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(Original Signature of Member)

119TH CONGRESS
1ST SESSION

H. R. _____

To improve the SBIR and STTR programs under the Small Business Act,
and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

M____. _____ introduced the following bill; which was referred to the
Committee on _____

A BILL

To improve the SBIR and STTR programs under the Small
Business Act, 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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Investing in National Next-Generation Opportunities for
6 Venture Acceleration and Technological Excellence” or the
7 “INNOVATE Act”.

8 (b) TABLE OF CONTENTS.—The table of contents for
9 this Act is as follows:

- Sec. 1. Short title; table of contents.
Sec. 2. Definitions.

TITLE I—PROMOTING TRANSITION FOR BATTLE-READY TECHNOLOGIES

- Sec. 101. Enhancing small business success in the STTR program.
Sec. 102. Phase II strategic breakthrough funding.
Sec. 103. Implementation briefings.
Sec. 104. Fixed-price contracts.

TITLE II—ENCOURAGING SMALL BUSINESS INNOVATION IN ALL OF AMERICA

- Sec. 201. Encouraging new SBIR and STTR entrants.
Sec. 202. Combating discriminatory practices in the SBIR and STTR programs.
Sec. 203. Disclosures and prohibitions relating to certain agreements with entities engaging in censorship.
Sec. 204. Connecting SBIR and STTR awardees and small business investment companies.
Sec. 205. Agency outreach to rural communities.

TITLE III—STREAMLINING PARTICIPATION IN THE SBIR AND STTR PROGRAMS

- Sec. 301. Amendments relating to open topics.
Sec. 302. Reducing administrative burden.

TITLE IV—PROTECTING AMERICAN INNOVATION FROM ADVERSARIAL INFLUENCE

- Sec. 401. Definition of foreign risk.
Sec. 402. Bolstering research security of SBIR and STTR awards.
Sec. 403. Strengthening the due diligence program to assess security risks.
Sec. 404. Strengthening agency recovery authority.
Sec. 405. Best practices on investor informational rights.
Sec. 406. GAO report.

TITLE V—SIMPLIFYING SBIR–STTR STANDARDS

- Sec. 501. Improving direct to Phase II authorities.
Sec. 502. Improving SBIR and STTR data collection.
Sec. 503. Streamlining program administration.
Sec. 504. Extending SBIR and STTR authorization.

TITLE VI—MISCELLANEOUS

- Sec. 601. Technical amendments.
Sec. 602. Repeals.
Sec. 603. Severability.

1 **SEC. 2. DEFINITIONS.**

- 2 In this Act, the terms “Phase I”, “Phase II”, “Phase
3 III”, “SBIR”, and “STTR” have the meanings given

1 those terms in section 9(e) of the Small Business Act (15
2 U.S.C. 638(e)).

3 **TITLE I—PROMOTING TRANSI-**
4 **TION FOR BATTLE-READY**
5 **TECHNOLOGIES**

6 **SEC. 101. ENHANCING SMALL BUSINESS SUCCESS IN THE**
7 **STTR PROGRAM.**

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

10 (1) in subsection (e)(7)—

11 (A) by striking “40” and inserting “50”;

12 and

13 (B) by striking “30” and inserting “20”;

14 (2) in subsection (f)(1)—

15 (A) in subparagraph (H), by striking

16 “and” at the end;

17 (B) in subparagraph (I), by striking “and

18 each fiscal year thereafter,” and inserting “;

19 and”; and

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

21 “(J) not less than 3.45 percent of such

22 budget in fiscal year 2026 and every year there-

23 after,”; and

24 (3) in subsection (n)(1)(B)—

1 (A) in clause (iv), by striking “and” at the
2 end;

3 (B) in clause (v), by striking “and each
4 fiscal year thereafter.” and inserting “; and”;
5 and

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

7 “(vi) not less than 0.20 percent for
8 fiscal year 2026 and each fiscal year there-
9 after.”.

10 **SEC. 102. PHASE II STRATEGIC BREAKTHROUGH FUNDING.**

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

13 (1) in subsection (aa), by adding at the end the
14 following:

15 “(6) STRATEGIC BREAKTHROUGH ALLOCA-
16 TION.—Participating agencies with a budget for
17 SBIR greater than \$100,000,000 shall not be re-
18 quired to receive a waiver from the Administrator to
19 award a small business concern not more than
20 \$30,000,000 when using funds made available under
21 a strategic breakthrough allocation (as defined in
22 subsection (ff)).”; and

23 (2) in subsection (ff)—

24 (A) in the subsection heading, by striking
25 “AND STTR” and inserting “PHASE II”;

1 (B) in paragraph (1), by striking “or
2 Phase II STTR award”; and

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

5 “(3) STRATEGIC BREAKTHROUGH AWARDS.—

6 “(A) AWARD.—Under this subparagraph, a
7 funding agreement may be awarded to a small
8 business concern by each participating agency
9 using funds made available under a strategic
10 breakthrough allocation, as defined in subpara-
11 graph (B).

12 “(B) FUND PARAMETERS.—

13 “(i) STRATEGIC BREAKTHROUGH AL-
14 LOCATION DEFINED.—In this subpara-
15 graph, the term ‘strategic breakthrough al-
16 location’ means, with respect to a partici-
17 pating agency with a required expenditure
18 under subsection (f)(1) in excess of
19 \$100,000,000, a required expenditure
20 amount from the SBIR allocation under
21 subsection (f)(1) of such agency of not less
22 than 0.25 percent of the extramural budg-
23 et for research or research and develop-
24 ment designated for such agency for fiscal
25 year 2026 and every fiscal year thereafter.

1 “(ii) REQUIREMENTS.—In the case of
2 a Phase II agreement that is awarded to a
3 small business concern by a participating
4 agency using funds made available under a
5 strategic breakthrough allocation, the fol-
6 lowing requirements shall apply:

7 “(I) AWARD SIZE AND PERIOD
8 OF PERFORMANCE.—A participating
9 agency may award from a strategic
10 breakthrough allocation not more than
11 \$30,000,000 in aggregate to a small
12 business concern, including its affili-
13 ates, spinouts, or subsidiaries based
14 on reaching production or develop-
15 ment milestone if the total period of
16 performance of the project with re-
17 spect to which such funds are award-
18 ed is not more than 48 months.

19 “(II) SMALL BUSINESS CONCERN
20 REQUIREMENTS.—The small business
21 concern shall—

22 “(aa) have been awarded not
23 less than 1 prior Phase II award
24 under the SBIR or STTR pro-
25 gram;

1 “(bb) demonstrate not less
2 than 100 percent matching funds
3 from sources other than the Gov-
4 ernment or amounts awarded by
5 participating agencies under a
6 program other than Phase I and
7 II of the SBIR or STTR pro-
8 gram as a result of an award
9 using funds made available under
10 a strategic breakthrough alloca-
11 tion;

12 “(cc) is an effective solution,
13 as determined by market re-
14 search; and

15 “(dd) only be eligible for an
16 award from the strategic break-
17 through allocation if the product,
18 process, or technology of the
19 small business concern—

20 “(AA) meets a nec-
21 essary level of readiness and
22 has a commitment for inclu-
23 sion in a program objective
24 memorandum from an offi-
25 cial with the rank of pro-

1 gram executive officer or
2 higher in an acquisition or-
3 ganization of the partici-
4 pating agency making such
5 award; and

6 “(BB) will meet high
7 priority requirements or
8 operational needs of such
9 participating agency through
10 a successful transition and
11 into the acquisition process.

12 “(III) DEADLINE.—Each partici-
13 pating agency shall complete any con-
14 tract awards using strategic break-
15 through allocation funds not later
16 than 90 days after receiving a pro-
17 posal from a small business concern
18 for the award.

19 “(IV) ELIGIBLE ACTIVITIES.—
20 Eligible activities by a small business
21 concern using strategic breakthrough
22 allocation funds are—

23 “(aa) design for manufac-
24 turing;

1 “(bb) establishing manufac-
2 turing facilities, tooling, and sup-
3 ply chain capacity;

4 “(cc) buying raw materials
5 or inventory;

6 “(dd) the integration of
7 products with open interoper-
8 ability standards;

9 “(ee) testing, evaluation,
10 and certification of low-rate pro-
11 duction units; and

12 “(ff) the purchase of pro-
13 duction units and maintenance.

14 “(V) SELECTION CRITERIA.—In
15 making awards using funds made
16 available under a strategic break-
17 through allocation, a participating
18 agency shall consider—

19 “(aa) the potential of the
20 small business concern to—

21 “(AA) advance the na-
22 tional security capabilities of
23 the United States; and

24 “(BB) provide new
25 technologies or processes, or

1 new applications of existing
2 technologies, that will enable
3 new alternatives to existing
4 programs;

5 “(bb) whether a customer in
6 the participating agency has ex-
7 pressed an intent to purchase
8 and integrate technology from
9 the small business concern into
10 its operations; and

11 “(cc) whether a particular
12 technology area is undercapital-
13 ized by private investment.

14 “(C) ACQUISITION MECHANISM.—A par-
15 ticipating agency shall establish a mechanism to
16 provide small business concerns with direct ac-
17 cess to program and requirements offices
18 throughout the participating agency that may
19 purchase technology from small business con-
20 cerns under Phase III of the SBIR program.

21 “(D) USE OF STREAMLINED CONTRACTING
22 MECHANISMS.—Each participating agency shall
23 implement streamlined processes and require-
24 ments for submitting proposals and applying

1 for awards using funds made available under a
2 strategic breakthrough allocation.”.

3 (b) COMMERCIALIZATION READINESS PROGRAM.—

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

6 (1) in paragraph (2)—

7 (A) by striking “shall identify” and insert-
8 ing the following: “shall—

9 “(A) identify”;

10 (B) in subparagraph (A), as so des-
11 ignated—

12 (i) by inserting “, including small
13 business concerns with an award from the
14 strategic breakthrough allocation,” before
15 “that have the potential”; and

16 (ii) by striking the period at the end
17 and inserting a semicolon; and

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

19 “(B) ensure, in collaboration with SBIR
20 program managers of each component, that re-
21 search programs identified under subparagraph
22 (A) are analyzed within the programming and
23 budgeting process as budget requests are devel-
24 oped; and

1 “(C) provide to the Committee on Small
2 Business and Entrepreneurship of the Senate
3 and the Committees on Small Business and
4 Science, Space, and Technology of the House of
5 Representatives information on the integration
6 of SBIR and STTR awardees in budget rollouts
7 for research, development, testing, and evalua-
8 tion activities.”;

9 (2) by striking paragraph (3) and redesignating
10 paragraphs (4), (5), and (6) as paragraphs (3), (4),
11 and (5), respectively; and

12 (3) in paragraph (5), as so redesignated—

13 (A) in the subparagraph heading, by strik-
14 ing “AND STTR”;

15 (B) in subparagraph (A)—

16 (i) by inserting “substantively” before
17 “increase”;

18 (ii) by striking “and the number of
19 Phase II STTR contracts”; and

20 (iii) by inserting “in fiscal year 2028
21 as compared to fiscal year 2025” before
22 the semicolon at the end;

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

1 (D) by redesignating subparagraph (C) as
2 subparagraph (E);

3 (E) by inserting after subparagraph (B)
4 the following:

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

10 “(D) allow services to provide operational
11 needs statements directly to chiefs of require-
12 ments offices; and”; and

13 (F) in subparagraph (E), as so redesign-
14 nated, in clause (i) by striking “and STTR con-
15 tracts”.

16 **SEC. 103. IMPLEMENTATION BRIEFINGS.**

17 Not later than 60 days after the date of enactment
18 of this Act, and on a recurrent basis until the implementa-
19 tion of paragraph (3) of section 9(ff) of the Small Busi-
20 ness Act (15 U.S.C. 638(ff)), as added by section 102,
21 is complete, the head of each agency participating in the
22 SBIR or STTR programs that made an award from funds
23 made available under a strategic breakthrough allocation
24 (as defined under paragraph (3)(B) of section 9(ff) of the
25 Small Business Act (15 U.S.C. 638(ff)), as added by sec-

tion 102) shall brief the Committee on Small Business and Entrepreneurship of the Senate and the Committees on Small Business and on Science, Space, and Technology of the House of Representatives on such implementation.

SEC. 104. FIXED-PRICE CONTRACTS.

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

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

“(5) **FIXED-PRICE CONTRACT.**—Any funding agreement that is a contract made with expenditures allocated to the SBIR program under paragraph (1) shall be a firm fixed-price contract (as defined in section 16.202 of the Federal Acquisition Regulation), unless, on a case-by-case basis, the head of the awarding Federal agency makes a written determination to use a different contract structure.”; and

(2) in subsection (n), by adding at the end the following:

“(5) **FIXED-PRICE CONTRACT.**—Any funding agreement that is a contract made with expenditures allocated to the STTR program under paragraph (1) shall be a firm fixed-price contract (as defined in section 16.202 of the Federal Acquisition Regulation), unless the head of the awarding Federal agen-

1 cy makes a written determination to use a different
2 contract structure.”.

3 **TITLE II—ENCOURAGING SMALL**
4 **BUSINESS INNOVATION IN**
5 **ALL OF AMERICA**

6 **SEC. 201. ENCOURAGING NEW SBIR AND STTR ENTRANTS.**

7 (a) ENCOURAGING NEW SBIR AND STTR EN-
8 TRANTS.—Section 9(jj) of the Small Business Act (15
9 U.S.C. 638(jj)) is amended to read as follows:

10 “(jj) ENCOURAGING NEW SBIR AND STTR EN-
11 TRANTS.—

12 “(1) OPTIMIZING SBIR AND STTR FUNDING.—

13 “(A) IN GENERAL.—The head of a partici-
14 pating agency may award a Phase I or Phase
15 II award to a small business concern only if the
16 total value of the Phase I and Phase II awards
17 awarded to such small business concern, includ-
18 ing its affiliates, spinouts, and subsidiaries,
19 does not exceed \$75,000,000.

20 “(B) WAIVER.—

21 “(i) IN GENERAL.—On an award-by-
22 award basis, the Undersecretary or Direc-
23 tor overseeing the SBIR or STTR program
24 of a Federal agency may waive the require-
25 ment under subparagraph (A) with a writ-

1 ten justification by the Undersecretary or
2 Director that explains why the use of the
3 waiver authority for an otherwise disquali-
4 fied small business concern is imperative
5 for national security purposes and why the
6 work cannot be performed by other quali-
7 fying small business concerns.

8 “(ii) NONDELEGATION.—The waiver
9 authority established under clause (i) may
10 not be delegated.

11 “(iii) RECORD REQUIREMENT.—Par-
12 ticipating agencies shall maintain informa-
13 tion on any awards made using the waiver
14 established under clause (i), including the
15 amount of the award, the written justifica-
16 tion for each award, and the identity of the
17 award recipient.

18 “(iv) REPORT.—The Administrator
19 shall include the information described in
20 clause (iii) in the annual report of the Ad-
21 ministrator to Congress required by sub-
22 section (b)(7).

23 “(2) PRINCIPAL INVESTIGATORS.—An indi-
24 vidual may not concurrently serve as the principal

1 investigator on more than 1 proposal to a single
2 Phase I solicitation or a single Phase II solicitation.

3 “(3) PHASE I SIZE STANDARD.—A small busi-
4 ness concern applying for a Phase I award may not
5 have annual receipts (as defined in section 121.104
6 of title 13, Code of Federal Regulations, or any suc-
7 cessor regulation) of more than \$40,000,000 for the
8 most recent fiscal year.”.

9 (b) PHASE 1A PROGRAM.—

10 (1) IN GENERAL.—Section 9 of the Small Busi-
11 ness Act (15 U.S.C. 638) is amended—

12 (A) in subsection (e)—

13 (i) in paragraph (4)—

14 (I) in subparagraph (A), by strik-
15 ing “subparagraph (B)” and inserting
16 “subparagraph (C)”;

17 (II) by redesignating subpara-
18 graphs (B) and (C) as subparagraphs
19 (C) and (D); and

20 (III) by inserting after subpara-
21 graph (A), the following:

22 “(B) a 1A phase for the same purposes as
23 the first phase described under subparagraph
24 (A) and intended to increase accessibility to the
25 program for new entrants with proposals sub-

1 mitted pursuant to only SBIR open topic an-
2 nouncements;” and

3 (ii) by adding at the end following:

4 “(20) the term ‘Phase 1A’ means the phase de-
5 scribed in paragraph (4)(B);” and

6 (B) by amending subsection (pp) to read
7 as follows:

8 “(pp) PHASE 1A AWARDS.—

9 “(1) SENSE OF CONGRESS.—It is the sense of
10 Congress that—

11 “(A) Phase 1A funds will bring thousands
12 of new small business concerns committed to
13 commercialization of critical technologies into
14 the SBIR program; and

15 “(B) in order for participating agencies to
16 benefit from the full scope of American innova-
17 tion and identify the most promising solutions
18 to scale, Phase 1A awards should fund the
19 strongest technologies in a topic area regardless
20 of—

21 “(i) the location of the small business
22 concern within the United States; or

23 “(ii) the educational background of
24 the principal investigator.

1 “(2) AUTHORIZATION.—The head of each agen-
2 cy with an SBIR program shall allocate not less
3 than 1.5 percent of funding and not more than 3
4 percent of funding for the SBIR program of the
5 agency to Phase 1A awards.

6 “(3) SOLICITATION.—A solicitation issued
7 under this subsection shall be conducted as an open
8 topic announcement.

9 “(4) ELIGIBILITY.—A small business concern,
10 including its affiliates, spinouts, or subsidiaries, is
11 eligible for an award under this subsection only if
12 such small business concern, including its affiliates,
13 spinouts, or subsidiaries, has not previously received
14 an SBIR or STTR award.

15 “(5) PROPOSAL.—

16 “(A) IN GENERAL.—A proposal submitted
17 in response to a solicitation under this sub-
18 section shall consist of a report that is not more
19 than 5 pages in length and containing the cri-
20 teria in clauses (i) through (iv) of subparagraph
21 (B).

22 “(B) CRITERIA.—

23 “(i) IDENTIFICATION OF PROGRAM.—
24 The small business concern shall describe
25 the problem that the proposal is intended

1 to address for the awarding agency and
2 any commercial customer.

3 “(ii) DESCRIPTION OF SOLUTION.—

4 The small business concern shall describe
5 the proposed solution, including the tech-
6 nical basis for the solution to demonstrate
7 how the solution would address the prob-
8 lem described in the proposal, including
9 the level of maturity of the solution at the
10 time of the proposal.

11 “(iii) EFFECTS OF THE SOLUTION.—

12 The small business concern shall describe
13 how adoption of the proposed solution
14 would produce potential time savings, cost
15 savings, risk reduction, improvement of
16 mission outcomes, or any other beneficial
17 effects for the awarding agency and any
18 commercial customer.

19 “(iv) DIFFERENTIATION.—The small
20 business concern shall—

21 “(I) identify the state of solu-
22 tions in use at the time of the pro-
23 posal to address the problem de-
24 scribed in the proposal; and

1 “(II) explain how the proposed
2 solution is a unique and novel solu-
3 tion.

4 “(v) COMMERCIALIZATION STRAT-
5 EGY.—The small business concern shall—

6 “(I) describe how the small busi-
7 ness concern intends to fund the pro-
8 posed solution from sources other
9 than the award; and

10 “(II) explain the market for the
11 proposed solution, including the in-
12 tended Government and commercial
13 end users.

14 “(6) AWARD LIMITS.—

15 “(A) NUMBER OF AWARDS.—A small busi-
16 ness concern or principal investigator is eligible
17 for not more than one Phase 1A award.

18 “(B) AMOUNT.—An award made under
19 this subsection shall be for not more than
20 \$40,000.

21 “(7) NOTIFICATION OF SELECTION OR NON-SE-
22 LECTION.—Each agency shall notify each small busi-
23 ness concern of the award decision of the agency on
24 any proposal submitted by the small business con-

cern not later than 90 days after the date on which
the solicitation closes.

“(8) APPLICATION FOR PHASE II AWARD.—

“(A) ELIGIBILITY.—A small business concern that receives a Phase 1A award shall be eligible to apply for a Phase II award.

“(B) USE OF FUNDS.—A small business concern may use funds from a Phase 1A award to develop a proposed solution in pursuit of a subsequent proposal for a Phase I award or a Phase II award.

“(9) STREAMLINED AWARDS.—The head of each participating agency shall implement streamlined processes and requirements for submitting proposals and applying for solicitations for Phase 1A awards.

“(10) PEER REVIEW REQUIREMENT.—The head of a participating agency may waive any applicable peer review requirements for Phase 1A awards.”.

(2) CONFORMING AMENDMENTS.—Section 9(e) of the Small Business Act (15 U.S.C. 638(e)) is amended—

(A) in paragraph (12)(A), by striking “paragraph (4)(B)” and inserting “paragraph (4)(C)”; and

1 (B) in paragraph (13)(A), by striking
2 “paragraph (4)(C)” and inserting “paragraph
3 (4)(D)”.

4 **SEC. 202. COMBATING DISCRIMINATORY PRACTICES IN**
5 **THE SBIR AND STTR PROGRAMS.**

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

8 (1) in subsection (b)(7)(C), by striking “owned
9 and controlled by women or by socially or economi-
10 cally disadvantaged individuals” and inserting
11 “owned by individuals who reside in rural areas”;

12 (2) in subsection (e)—

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

15 (B) in paragraph (19), by striking the pe-
16 riod at the end and inserting a semicolon; and

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

18 “(21) the term ‘new entrants’ means a small
19 business concern that has not received an SBIR or
20 STTR award;

21 “(22) the term ‘rural area’ means a county or
22 other political subdivision of a State that the Bureau
23 of the Census has defined as mostly rural or com-
24 pletely rural in the most recent decennial census;”;

25 (3) in subsection (g)(8)(A)—

1 (A) by striking clause (iii);

2 (B) by redesignating clauses (iv), (v), and
3 (vi) as clauses (iii), (iv), and (v), respectively;
4 and

5 (C) in clause (iii), as so redesignated, by
6 striking “a socially or economically disadvan-
7 taged individual or has a socially or economi-
8 cally disadvantaged individual” and inserting
9 “an individual who resides in a rural area or
10 has an individual who resides in a rural area or
11 is a new entrant”;

12 (4) in subsection (j)—

13 (A) by adjusting the margins for para-
14 graphs (2) and (3) 2 ems to the left; and

15 (B) in paragraph (2)—

16 (i) by striking subparagraph (F);

17 (ii) by redesignating subparagraphs
18 (G), (H), and (I) as subparagraphs (F),
19 (G), and (H), respectively; and

20 (iii) in subparagraph (H), as so redes-
21 ignated, by striking “subparagraph (H)”
22 and inserting “subparagraph (G)”;

23 (5) in subsection (k)(1)(F)—

24 (A) by striking clause (ii);

1 (B) by redesignating clauses (iii), (iv), and
2 (v) as clauses (ii), (iii), and (iv), respectively;
3 and

4 (C) in clause (ii), as so redesignated, by
5 striking “a socially or economically disadvan-
6 taged individual or has a socially or economi-
7 cally disadvantaged individual” and inserting
8 “an individual who resides in a rural area or
9 has an individual who resides in a rural area or
10 is a new entrant”;

11 (6) in subsection (o)(9)(A)—

12 (A) by striking clause (iii);

13 (B) by redesignating clauses (iv), (v), and
14 (vi) as clauses (iii), (iv), and (v), respectively;
15 and

16 (C) in clause (iii), as so redesignated, by
17 striking “a socially or economically disadvan-
18 taged individual or has a socially or economi-
19 cally disadvantaged individual” and inserting
20 “an individual who resides in a rural area or
21 has an individual who resides in a rural area or
22 is a new entrant”; and

23 (7) in subsection (mm)—

24 (A) in paragraph (1)—

1 (i) in the matter preceding subpara-
2 graph (A), by striking “and until Sep-
3 tember 30, 2025”; and

4 (ii) in subparagraph (F), by striking
5 “or abuse to ensure compliance” and in-
6 serting “abuse, or adversarial influence to
7 ensure compliance”;

8 (B) in paragraph (2)(A), by striking “to
9 carry out the policy directive required under
10 subsection (j)(2)(F) and” and inserting “to in-
11 crease the participation of States with respect
12 to which a low level of SBIR awards have his-
13 torically been awarded”; and

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

15 “(7) ELIGIBILITY.—An agency may use the
16 funds allocated to the SBIR program of such agency
17 under this subsection only if such agency does not—

18 “(A) consider the race, gender, or ethnicity
19 of the principal investigator, founder, or key
20 personnel of the small business concern apply-
21 ing for an SBIR or STTR award in an award
22 decision under the SBIR or STTR program of
23 the agency;

24 “(B) require or consider a statement or
25 plan to promote diversity or equity as part of

1 an application for an SBIR or STTR award
2 under the SBIR or STTR program of the agen-
3 cy; or

4 “(C) offer supplemental funds to a recipi-
5 ent of an SBIR or STTR award based on the
6 race, gender, or ethnicity of the principal inves-
7 tigator, founder, or key personnel of a small
8 business concern.”.

9 **SEC. 203. DISCLOSURES AND PROHIBITIONS RELATING TO**
10 **CERTAIN AGREEMENTS WITH ENTITIES EN-**
11 **GAGING IN CENSORSHIP.**

12 (a) DISCLOSURE FOR SBIR APPLICANTS.—Section
13 9(g)(13) of the Small Business Act (15 U.S.C.
14 638(g)(13)) is amended—

15 (1) in subparagraph (F), by striking “and” at
16 the end;

17 (2) in subparagraph (G), by striking the semi-
18 colon at the end and inserting “; and”; and

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

20 “(H) a current or pending agreement
21 with—

22 “(i) NewsGuard Technologies, Inc.
23 (doing business as ‘NEWSGuard’);

24 “(ii) Disinformation Index, Inc.,
25 Disinformation Index, Ltd., or Global

1 Disinformation Index gUG (collectively
2 doing business as ‘Global Disinformation
3 Index’);

4 “(iii) Internews; or

5 “(iv) an entity that engages in oper-
6 ations or activities, or produces products,
7 the function of which is to demonetize or
8 rate the credibility of a domestic entity (in-
9 cluding news and information outlets)
10 based on lawful speech of such domestic
11 entity under the stated function of ‘fact-
12 checking’ or otherwise exposing or cor-
13 recting misinformation, disinformation, or
14 misinformation;”.

15 (b) PROHIBITION ON SBIR AWARDS.—Paragraph
16 (16) of section 9(g) of the Small Business Act (15 U.S.C.
17 638(g)), as redesignated by section 402, is amended by
18 adding at the end the following:

19 “(G) the small business concern submitting
20 the proposal or application has a current or
21 pending agreement with—

22 “(i) NewsGuard Technologies, Inc.
23 (doing business as ‘NEWSGuard’);

24 “(ii) Disinformation Index, Inc.,
25 Disinformation Index, Ltd., or Global

1 Disinformation Index gUG (collectively
2 doing business as ‘Global Disinformation
3 Index’);

4 “(iii) Internews; or

5 “(iv) an entity that engages in oper-
6 ations or activities, or produces products,
7 the function of which is to demonetize or
8 rate the credibility of a domestic entity (in-
9 cluding news and information outlets)
10 based on lawful speech of such domestic
11 entity under the stated function of ‘fact-
12 checking’ or otherwise exposing or cor-
13 recting misinformation, disinformation, or
14 misinformation;”.

15 (c) DISCLOSURE FOR STTR APPLICANTS.—Section
16 9(o)(17) of the Small Business Act (15 U.S.C.
17 638(o)(17)) is amended—

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

20 (2) in subparagraph (G), by striking the semi-
21 colon at the end and inserting “; and”; and

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

23 “(H) a current or pending agreement
24 with—

1 “(i) NewsGuard Technologies, Inc.
2 (doing business as ‘NEWSGuard’);

3 “(ii) Disinformation Index, Inc.,
4 Disinformation Index, Ltd., or Global
5 Disinformation Index gUG (collectively
6 doing business as ‘Global Disinformation
7 Index’);

8 “(iii) Internews; or

9 “(iv) an entity that engages in oper-
10 ations or activities, or produces products,
11 the function of which is to demonetize or
12 rate the credibility of a domestic entity (in-
13 cluding news and information outlets)
14 based on lawful speech of such domestic
15 entity under the stated function of ‘fact-
16 checking’ or otherwise exposing or cor-
17 recting misinformation, disinformation, or
18 misinformation;”.

19 (d) PROHIBITION ON STTR AWARDS.—Paragraph
20 (20) of section 9(o) of the Small Business Act (15 U.S.C.
21 638(o)(20)), as redesignated by section 402, is amended
22 by adding at the end the following:

23 “(G) the small business concern submitting
24 the proposal or application has a current or
25 pending agreement with—

1 “(i) NewsGuard Technologies, Inc.
2 (doing business as ‘NEWSGuard’);

3 “(ii) Disinformation Index, Inc.,
4 Disinformation Index, Ltd., or Global
5 Disinformation Index gUG (collectively
6 doing business as ‘Global Disinformation
7 Index’);

8 “(iii) Internews; or

9 “(iv) an entity that engages in oper-
10 ations or activities, or produces products,
11 the function of which is to demonetize or
12 rate the credibility of a domestic entity (in-
13 cluding news and information outlets)
14 based on lawful speech of such domestic
15 entity under the stated function of ‘fact-
16 checking’ or otherwise exposing or cor-
17 recting misinformation, disinformation, or
18 misinformation;”.

19 (e) CONFORMING AMENDMENTS.—

20 (1) SBIR AWARDS.—Paragraph (19)(A) of sec-
21 tion 9(g) of the Small Business Act (15 U.S.C.
22 638(g)), as so redesignated by section 402, is
23 amended by striking “through (G)” and inserting
24 “through (H)”.

1 (2) STTR AWARDS.—Paragraph (23)(A) of sec-
2 tion 9(o) of the Small Business Act (15 U.S.C.
3 638(o)), as so redesignated by section 402, is
4 amended by striking “through (G)” and inserting
5 “through (H)”.

6 **SEC. 204. CONNECTING SBIR AND STTR AWARDEES AND**
7 **SMALL BUSINESS INVESTMENT COMPANIES.**

8 Section 9(mm)(1) of the Small Business Act (15
9 U.S.C. 638(mm)(1)) is amended—

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

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

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

16 “(L) connecting SBIR and STTR award-
17 ees with small business investment companies
18 (as defined under section 103 of the Small
19 Business Investment Act of 1958 (15 U.S.C.
20 662) and other domestic private investors.”.

21 **SEC. 205. AGENCY OUTREACH TO RURAL COMMUNITIES.**

22 (a) AGENCY OUTREACH.—Section 9 of the Small
23 Business Act (15 U.S.C. 638) is amended—

24 (1) in subsection (j), by adding at the end the
25 following new paragraphs:

1 “(5) MODIFICATION RELATING TO RURAL OUT-
2 REACH.—Not later than 90 days after the date of
3 the enactment of this paragraph, the Administrator
4 shall modify the policy directives issued pursuant to
5 this subsection to require each Federal agency par-
6 ticipating in the SBIR program to enhance the out-
7 reach efforts of such Federal agency to rural com-
8 munities to increase the participation of small busi-
9 nesses concerns located in rural communities in the
10 SBIR program, including by ensuring that such
11 Federal agency—

12 “(A) conducts outreach efforts with respect
13 to the SBIR program in rural communities; and

14 “(B) when such Federal agency conducts
15 such outreach in an area served by a small
16 business development center, coordinates with
17 such small business development center.

18 “(6) MODIFICATION RELATING TO RURAL OUT-
19 REACH.—Not later than 90 days after the date of
20 the enactment of this paragraph, the Administrator
21 shall modify the policy directives issued pursuant to
22 this subsection to require the Administration to
23 place a special emphasis on small business concerns
24 in rural areas when conducting outreach related to
25 the SBIR program, including by ensuring that the

1 Administration includes outreach efforts in rural
2 communities carried out by the Administration with
3 respect to the SBIR program.”; and

4 (2) in subsection (p), by adding at the end the
5 following new paragraph:

6 “(4) MODIFICATION RELATING TO RURAL OUT-
7 REACH.—Not later than 90 days after the date of
8 the enactment of this paragraph, the Administrator
9 shall modify the policy directive issued pursuant to
10 this subsection to require each Federal agency par-
11 ticipating in the STTR program to enhance the out-
12 reach efforts of such Federal agency to rural com-
13 munities to increase the participation of small busi-
14 nesses concerns located in rural communities in the
15 STTR program, including by ensuring that such
16 Federal agency—

17 “(A) conducts outreach efforts with respect
18 to the STTR program in rural communities;
19 and

20 “(B) when such Federal agency conducts
21 such outreach in an area served by a small
22 business development center, coordinates with
23 such small business development center.

24 “(5) MODIFICATION RELATING TO RURAL OUT-
25 REACH.—Not later than 90 days after the date of

1 the enactment of this paragraph, the Administrator
2 shall modify the policy directive issued pursuant to
3 this subsection to require the Administration to
4 place a special emphasis on small business concerns
5 in rural areas when conducting outreach related to
6 the STTR program, including by ensuring that the
7 Administration includes outreach efforts in rural
8 communities carried out by the Administration with
9 respect to the STTR program.”.

10 (b) MODIFICATION OF CURRENT DIRECTIVES.—Sec-
11 tion 9(j)(2) of the Small Business Act (15 U.S.C.
12 638(j)(2)), as amended by section 202(4)(B), is amended
13 by revising subparagraph (F) to read as follows:

14 “(F) enhanced outreach efforts to increase
15 the participation of small business concerns
16 that have never participated in Federal research
17 and development to develop innovative tech-
18 nologies, with a special emphasis on small busi-
19 ness concerns in rural areas;”.

20 **TITLE III—STREAMLINING PAR-** 21 **TICIPATION IN THE SBIR AND** 22 **STTR PROGRAMS**

23 **SEC. 301. AMENDMENTS RELATING TO OPEN TOPICS.**

24 (a) DEFINITION OF OPEN TOPIC ANNOUNCEMENT.—
25 Section 9(e) of the Small Business Act (15 U.S.C.

1 638(e)), as amended by section 202(2), is further amend-
2 ed by adding at the end the following:

3 “(23) the term ‘open topic announcement’
4 means a solicitation for SBIR or STTR proposals
5 that—

6 “(A) is a generalized problem statement or
7 broad technology area and does not contain any
8 language requiring that the solutions that a
9 small business concern proposes adhere to spe-
10 cific technological specifications; and

11 “(B) evaluates the ability of the solution
12 proposed by the small business concern to meet
13 the stated innovation need of the agency or
14 Government end user; and”.

15 (b) PROGRAM ON INNOVATION OPEN TOPICS.—Sec-
16 tion 9(ww) of the Small Business Act (15 U.S.C. 638)
17 is amended—

18 (1) in paragraph (1)—

19 (A) in the matter preceding subparagraph
20 (A), by striking “Secretary of Defense” and in-
21 serting “head of each participating agency”;
22 and

23 (B) by striking “the Department of De-
24 fense” each place it appears and inserting
25 “such participating agency”;

1 (2) in paragraph (2)—

2 (A) by striking “Secretary of Defense” and
3 inserting “head of each participating agency”;

4 (B) by striking “each component of” and
5 inserting “such participating agency and, with
6 respect to”; and

7 (C) by inserting “, each component there-
8 of,” before “per fiscal year”; and

9 (3) by striking paragraph (3).

10 **SEC. 302. REDUCING ADMINISTRATIVE BURDEN.**

11 Section 9(jj) of the Small Business Act (15 U.S.C.
12 638(jj)), as amended by section 201(a)(1), is further
13 amended by adding at the end the following:

14 “(4) REDUCING ADMINISTRATIVE BURDEN.—

15 “(A) LIMIT ON SUBMISSIONS TO A SOLICI-
16 TATION.—A small business concern, including
17 its affiliates, spinouts, or subsidiaries, may not
18 submit more than 10 proposals to a single
19 Phase I solicitation or a single Phase II solici-
20 tation under subsection (cc).

21 “(B) LIMIT ON SUBMISSIONS IN A SINGLE
22 YEAR.—A small business concern, including its
23 affiliates, spinouts, or subsidiaries, may not
24 submit more than a combined total of 25 pro-
25 posals to Phase I solicitations or Phase II so-

1 licitations under subsection (cc) published by a
2 single agency, including the components of the
3 agency, in a single fiscal year.”.

4 **TITLE IV—PROTECTING AMER-**
5 **ICAN INNOVATION FROM AD-**
6 **VERSARIAL INFLUENCE**

7 **SEC. 401. DEFINITION OF FOREIGN RISK.**

8 Section 9(e) of the Small Business Act (15 U.S.C.
9 638(e)), as amended by section 301, is further amended
10 by adding at the end the following:

11 “(24) the term ‘foreign risk’ means, in the past
12 10 years, any foreign affiliation, technology licensing
13 agreement, joint venture, contractual or financial ob-
14 ligation (pending or otherwise), investment agree-
15 ment, research relationship (including co-author-
16 ship), or business relationship between—

17 “(A) a small business concern (including
18 all subsidiaries, spinouts, and affiliates) submit-
19 ting a proposal for an SBIR or STTR program,
20 and covered individuals, owners, or other key
21 personnel of the small business concern; and

22 “(B) an individual, research institution,
23 business entity, government, or government-
24 owned entity in a foreign country of concern
25 that is disclosed, as required under subsection

1 (g) or subsection (o), or otherwise identified in
2 the due diligence process, as required under
3 subsection (vv).”.

4 **SEC. 402. BOLSTERING RESEARCH SECURITY OF SBIR AND**
5 **STTR AWARDS.**

6 Section 9 of the Small Business Act (15 U.S.C. 638),
7 as amended by this Act, 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 risk to national security for any rea-
16 son, through 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 Inspector Gen-
22 eral of the agency or the intelligence community
23 (as defined under section 3 of the National Se-
24 curity Act of 1947 (50 U.S.C. 3003));”;

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 foreign risk connecting the
19 small business concern to an entity, including
20 any affiliates, spinouts, or subsidiaries of the
21 entity, or individual on one or more of the following lists:
22

23 “(i) the UFLPA Entity List maintained by the Department of Homeland Security;
24
25

1 “(ii) the Non-SDN Chinese Military-
2 Industrial Complex Companies List of the
3 Office of Foreign Assets Control main-
4 tained by the Department of the Treasury;

5 “(iii) the Section 889 Prohibition List
6 established under section 889 of the John
7 S. McCain National Defense Authorization
8 Act for Fiscal Year 2019 (Public Law
9 115–232) and maintained by the Depart-
10 ment of Defense;

11 “(iv) the list of Chinese Military com-
12 panies required under section 1260H of
13 the William M. (Mac) Thornberry National
14 Defense Authorization Act for Fiscal Year
15 2021 (Public Law 116–283) and main-
16 tained by the Department of Defense;

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

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

23 “(vii) the List of Equipment and
24 Services maintained by the Federal Com-
25 munications Commission; and

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

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

6 “(F) has a foreign risk or another national
7 security risk not listed in statute or regulatory
8 guidance that an agency determines warrants a
9 denial; or”;

10 (D) by inserting after paragraph (16), as
11 so redesignated, the following:

12 “(17) not, and any personnel of the Federal
13 agency including technical points of contact shall
14 not, communicate to an applicant prior to formal no-
15 tification of an award decision that an application
16 was denied due to a foreign risk;” and

17 (E) in paragraph (19), as so redesign-
18 nated—

19 (i) in subparagraph (B), by striking
20 “paragraph (16)(A)” and inserting “para-
21 graph (18)(A)”;

22 (ii) in subparagraph (C), by striking
23 “paragraph (16)(B)” and inserting “para-
24 graph (18)(B)”;

25 (2) in subsection (o)—

1 (A) by redesignating paragraphs (19),
2 (20), and (21) as paragraphs (20), (22), and
3 (23), respectively;

4 (B) by inserting after paragraph (18) the
5 following:

6 “(19) evaluate whether a small business con-
7 cern presents a risk to national security for any rea-
8 son, through measures including—

9 “(A) the due diligence process required
10 under subsection (vv);

11 “(B) disclosures submitted under this sub-
12 section; or

13 “(C) coordination with the Inspector Gen-
14 eral of the agency or the intelligence community
15 (as defined under section 3 of the National Se-
16 curity Act of 1947 (50 U.S.C. 3003));”;

17 (C) in paragraph (20), as so redesign-
18 nated—

19 (i) by striking subparagraph (B);

20 (ii) by striking “that—” and all that
21 follows through “the small business con-
22 cern submitting” and inserting “that the
23 small business concern submitting”;

24 (iii) by redesignating clauses (i), (ii),
25 and (iii) as subparagraphs (A), (B), and

1 (C), respectively, and adjusting the mar-
2 gins accordingly;

3 (iv) in subparagraph (B), as so redes-
4 ignated, by striking “or” at the end;

5 (v) in subparagraph (C), as so redes-
6 ignated, by striking “and” at the end; and

7 (vi) by adding at the end the fol-
8 lowing:

9 “(D) has a foreign risk connecting the
10 small business concern to an entity, including
11 any affiliates, spinouts, or subsidiaries of the
12 entity, or individual on one or more of the fol-
13 lowing lists:

14 “(i) the UFLPA Entity List main-
15 tained by the Department of Homeland Se-
16 curity;

17 “(ii) the Non-SDN Chinese Military-
18 Industrial Complex Companies List of the
19 Office of Foreign Assets Control main-
20 tained by the Department of the Treasury;

21 “(iii) the Section 889 Prohibition List
22 established under section 889 of the John
23 S. McCain National Defense Authorization
24 Act for Fiscal Year 2019 (Public Law

1 115–232) and maintained by the Depart-
2 ment of Defense;

3 “(iv) the list of Chinese Military com-
4 panies required under section 1260H of
5 the William M. (Mac) Thornberry National
6 Defense Authorization Act for Fiscal Year
7 2021 (Public Law 116–283) and main-
8 tained by the Department of Defense;

9 “(v) the Military End User List main-
10 tained by the Bureau of Industry and Se-
11 curity of the Department of Commerce;

12 “(vi) the Entity List maintained by
13 the Bureau of Industry and Security of the
14 Department of Commerce;

15 “(vii) the List of Equipment and
16 Services maintained by the Federal Com-
17 munications Commission; and

18 “(viii) the Withhold Release Orders
19 and Findings List maintained by U.S.
20 Customs and Border Protection;

21 “(E) has a foreign risk with a primary
22 source that is classified;

23 “(F) has a foreign risk or another national
24 security risk not listed in statute or regulatory

1 guidance that an agency determines warrants a
2 denial; or”;

3 (D) by inserting after paragraph (20) the
4 following:

5 “(21) not, and any personnel of the Federal
6 agency including technical points of contact shall
7 not, communicate to an applicant prior to formal no-
8 tification of an award decision that an application
9 was denied due to a foreign risk;”; and

10 (E) in paragraph (23), as so redesign-
11 nated—

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

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

18 **SEC. 403. STRENGTHENING THE DUE DILIGENCE PROGRAM**
19 **TO ASSESS SECURITY RISKS.**

20 Section 9(vv)(2) of the Small Business Act (15
21 U.S.C. 638(vv)(2)) is amended—

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

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

1 “(C) examine any relationship of a small
2 business concern seeking an award to any entity
3 or individual included on the lists, as published
4 on the date of the closing of the solicitation, de-
5 scribed under subsections (g)(16)(D) and
6 (o)(20)(D).”.

7 **SEC. 404. STRENGTHENING AGENCY RECOVERY AUTHOR-**
8 **ITY.**

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

11 (1) in subsection (g)(18), as redesignated by
12 section 402—

13 (A) in the matter preceding subparagraph
14 (A), by inserting “, as adjusted for inflation ac-
15 cording to the Consumer Price Index published
16 by the Bureau of Labor Statistics,” after
17 “amounts”;

18 (B) in subparagraph (A)—

19 (i) by inserting “during the 10-year
20 period beginning on the date of the award,
21 or during a longer or indefinite period as
22 determined by the head of the awarding
23 agency as necessary for national security,”
24 before “the small business concern”; and

25 (ii) by striking “or” at the end;

1 (C) in subparagraph (B)—

2 (i) by inserting “during the 10-year
3 period beginning on the date of the award,
4 or during a longer or indefinite period as
5 determined by the head of the awarding
6 agency as necessary for national security,”
7 before “there is a change”; and

8 (ii) by striking “and” at the end; and

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

10 “(C) during the 5-year period beginning on
11 the date of the award, or during a longer or in-
12 definite period as determined by the head of the
13 awarding agency as necessary for national secu-
14 rity, the small business concern sells, leases, or
15 provides (through joint research, technological
16 licensing, or otherwise) intellectual property
17 that was developed, wholly or in part, using an
18 SBIR award to a foreign entity or individual
19 unless the foreign entity or individual is incor-
20 porated in or a citizen of a country that is a
21 member of the North Atlantic Treaty Organiza-
22 tion or a major non-NATO ally, as described
23 under section 2321k of title 22, United States
24 Code; or

1 “(D) during the 10-year period beginning
2 on the date of the award, or during a longer or
3 indefinite period as determined by the head of
4 the awarding agency as necessary for national
5 security, the small business concern sells,
6 leases, or provides (through joint research, tech-
7 nological licensing, or otherwise) intellectual
8 property that was developed, wholly or in part,
9 using an SBIR award to an entity, government,
10 or individual in a foreign country of concern;
11 and”;

12 (2) in subsection (o)(22), as redesignated by
13 section 402—

14 (A) in the matter preceding subparagraph
15 (A), by inserting “, as adjusted for inflation ac-
16 cording to the Consumer Price Index published
17 by the Bureau of Labor Statistics,” after
18 “amounts”;

19 (B) in subparagraph (A)—

20 (i) by inserting “during the 10-year
21 period beginning on the date of the award,
22 or during a longer or indefinite period as
23 determined by the head of the awarding
24 agency as necessary for national security,”
25 before “the small business concern”; and

1 (ii) by striking “or” at the end;

2 (C) in subparagraph (B)—

3 (i) by inserting “during the 10-year
4 period beginning on the date of the award,
5 or during a longer or indefinite period as
6 determined by the head of the awarding
7 agency as necessary for national security,”
8 before “there is a change”; and

9 (ii) by striking “and” at the end; and

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

11 “(C) during the 5 year period beginning on
12 the date of the award, or during a longer or in-
13 definite period as determined by the head of the
14 awarding agency as necessary for national secu-
15 rity, the small business concern sells, leases, or
16 provides (through joint research, technological
17 licensing, or otherwise) intellectual property
18 that was developed, wholly or in part, using an
19 STTR award to a foreign entity or individual
20 unless the foreign entity or individual is incor-
21 porated in or a citizen of a country that is a
22 member of the North Atlantic Treaty Organiza-
23 tion or a major non-NATO ally, as described
24 under section 2321k of title 22, United States
25 Code; or

1 “(D) during the 10-year period beginning
2 on the date of the award, or during a longer or
3 indefinite period as determined by the head of
4 the awarding agency as necessary for national
5 security, the small business concern sells,
6 leases, or provides (through joint research, tech-
7 nological licensing, or otherwise) intellectual
8 property that was developed, wholly or in part,
9 using an STTR award to an entity, govern-
10 ment, or individual in a foreign country of con-
11 cern; and”.

12 **SEC. 405. BEST PRACTICES ON INVESTOR INFORMATIONAL**
13 **RIGHTS.**

14 Section 9(uu) of the Small Business Act (15 U.S.C.
15 638(uu)) is amended to read as follows:

16 “(uu) BEST PRACTICES ON INVESTOR INFORMA-
17 TIONAL RIGHTS.—

18 “(1) IN GENERAL.—The Administrator, in co-
19 ordination with the heads of all agencies with an
20 SBIR program, the Director of the White House Of-
21 fice of Science and Technology Policy, and the Com-
22 mittee on Foreign Investment in the United States,
23 shall develop best practices to be shared with each
24 recipient of an SBIR or STTR award by the agency
25 granting the award.

1 “(2) CONTENTS.—The best practices developed
2 under paragraph (1) shall include recommendations
3 for protecting the proprietary technology and intel-
4 lectual property of the small business concern from
5 being shared unintentionally to foreign individuals
6 and entities through informational rights of limited
7 partners in venture capital, hedge fund, or private
8 equity firms that have investments in SBIR or
9 STTR recipients.”.

10 **SEC. 406. GAO REPORT.**

11 Paragraph (4) of section 4(b) of the SBIR and STTR
12 Extension Act of 2022 (Public Law 117–183; 136 Stat.
13 2194) is amended to read as follows:

14 “(4) GAO REPORT.—

15 “(A) IN GENERAL.—Not later than 18
16 months after the date of enactment of the IN-
17 NOVATE Act, and annually thereafter under
18 September 30, 2028, the Comptroller General
19 of the United States shall conduct a study and
20 submit to the Committee on Small Business
21 and Entrepreneurship and the Committee on
22 Armed Services of the Senate and the Com-
23 mittee on Small Business, the Committee on
24 Armed Services, and the Committee on Science,
25 Space, and Technology of the House of Rep-

1 representatives a report on the implementation and
2 best practices of the due diligence programs es-
3 tablished under section 9(vv) of the Small Busi-
4 ness Act (15 U.S.C. 638(vv)) across Federal
5 agencies required to establish an SBIR or
6 STTR program.

7 “(B) STUDY.—The study shall evaluate—

8 “(i) the effectiveness of each Federal
9 agency that participates in the SBIR pro-
10 gram or STTR program in identifying—

11 “(I) enhanced risk in cybersecu-
12 rity practices in SBIR and STTR
13 projects;

14 “(II) enhanced risk in patents,
15 including co-authorship with aca-
16 demics in foreign countries of concern
17 in SBIR and STTR projects;

18 “(III) enhanced foreign influence
19 risk among employees of small busi-
20 ness concerns involved in SBIR and
21 STTR projects;

22 “(IV) foreign ownership of a
23 small business concern seeking an
24 award, including the financial ties and
25 obligations (which shall include sur-

1 ety, equity, and debt obligations) in
2 SBIR and STTR projects; and

3 “(V) security risks among appli-
4 cants to the SBIR program or the
5 STTR program, including connections
6 to an entity, including any affiliates,
7 spinouts, or subsidiaries of the entity,
8 or individual on one or more of the
9 lists referenced in paragraph (16)(D)
10 of section 9(g) of the Small Business
11 Act (15 U.S.C. 638(g));

12 “(ii) by year, the number of proposals
13 and number of small business concerns
14 with foreign risks by each Federal agency
15 that participates in the SBIR program or
16 STTR program, including a delineation of
17 how many of those small business concerns
18 have previously received an award under
19 the SBIR program or STTR program and
20 the nature of those foreign risks made by
21 each Federal agency; and

22 “(iii) the extent to which the Inspec-
23 tor General and counterintelligence au-
24 thorities of each Federal agency that par-
25 ticipates in the SBIR or STTR program

1 effectively conducts investigations, audits,
2 inspections, and outreach relating to the
3 due diligence program to assess security
4 risks in the SBIR or STTR program.”.

5 **TITLE V—SIMPLIFYING SBIR–**
6 **STTR STANDARDS**

7 **SEC. 501. IMPROVING DIRECT TO PHASE II AUTHORITIES.**

8 Section 9(cc) of the Small Business Act (15 U.S.C.
9 638(cc)) is amended to read as follows:

10 “(cc) PHASE FLEXIBILITY.—

11 “(1) AWARDING A PHASE II AWARD ABSENT A
12 PHASE I AWARD.—Each agency with an SBIR pro-
13 gram may provide to a small business concern an
14 award under Phase II of the SBIR program with re-
15 spect to a project, without regard to whether the
16 small business concern was provided an award under
17 Phase I of an SBIR program with respect to such
18 project, if the head of the agency determines that
19 the small business concern has completed the deter-
20 minations described in subsection (e)(4)(A) with re-
21 spect to such project despite not having been pro-
22 vided a Phase I award.

23 “(2) LIMITATIONS ON AWARDS.—

24 “(A) IN GENERAL.—Except as provided in
25 subparagraph (B), the head of each agency with

1 an SBIR program may award not more than 10
2 percent of the funds allocated for the SBIR
3 program of the agency in a given fiscal year
4 under the authority of this subsection.

5 “(B) NATIONAL INSTITUTES OF HEALTH
6 AND DEPARTMENT OF DEFENSE.—The Director
7 of the National Institutes of Health may award
8 not more than 30 percent of the funds allocated
9 for the SBIR program of the National Insti-
10 tutes of Health in a given fiscal year and the
11 Secretary of Defense may award not more than
12 30 percent of the funds allocated for the SBIR
13 program of each component in the Department
14 of Defense in a given fiscal year under the au-
15 thority of this subsection.

16 “(C) LIMIT ON ELIGIBILITY FOR
17 AWARDS.—An agency may not make an award
18 under this subsection to a small business con-
19 cern, including its affiliates, spinouts, and sub-
20 sidiaries, that has received more than 25 Phase
21 II awards.

22 “(D) LIMIT ON NUMBER OF AWARDS.—An
23 agency may make not more than 25 awards
24 under this subsection to a small business con-

cern, including its affiliates, spinouts, and subsidiaries.”.

SEC. 502. IMPROVING SBIR AND STTR DATA COLLECTION.

(a) ADDITIONAL DATA FIELDS IN SBIR DATABASE.—Section 9(k)(1) of the Small Business Act (15 U.S.C. 638(k)(1)) is amended—

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

(2) in subparagraph (F)(v), by striking the period at the end and inserting “; and”; and

(3) by adding at the end the following:

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

“(i) Phase 1A, under subsection (pp);

“(ii) direct to Phase II, under subsection (cc);

“(iii) subsequent Phase II, under subsection (bb)(1);

“(iv) strategic breakthrough award under subsection (ff)(3);

“(v) Phase III prime contract award;

or

“(vi) Phase III subcontract award.”.

(b) IMPROVING FPDS DATA TRACKING.—

1 (1) IN GENERAL.—The Administrator of Gen-
2 eral Services shall update the Federal Procurement
3 Data System described in section 1122(a)(4) of title
4 41, United States Code, or any successor system,
5 to—

6 (A) require reporting on whether an award
7 under the SBIR or STTR program is classified
8 or designated as—

9 (i) Phase 1A, under subsection (pp) of
10 section 9 of the Small Business Act (15
11 U.S.C. 638), as amended by this Act;

12 (ii) direct to Phase II, under sub-
13 section (cc) of such section;

14 (iii) subsequent Phase II, under sub-
15 section (bb)(1) of such section;

16 (iv) a strategic breakthrough award
17 under subsection (ff)(3) of such section;

18 (v) a Phase III prime contract award;

19 or

20 (vi) a Phase III subcontract award;

21 (B) require reporting on whether a con-
22 tract is designated as a Phase III contract; and

23 (C) allow a Government contracting offi-
24 cer, when recording a Phase II or Phase III
25 contract following on from work done by a

1 small business concern during a Phase I or
2 Phase II award to reference an SBIR or STTR
3 contract identification number for relevant prior
4 SBIR or STTR work done.

5 (2) NO NEW FUNDS.—No additional funds are
6 authorized to be appropriated for the purpose of car-
7 rying out this subsection.

8 **SEC. 503. STREAMLINING PROGRAM ADMINISTRATION.**

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

11 (1) in subsection (bb)(3), by inserting “or an-
12 other component of the same Federal agency” after
13 “another Federal agency”;

14 (2) in subsection (gg)—

15 (A) in the heading, by striking “PILOT
16 PROGRAM” and inserting “COMMERCIALIZA-
17 TION READINESS PROGRAM”;

18 (B) by striking “pilot” each place the term
19 appears;

20 (C) by striking paragraph (7);

21 (D) by redesignating paragraph (8) as
22 paragraph (7); and

23 (E) by amending paragraph (7), as so re-
24 designated, to read as follows:

1 “(7) DEFINITION.—In this subsection, the term
2 ‘covered Federal agency’—

3 “(A) means a Federal agency participating
4 in the SBIR program or the STTR program;
5 and

6 “(B) does not include the Department of
7 Defense.”;

8 (3) in subsection (hh)—

9 (A) by striking “FUNDING.—” and all that
10 follows through “Federal agencies partici-
11 pating” and inserting “FUNDING.—Federal
12 agencies participating”; and

13 (B) by striking paragraph (2);

14 (4) in subsection (ii)(2)(B)—

15 (A) in clause (ii), by adding “and” at the
16 end;

17 (B) in clause (iii), by striking “; and” and
18 inserting a period; and

19 (C) by striking clause (iv);

20 (5) in subsection (qq)(3), by striking subpara-
21 graph (I);

22 (6) in subsection (vv)(3), by striking subpara-
23 graph (C);

24 (7) in subsection (yy)—

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

3 (B) by striking “STTR PROGRAM.—” and
4 all that follows through “Not later than” and
5 inserting “STTR PROGRAM.—Not later than”;

6 (C) by striking paragraph (2); and

7 (D) by striking “pilot”;

8 (8) in subsection (zz)—

9 (A) in the subsection heading, by striking
10 “PILOT”;

11 (B) in paragraph (1)—

12 (i) in the paragraph heading, by strik-
13 ing “PILOT” and inserting “PROGRAM”;

14 (ii) in subparagraph (B), by striking
15 “3.25” and inserting “3.50”; and

16 (iii) in subparagraph (C), by striking
17 “0.46” and inserting “0.21”;

18 (C) by striking paragraph (3); and

19 (D) by striking “pilot” each place the term
20 appears.

21 **SEC. 504. EXTENDING SBIR AND STTR AUTHORIZATION.**

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

24 (1) in subsection (m), by striking “2025” and
25 inserting “2028”; and

1 (2) in subsection (n)(1)(A), by striking “2025”
2 and inserting “2028”.

3 **TITLE VI—MISCELLANEOUS**

4 **SEC. 601. TECHNICAL AMENDMENTS.**

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

7 (1) by striking “small-business concerns” each
8 place it appears and inserting “small business con-
9 cerns”;

10 (2) by striking “Committee on Small Business
11 of the Senate” each place it appears and inserting
12 “Committee on Small Business and Entrepreneur-
13 ship of the Senate”;

14 (3) by striking “Committee on Science and the”
15 each place it appears and inserting “Committee on
16 Science, Space, and Technology and the”;

17 (4) in subsection (d)(2), by striking “small-
18 business firms” and inserting “small business con-
19 cerns”;

20 (5) in subsection (e)(3), by inserting “concern”
21 after “small business”;

22 (6) in subsection (g)(4)(A), by striking “SBIR
23 proposals” and inserting “ SBIR solicitations”;

24 (7) in subsection (g)(10), by striking “,” and
25 inserting “,”;

1 (8) in subsection (g)(13)(A), by inserting “ma-
2 lign” before “foreign talent recruitment program”;

3 (9) in subsection (o)(8), by striking “,” and in-
4 serting “,”;

5 (10) in subsection (o)(17)(A), by inserting “ma-
6 lign” before “foreign talent recruitment program”;
7 and

8 (11) in subsection (vv)(2)(B), by inserting
9 “subsection” before “(g)(13)”.

10 **SEC. 602. REPEALS.**

11 (a) REPEAL OF OBSOLETE PROVISION.—Subsection
12 (tt) of section 9 of the Small Business Act (15 U.S.C.
13 638(tt)) is repealed.

14 (b) REPEAL OF REDUNDANT PROVISION.—Sub-
15 section (oo) section 9 of the Small Business Act (15
16 U.S.C. 638(oo)) is repealed.

17 **SEC. 603. SEVERABILITY.**

18 If any provision of this Act, or the application of such
19 provision to any person or circumstance, is held to be in-
20 valid, the remainder of the Act, and the application of the
21 remaining provisions, shall not be affected.