National Defense Authorization  
14 Act for Fiscal Year 2019 (Public Law  
15 115–232; 132 Stat. 1917) and maintained  
16 by the Department of Defense;

17           “(iv) the list of Chinese Military com-  
18 panies required under section 1260H of  
19 the William M. (Mac) Thornberry National  
20 Defense Authorization Act for Fiscal Year  
21 2021 (10 U.S.C. 113 note) and maintained  
22 by the Department of Defense;

23           “(v) the Military End User List main-  
24 tained by the Bureau of Industry and Se-  
25 curity of the Department of Commerce;

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

4                   “(vii) the List of Equipment and  
5                   Services maintained by the Federal Com-  
6                   munications Commission; or

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

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

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

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

16                  “(21) provide for—

17                  “(A) a process under which, upon making  
18                  an award decision to deny an application on the  
19                  basis of a determination under paragraph (20),  
20                  or upon making a determination under para-  
21                  graph (20) that a small business concern has a  
22                  security risk described in that paragraph, the  
23                  Federal agency provides to the small business  
24                  concern, as appropriate pursuant to the discre-  
25                  tion of the Federal agency and in a manner

1 that does not compromise security, a notifica-  
2 tion—

3 “(i) advising the small business con-  
4 cern of such determination; and

5 “(ii) identifying the basis for such de-  
6 termination; and

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

12 (E) in paragraph (23), as so redesign-  
13 nated—

14 (i) in subparagraph (B), by striking  
15 “paragraph (20)(A)” and inserting “para-  
16 graph (22)(A)” and

17 (ii) in subparagraph (C), by striking  
18 “paragraph (20)(B)” and inserting “para-  
19 graph (22)(B)” and

20 (3) in subsection (vv)(2)—

21 (A) by amending subparagraph (A) to read  
22 as follows:

23 “(A) assess, using a risk-based approach  
24 as appropriate—

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

3                   “(ii) patent analysis;

4                   “(iii) employee analysis;

5                   “(iv) foreign ownership of a small  
6                   business concern seeking an award, includ-  
7                   ing the financial ties and obligations  
8                   (which shall include surety, equity, and  
9                   debt obligations) of the small business con-  
10                  cern and employees of the small business  
11                  concern to a foreign country, foreign per-  
12                  son, or foreign entity;

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

17                  “(vi) investment relationships of a  
18                  small business concern with an individual  
19                  or entity in a foreign country of concern;

20                  “(vii) technology licensing agreements  
21                  or joint ventures (including joint venture-  
22                  like agreements) with an individual or enti-  
23                  ty in a foreign country of concern; and

24                  “(viii) business relationships between  
25                  a covered individual, owner, or other key

1           personnel of a small business concern and  
2           an individual or entity in a foreign country  
3           of concern;”;

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

6           (C) by adding at the end the following:

7           “(C) examine any relationship of a small  
8           business concern seeking an award to any entity  
9           or individual included on the lists described in  
10          subsections (g)(16)(D) and (o)(20)(D).”.

11          (b) GAO STUDY.—Section 4(b)(4) of the SBIR and  
12          STTR Extension Act of 2022 (Public Law 117–183; 136  
13          Stat. 2183) is amended by striking “3 years” and insert-  
14          ing “8 years”.

15          **SEC. 3. PHASE II STRATEGIC BREAKTHROUGH FUNDING.**

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

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

20                 “(6) STRATEGIC BREAKTHROUGH ALLOCA-  
21                 TION.—The requirement under paragraph (1) and  
22                 the requirement to receive a waiver from the Admin-  
23                 istrator under paragraph (4) do not apply to a Fed-  
24                 eral agency for awards of not more than  
25                 \$30,000,000 to a small business concern with funds

1 made available under a strategic breakthrough allo-  
2 cation (as defined in subsection (ff)(3)(A)).”; and

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

5 “(3) STRATEGIC BREAKTHROUGH AWARDS.—

6 “(A) STRATEGIC BREAKTHROUGH ALLOCA-  
7 TION DEFINED.—In this paragraph, the term  
8 ‘strategic breakthrough allocation’ means, with  
9 respect to a Federal agency with a required ex-  
10 penditure under subsection (f)(1) in excess of  
11 \$100,000,000, an expenditure amount from the  
12 SBIR allocation under subsection (f)(1) of such  
13 agency of not more than 0.50 percent of the ex-  
14 tramural budget for research or research and  
15 development designated for such agency for fis-  
16 cal year 2026 and every fiscal year thereafter.

17 “(B) AWARD.—Under this paragraph, a  
18 funding agreement may be awarded to a small  
19 business concern by a Federal agency using  
20 funds made available under a strategic break-  
21 through allocation.

22 “(C) FUND PARAMETERS.—In the case of  
23 a Phase II agreement that is awarded to a  
24 small business concern by a Federal agency  
25 using funds made available under a strategic

1 breakthrough allocation, the following require-  
2 ments shall apply:

3 “(i) AWARD SIZE AND PERIOD OF  
4 PERFORMANCE.—A Federal agency may  
5 award from a strategic breakthrough allo-  
6 cation not more than \$30,000,000 to a  
7 small business concern, including its affili-  
8 ates, in a single award or series of awards  
9 based on reaching production or develop-  
10 ment milestones, if the total period of per-  
11 formance of the project with respect to  
12 which such funds are awarded is not more  
13 than 48 months.

14 “(ii) SMALL BUSINESS CONCERN RE-  
15 QUIREMENTS.—The small business concern  
16 shall—

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

20 “(II) demonstrate not less than  
21 100 percent matching funds from—

22 “(aa) new private capital as  
23 a result of an award using funds  
24 made available under a strategic  
25 breakthrough allocation;

1 “(bb) new funding awarded  
2 by a government agency under a  
3 program other than Phase I or II  
4 of the SBIR or STTR program  
5 as a result of an award using  
6 funds made available under a  
7 strategic breakthrough allocation;  
8 or

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

11 “(III) demonstrate a technology  
12 that is an effective solution, as deter-  
13 mined by market research; and

14 “(IV) only be eligible for an  
15 award from the strategic break-  
16 through allocation at the Department  
17 of Defense if the small business con-  
18 cern—

19 “(aa) provides a product,  
20 process, or technology that meets  
21 a necessary level of readiness and  
22 has a commitment for inclusion  
23 in a program objective memo-  
24 randum from an official with the  
25 rank of program acquisition exec-

1           utive or higher in an acquisition  
2           organization of the Department  
3           of Defense;

4           “(bb) provides a product,  
5           process, or technology that will  
6           meet high priority requirements  
7           or operational needs of a military  
8           department through a successful  
9           transition and into the acquisi-  
10          tion process; and

11          “(cc) demonstrates not less  
12          than 20 percent of the required  
13          matching funds under subclause  
14          (II) come from new funding  
15          awarded by the Department of  
16          Defense under a program other  
17          than Phase I or II of the SBIR  
18          or STTR program as a result of  
19          an award using funds made  
20          available under a strategic break-  
21          through allocation.

22          “(iii) DEADLINE.—The Federal agen-  
23          cy shall complete any contract awards  
24          using strategic breakthrough allocation  
25          funds not later than 90 days after receiv-

1 ing a proposal from a small business con-  
2 cern for the award.

3 “(iv) ELIGIBLE ACTIVITIES.—Eligible  
4 activities by a small business concern using  
5 strategic breakthrough allocation funds are  
6 any critical technology areas or require-  
7 ments deemed necessary by the Federal  
8 agency.

9 “(v) SELECTION CRITERIA.—In mak-  
10 ing awards using funds made available  
11 under a strategic breakthrough allocation,  
12 the Federal agency shall consider—

13 “(I) the potential of the small  
14 business concern to advance the na-  
15 tional security capabilities of the  
16 United States;

17 “(II) the potential of the small  
18 business concern to provide new tech-  
19 nologies or processes, or new applica-  
20 tions of existing technologies, that will  
21 enable new alternatives to existing  
22 programs;

23 “(III) whether a customer in a  
24 Federal agency has expressed an in-  
25 tent to purchase and integrate tech-

1 nology from the small business con-  
2 cern into its operations; or

3 “(IV) whether a particular tech-  
4 nology area is undercapitalized by pri-  
5 vate investment.

6 “(D) USE OF STREAMLINED CONTRACTING  
7 MECHANISMS.—Each Federal agency shall im-  
8 plement streamlined processes and requirements  
9 for submitting proposals and applying for  
10 awards using funds made available under a  
11 strategic breakthrough allocation.”.

12 (b) COMMERCIALIZATION READINESS PROGRAM.—  
13 Section 9(y) of the Small Business Act (15 U.S.C. 638(y))  
14 is amended—

15 (1) in paragraph (2)—

16 (A) by striking “shall identify” and insert-  
17 ing “shall—

18 “(A) identify”;

19 (B) in subparagraph (A), as so des-  
20 ignated—

21 (i) by inserting “, including small  
22 business concerns with an award from the  
23 strategic breakthrough allocation (as de-  
24 fined in subsection (ff)(3)(A),” before  
25 “that have the potential”; and

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

3 (C) by adding at the end the following:

4 “(B) ensure, in collaboration with SBIR  
5 program managers of each component, that re-  
6 search programs identified under subparagraph  
7 (A) are analyzed within the programming and  
8 budgeting process as budget requests are devel-  
9 oped; and

10 “(C) provide to the Committee on Small  
11 Business and Entrepreneurship of the Senate  
12 and the Committees on Small Business and  
13 Science, Space, and Technology of the House of  
14 Representatives information on the integration  
15 of SBIR and STTR awardees in budget rollouts  
16 for research, development, testing, and evalua-  
17 tion activities.”;

18 (2) by striking paragraph (3);

19 (3) by redesignating paragraphs (4), (5), and  
20 (6) as paragraphs (3), (4), and (5), respectively; and  
21 (4) in paragraph (5), as so redesignated—

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

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

1           (C) by inserting after subparagraph (B)  
2           the following:

3           “(C) establish a mechanism to provide  
4           small business concerns with direct access to  
5           program and requirements offices that may  
6           purchase technology from the small business  
7           concern under Phase III of the SBIR program;  
8           and”.

9           (c) BRIEFINGS.—

10           (1) DEFINITION.—In this subsection, the term  
11           “appropriate committees of Congress” means—

12                   (A) the Committee on Small Business and  
13                   Entrepreneurship of the Senate;

14                   (B) the Committee on Small Business of  
15                   the House of Representatives; and

16                   (C) the Committee on Science, Space, and  
17                   Technology of the House of Representatives.

18           (2) GENERAL REQUIREMENT.—Not later than  
19           60 days after the date of enactment of this Act, the  
20           head of each Federal agency that is eligible to make  
21           an award from funds made available under a stra-  
22           tegic breakthrough allocation (as defined in para-  
23           graph (3) of subsection (ff) of section 9 of the Small  
24           Business Act (15 U.S.C. 638), as added by this sec-  
25           tion) shall brief the appropriate committees of Con-

1       gress on whether that Federal agency plans to make  
2       awards pursuant to the authority provided under  
3       such paragraph (3), including the reasons why the  
4       Federal agency plans to, or does not plan to, use  
5       that authority.

6           (3) RECURRING BRIEFING BY FEDERAL AGEN-  
7       CIES USING FUNDING AUTHORITY.—The head of  
8       each Federal agency that opts to make awards pur-  
9       suant to the authority under paragraph (3) of sub-  
10      section (ff) of section 9 of the Small Business Act  
11      (15 U.S.C. 638), as added by this section, shall, on  
12      a recurring basis until the Federal agency finalizes  
13      procedures for making those awards, brief the ap-  
14      propriate committees of Congress regarding the im-  
15      plementation of such paragraph (3) by that Federal  
16      agency.

17      (d) TERMINATION.—Effective on September 30,  
18      2031—

19           (1) this section and the amendments made by  
20      this section shall cease to have effect; and

21           (2) the provisions of law amended by this sec-  
22      tion shall be restored as if such amendments had not  
23      been enacted.

1 **SEC. 4. REDUCING ADMINISTRATIVE BURDEN.**

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

4 “(aaa) REDUCING ADMINISTRATIVE BURDEN.—

5 “(1) IN GENERAL.—With respect to fiscal year  
6 2027 and each fiscal year thereafter, the Director of  
7 the SBIR or STTR program office of each Federal  
8 agency shall, pursuant to authority that may not be  
9 delegated, set equally for all small business concerns  
10 a limit on the maximum number of proposals that  
11 a small business concern may submit in response to  
12 Phase I solicitations and Phase II solicitations under  
13 subsection (cc), published by that Federal agency,  
14 including all components of that Federal agency, in  
15 a single fiscal year. In establishing such a limitation,  
16 the Director of the SBIR or STTR program office  
17 of each Federal agency shall use 1 of the following  
18 methods:

19 “(A) A limit for any small business con-  
20 cern on a fiscal year basis.

21 “(B) A limit for any small business con-  
22 cern on a solicitation basis.

23 “(C) A limit for any small business con-  
24 cern on a topic basis.

25 “(2) WAIVER.—

1           “(A) IN GENERAL.—On a topic by topic  
2 basis, the Director of the SBIR or STTR pro-  
3 gram office of each Federal agency may grant  
4 a waiver of the proposal limit under paragraph  
5 (1) at the time of a solicitation announcement  
6 for a specific topic for the SBIR or STTR pro-  
7 gram of the Federal agency if the topic is time-  
8 sensitive and urgent to the mission of the Fed-  
9 eral agency.

10           “(B) WRITTEN JUSTIFICATION.—For each  
11 topic for which a waiver is sought under sub-  
12 paragraph (A), the Director of the SBIR or  
13 STTR program office of the Federal agency  
14 shall provide a written justification to the Ad-  
15 ministrator, and to the Undersecretary de-  
16 scribed in subparagraph (C), for why the use of  
17 the waiver authority is imperative for the agen-  
18 cy’s mission and the nature of the immediate  
19 and critical need that the Director reasonably  
20 believes cannot be met by small business con-  
21 cerns that have not reached the proposal limit  
22 under paragraph (1).

23           “(C) TIMING.—The Undersecretary over-  
24 seeing the SBIR or STTR program at a Fed-  
25 eral agency and the Administrator are required

1 to approve or disapprove a waiver and written  
2 justification not later than 15 days after the  
3 date on which the Undersecretary receives from  
4 the Director the waiver request described in  
5 subparagraph (A) and the written justification  
6 described in subparagraph (B).

7 “(D) NONDELEGATION.—The authority to  
8 grant or approve a waiver under subparagraph  
9 (A) or (C), respectively, may not be delegated.

10 “(E) WAIVER EFFECTS.—If the Federal  
11 agency grants a waiver under subparagraph (A)  
12 with respect to a topic for the SBIR or STTR  
13 program of a Federal agency, paragraph (1)  
14 shall not prohibit any small business concern  
15 from submitting an SBIR or STTR proposal to  
16 that Federal agency under such topic.

17 “(F) RECORD REQUIREMENT.—Partici-  
18 pating agencies shall maintain information on  
19 topics to which waivers of the proposal limit  
20 under this paragraph are granted, including the  
21 written justifications for those waivers.

22 “(G) LIMITATION.—A Federal agency may  
23 not grant a waiver under this paragraph with  
24 respect to more than 5 percent of the topics of

1 the SBIR and STTR programs of the Federal  
2 agency in any fiscal year.

3 “(3) REPORTING.—

4 “(A) IN GENERAL.—Not later than 30  
5 days after the date on which the Director of the  
6 SBIR or STTR program office of a Federal  
7 agency sets or changes a limit under paragraph  
8 (1), the head of that Federal agency shall pro-  
9 vide to the Committee on Small Business and  
10 Entrepreneurship of the Senate and the Com-  
11 mittee on Small Business and the Committee  
12 on Science, Space, and Technology of the  
13 House of Representatives the methodology for  
14 setting or changing that limit, the consider-  
15 ations made in setting or changing that limit,  
16 and how many small business concerns are im-  
17 pacted by that limit based on historical data.

18 “(B) WRITTEN NOTIFICATION.—Not later  
19 than 30 days after the date on which the Direc-  
20 tor of the SBIR or STTR program office of a  
21 Federal agency grants a waiver under para-  
22 graph (2), the Director shall provide to the  
23 Committee on Small Business and Entrepre-  
24 neurship of the Senate and the Committee on  
25 Small Business and the Committee on Science,

1           Space, and Technology of the House of Rep-  
2           resentatives a written notification regarding the  
3           granting of that waiver, which shall include the  
4           information described in paragraph (2)(F) with  
5           respect to that waiver.

6           “(4) TIMING.—The Director shall establish the  
7           proposal limit under paragraph (1) not later than 90  
8           days before the start of fiscal year 2027 and each  
9           fiscal year thereafter.”.

10 **SEC. 5. PHASE III AWARD EDUCATION.**

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

13           (1) in subsection (e)—

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

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

18                   (C) by adding at the end the following:

19           “(20) the term ‘agency acquisition workforce’  
20           means the employees of a Federal agency that have  
21           procurement or acquisition responsibilities, includ-  
22           ing—

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

1           “(B) individuals that are part of the acqui-  
2           sition workforce, as defined in section 101(a) of  
3           title 10, United States Code.”;

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

6           “(5) WORKFORCE TRAINING.—

7           “(A) IN GENERAL.—The Administrator, in  
8           coordination with the Secretary of Defense, the  
9           Administrator of General Services, and the  
10          head of any other Federal agency that the Ad-  
11          ministrator determines appropriate, shall estab-  
12          lish training activities for contracting officers  
13          and the agency acquisition workforce of Federal  
14          agencies to ensure that all such individuals are  
15          fully aware of all aspects of Phase III awards  
16          under the SBIR and STTR programs, as appli-  
17          cable.

18          “(B) TRAINING TOPICS.—The training ac-  
19          tivities required under subparagraph (A) shall  
20          include training on—

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

23                  “(ii) the use of Phase III agreements;

24                  “(iii) Phase III data rights; and

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

3                   “(C) FUNDING.—The training activities re-  
4                   quired under subparagraph (A) may be carried  
5                   out using funds made available to carry out  
6                   subsections (y) and (mm).”; and

7                   (3) in subsection (mm)(1)—

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

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

12                  (C) by adding at the end the following:

13                  “(L) contracting officer and acquisition  
14                  workforce training activities pursuant to sub-  
15                  section (r)(5).”.

16 **SEC. 6. PHASE III IMPROVEMENTS.**

17                  (a) **PROCUREMENT CENTER REPRESENTATIVE DI-**  
18 **RECTIVES.—**

19                  (1) **IN GENERAL.—**Section 9(j)(4) of the Small  
20                  Business Act (15 U.S.C. 638(j)(4)) is amended by  
21                  inserting before the period at the end the following:

22                  “, and advocate for the maximum practicable use  
23                  and transition of products, services, and technologies  
24                  developed under SBIR or STTR programs to Phase

1       III by means of Phase III awards to small business  
2       concerns”.

3           (2) MODIFICATION DEADLINE.—Not later than  
4       1 year after the date of enactment of this Act, the  
5       Administrator of the Small Business Administration  
6       shall modify the policy directives issued pursuant to  
7       subsection (j) of section 9 of the Small Business Act  
8       (15 U.S.C. 638(j)) in accordance with paragraph (4)  
9       of that subsection, as amended by paragraph (1).

10       (b) PHASE III AWARD SIMPLIFICATION.—Section  
11       9(r)(4) of the Small Business Act (15 U.S.C. 638(r)(4))  
12       is amended—

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

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

17           (3) by adding at the end the following:

18                   “(C) develop simplified and standardized  
19                   procedures and model contracts for Phase I,  
20                   Phase II, and Phase III SBIR awards and re-  
21                   port to the Administrator on actions taken by  
22                   the Federal agency in support of these objec-  
23                   tives; and

24                   “(D) as applicable, issue standardized so-  
25                   licitation provisions and contract clauses that

1 provide clear guidance on the information that  
2 small business concerns participating in SBIR  
3 or STTR programs can be expected to provide  
4 as part of market research or as part of a pro-  
5 posal by those small business concerns to estab-  
6 lish eligibility for Phase III awards.”.

7 **SEC. 7. TECHNICAL AND BUSINESS ASSISTANCE IMPROVE-**  
8 **MENTS.**

9 Section 9 of the Small Business Act (15 U.S.C.  
10 638(q)), as amended by this Act, is amended—

11 (1) in subsection (q)—

12 (A) in paragraph (1)—

13 (i) in the matter preceding subpara-  
14 graph (A)—

15 (I) by striking “may enter into  
16 an agreement with 1 or more vendors  
17 selected under paragraph (2)(A) to  
18 provide small business concerns en-  
19 gaged in SBIR or STTR projects with  
20 technical and business assistance serv-  
21 ices” and inserting “shall authorize  
22 recipients of awards under the SBIR  
23 program or the STTR program to se-  
24 lect, if desired, technical and business  
25 assistance provided under subpara-

1 graph (A) or (B) of paragraph (2)  
2 with respect to SBIR or STTR  
3 projects”;

4 (II) by inserting “cybersecurity  
5 assistance,” after “intellectual prop-  
6 erty protections,”; and

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

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

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

14 (iv) by adding at the end the fol-  
15 lowing:

16 “(E) screening for potential foreign in-  
17 volvement in technology development or com-  
18 mercialization activities.”; and

19 (B) in paragraph (2)—

20 (i) in the paragraph heading, by strik-  
21 ing “VENDOR SELECTION” and inserting  
22 “ELIGIBLE USES OF FUNDS.—”;

23 (ii) by striking subparagraph (A);

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

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

3 “(B) STAFF.—A small business concern  
4 may, by contract or otherwise, use funding pro-  
5 vided under this section to hire new staff, aug-  
6 ment staff, or direct staff to conduct or partici-  
7 pate in training activities consistent with the  
8 goals listed in paragraph (1).”;

9 (C) in paragraph (3)—

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

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

21 “(i) provided through a vendor se-  
22 lected by the small business concern under  
23 paragraph (2)(A); or

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

1           “(B) PHASE II.—A Federal agency de-  
2           scribed in paragraph (1) shall authorize a re-  
3           cipient of a Phase II SBIR or STTR award to  
4           utilize not more than \$50,000 per project, in-  
5           cluded as part of the award of the recipient or  
6           in addition to the amount of the award of the  
7           recipient as determined appropriate by the head  
8           of the Federal agency, for the services described  
9           in paragraph (1)—

10                   “(i) provided through a vendor se-  
11                   lected by the small business concern under  
12                   paragraph (2)(A); or

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

15                   (D) by adding at the end the following:

16           “(5) TARGETED REVIEW.—A Federal agency  
17           may perform targeted reviews of technical and busi-  
18           ness assistance funding as described in subsection  
19           (mm)(1)(F).”;

20                   (2) by adding at the end the following:

21           “(bbb) I-CORPS PARTICIPATION.—

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

1           “(A) provide an option for requesting par-  
2           ticipation in an I–Corps teams course, I–Corps  
3           bootcamp, or another equivalent training pro-  
4           gram to recipients of an award under the SBIR  
5           or STTR program; and

6           “(B) authorize the recipients described in  
7           subparagraph (A) to use amounts authorized  
8           under subsection (q) to participate in the I–  
9           Corps teams course, I–Corps bootcamp, or an-  
10          other equivalent training program.

11          “(2) COST OF PARTICIPATION.—The cost of  
12          participation by a recipient described in paragraph  
13          (1)(A) in an I–Corps course, I–Corps bootcamp, or  
14          another equivalent training program may be pro-  
15          vided by—

16                 “(A) an I–Corps team SBIR or STTR  
17                 grant;

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

20                 “(C) funds made available to carry out  
21                 subsection (mm);

22                 “(D) the participating teams or other  
23                 sources as appropriate; or

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

1 **SEC. 8. IMPROVING SBIR AND STTR DATA COLLECTION.**

2 (a) **ADDITIONAL DATA FIELDS IN SBIR DATA-**  
3 **BASE.**—Section 9(k)(1) of the Small Business Act (15  
4 U.S.C. 638(k)(1)) is amended—

5 (1) in subparagraph (E)(iv), by striking “and”  
6 at the end;

7 (2) in subparagraph (F)(v), by striking the pe-  
8 riod at the end and inserting “; and”; and

9 (3) by adding at the end the following:

10 “(G) for each award granted, whether the  
11 award is classified or designated as—

12 “(i) direct to Phase II, under sub-  
13 section (cc);

14 “(ii) subsequent Phase II, under sub-  
15 section (bb)(1);

16 “(iii) a strategic breakthrough award  
17 under subsection (ff)(3);

18 “(iv) a Phase III prime contract  
19 award; or

20 “(v) a Phase III subcontract award.”.

21 (b) **IMPROVING FEDERAL PROCUREMENT DATA SYS-**  
22 **TEMS DATA TRACKING.**—

23 (1) **DEFINITIONS.**—In this section:

24 (A) **FEDERAL AGENCY; PHASE II; PHASE**  
25 **III; SBIR; STTR.**—The terms “Federal agency”,  
26 “Phase II”, “Phase III”, “SBIR”, and

1 “STTR” have the meanings given those terms  
2 in section 9(e) of the Small Business Act (15  
3 U.S.C. 638(e)).

4 (B) SMALL BUSINESS CONCERN.—The  
5 term “small business concern” has the meaning  
6 given the term in section 3 of the Small Busi-  
7 ness Act (15 U.S.C. 632).

8 (2) REQUIREMENT TO UPDATE.—The Adminis-  
9 trator of General Services shall update the Federal  
10 Procurement Data System described in section  
11 1122(a)(4) of title 41, United States Code, or any  
12 successor system, to—

13 (A) require reporting on whether an award  
14 under the SBIR or STTR program under sec-  
15 tion 9 of the Small Business Act (15 U.S.C.  
16 638) is classified or designated as—

17 (i) direct to Phase II, under sub-  
18 section (cc) of such section;

19 (ii) subsequent Phase II, under sub-  
20 section (bb)(1) of such section;

21 (iii) a strategic breakthrough award  
22 under subsection (ff)(3) of such section, as  
23 added by this Act;

24 (iv) a Phase III prime contract award;  
25 or

- 1 (v) a Phase III subcontract award;
- 2 (B) require reporting on whether a con-
- 3 tract is designated as a Phase III contract;
- 4 (C) require reporting on whether non-
- 5 SBIR contracts and subcontracts are using
- 6 SBIR- or STTR-funded technology; and
- 7 (D) require a government contracting offi-
- 8 cer, when recording a Phase II or Phase III
- 9 contract following on from work done by a
- 10 small business concern during a Phase I or
- 11 Phase II award, to reference an SBIR or STTR
- 12 contract identification number for relevant prior
- 13 SBIR or STTR work done.

14 **SEC. 9. EXTENDING SBIR AND STTR AUTHORIZATION.**

15 (a) IN GENERAL.—Section 9 of the Small Business

16 Act (15 U.S.C. 638), as amended by this Act, is amend-

17 ed—

18 (1) in subsection (m), by striking “September

19 30, 2025” and inserting “September 30, 2031”; and

20 (2) in subsection (n)(1)(A), by striking “2025”

21 and inserting “2031”.

22 (b) CARRY OVER FUNDS.—If a Federal agency that

23 participates in the SBIR or STTR program has funds re-

24 maining at the end of fiscal year 2026 from amounts re-

25 quired to be expended under subsection (f)(1) or (n)(1),

1 respectively, of section 9 of the Small Business Act (15  
2 U.S.C. 638), the Federal agency may use those remaining  
3 funds in fiscal year 2027 for the SBIR or STTR program,  
4 as applicable, of the Federal agency.

5 **SEC. 10. EXTENSION OF SBIR AND STTR PROGRAMS AND**  
6 **ACTIVITIES.**

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

9 (1) by striking “During fiscal years 2012  
10 through 2025” and inserting “Until September 30,  
11 2031”;

12 (2) by striking “, and the Department of Edu-  
13 cation” and inserting “the Department of Energy,  
14 the National Aeronautics and Space Administration,  
15 and the Department of Education”; and

16 (3) by inserting “or STTR program” after  
17 “SBIR program” each place that term appears.

18 (b) COMMERCIALIZATION READINESS PROGRAM FOR  
19 CIVILIAN AGENCIES PILOT PROGRAM.—Section 9(gg)(7)  
20 of the Small Business Act (15 U.S.C. 638(gg)(7)) is  
21 amended by striking “2025” and inserting “2031”.

22 (c) ACCELERATED AWARDS.—Section 9(hh)(2)(C) of  
23 the Small Business Act (15 U.S.C. 638(hh)(2)(C)) is  
24 amended by striking “September 30, 2025” and inserting  
25 “September 30, 2031”.

1 (d) PHASE 0 PILOT PROGRAM.—Section 9(jj)(7) of  
2 the Small Business Act (15 U.S.C. 638(jj)(7)) is amended  
3 by striking “2025” and inserting “2031”.

4 (e) ADMINISTRATIVE ASSISTANCE.—Section  
5 9(mm)(1) of the Small Business Act (15 U.S.C.  
6 638(mm)(1)) is amended by striking “September 30,  
7 2025” and inserting “September 30, 2031”.

8 (f) INCREASED MINIMUM PERFORMANCE STAND-  
9 ARDS.—Section 9(qq)(3)(I) of the Small Business Act (15  
10 U.S.C. 638(qq)(3)(I)) is amended by striking “September  
11 30, 2025” and inserting “September 30, 2031”.

12 (g) COMMERCIALIZATION ASSISTANCE PILOT PRO-  
13 GRAMS.—Section 9(uu)(3) of the Small Business Act (15  
14 U.S.C. 638(uu)(3)) is amended by striking “September  
15 30, 2025” and inserting “September 30, 2031”.

16 (h) DUE DILIGENCE PROGRAM.—Section 9(vv)(3)(C)  
17 of the Small Business Act (15 U.S.C. 638(vv)(3)(C)) is  
18 amended by striking “September 30, 2025” and inserting  
19 “September 30, 2031”.

20 (i) STTR PARTICIPATION OF MILITARY RESEARCH  
21 AND EDUCATIONAL INSTITUTIONS PILOT PROGRAM.—  
22 Section 9(yy)(2) of the Small Business Act (15 U.S.C.  
23 638(yy)(2)) is amended by striking “September 30, 2025”  
24 and inserting “September 30, 2031”.

1 (j) BUDGET CALCULATION PILOT PROGRAM.—Sec-  
2 tion 9(zz)(3) of the Small Business Act (15 U.S.C.  
3 638(zz)(3)) is amended by striking “September 30, 2025”  
4 and inserting “September 30, 2031”.

5 (k) SPECIAL OPERATIONS COMMAND PILOT.—Sec-  
6 tion 851(e) of the National Defense Authorization Act for  
7 Fiscal Year 2020 (10 U.S.C. 4901 note) is amended by  
8 striking “September 30, 2025” and inserting “September  
9 30, 2031”.

10 (l) GOVERNMENT ACCOUNTABILITY OFFICE MAN-  
11 DATE SUNSET.— The National Defense Authorization Act  
12 for Fiscal Year 2012 (Public Law 112–81) is amended  
13 by striking section 5142 (15 U.S.C. 638a).

Passed the Senate March 3, 2026.

Attest:

*Secretary.*



119<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

**S. 3971**

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**AN ACT**

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