

success has a proven record in a diverse range of fields, including: defense, health, energy, and technology.

H.R. 246, the Stimulating Innovation through Procurement Act of 2019, enables more SBIR and STTR businesses to reach their potential. It directs procurement center representatives and senior procurement executives in agencies to assist small business concerns in the SBIR and STTR programs, and coordinates with appropriate agency procurement officials.

This bill will open the Federal marketplace to more small, high-growth companies through increased technical assistance and advocacy, ensuring our country remains a leader in innovation.

Mr. Speaker, I urge Members to support this bill, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentlewoman from New York (Ms. VELÁZQUEZ) that the House suspend the rules and pass the bill, H.R. 246.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

#### ENCOURAGING SMALL BUSINESS INNOVATION ACT

Ms. VELÁZQUEZ. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 206) to amend the small business laws to create certain requirements with respect to the SBIR and STTR program, and for other purposes.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 206

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. SHORT TITLE.

This Act may be cited as the "Encouraging Small Business Innovation Act".

#### SEC. 2. INCLUSION OF TESTING AND EVALUATION IN THE DEFINITION OF RESEARCH AND DEVELOPMENT.

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

(1) by redesignating subparagraphs (A), (B), and (C) as clauses (i), (ii), and (iii), respectively (and conforming the margins accordingly);

(2) by striking "means any activity which is" and inserting the following: "means—

"(A) any activity which is—"; and

(3) in clause (iii), as so redesignated, by adding "and" after the semicolon at the end; and

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

"(B) any testing or evaluation in connection with such an activity;"

#### SEC. 3. INCLUSION OF SMALL BUSINESS INVESTMENT COMPANIES IN SBIR AND STTR.

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

(1) by striking "or private equity firm investment" each place such term appears and inserting "private equity firm, or SBIC investment";

(2) by striking "or private equity firms" and inserting "private equity firms, or SBICs";

(3) in subsection (e)—

(A) in paragraph (12)(B), by striking "and" at the end;

(B) in paragraph (13)(B), by striking the period at the end and inserting "; and"; and

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

"(14) the term 'SBIC' means a small business investment company as defined in section 103 of the Small Business Investment Act of 1958."; and

(4) in the heading for subsection (dd), by striking "OR PRIVATE EQUITY FIRMS" and inserting "PRIVATE EQUITY FIRMS, OR SBICs".

#### SEC. 4. CALCULATION OF LEVERAGE OF SMALL BUSINESS INVESTMENT COMPANIES THAT INVEST IN SBIR OR STTR PARTICIPANTS.

Section 303(b)(2) of the Small Business Investment Act of 1958 (15 U.S.C. 683(b)(2)) is amended by adding at the end the following new subparagraph:

"(E) INVESTMENTS IN SBIR AND STTR PARTICIPANTS.—

"(i) IN GENERAL.—Subject to clause (ii), in calculating the outstanding leverage of a company for purposes of subparagraph (A), the Administrator shall exclude the amount of any investment made in a SBIR or STTR participant, if such investment is made in the first fiscal year after the date of enactment of this subparagraph or any fiscal year thereafter by a company licensed during the applicable fiscal year.

"(ii) LIMITATIONS.—

"(I) AMOUNT OF EXCLUSION.—The amount excluded under clause (i) for a company shall not exceed 33 percent of the private capital of that company.

"(II) MAXIMUM INVESTMENT.—A company shall not make an investment in any one SBIR or STTR participant in an amount equal to more than 20 percent of the private capital of that company.

"(III) OTHER TERMS.—The exclusion of amounts under clause (i) shall be subject to such terms as the Administrator may impose to ensure that there is no cost (as that term is defined in section 502 of the Federal Credit Reform Act of 1990 (2 U.S.C. 661a)) with respect to purchasing or guaranteeing any debt-instrument involved.

"(iii) DEFINITIONS.—In this subparagraph, the term 'SBIR or STTR participant' means a small business concern that receives contracts or grants pursuant to section 9 of the Small Business Act."

#### SEC. 5. ENCOURAGING PARTICIPATION IN THE MENTOR-PROTEGE PROGRAM.

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

"(tt) ENCOURAGING PARTICIPATION IN THE MENTOR-PROTEGE PROGRAM.—The Administrator shall provide an increase to the past performance rating of any small business concern that has participated in the SBIR or STTR program that serves as a mentor under section 45 to a small business concern that seeks to participate in the SBIR or STTR program."

#### SEC. 6. ANNUAL MEETING FOR FEDERAL AGENCIES WITH A SBIR OR STTR PROGRAM.

(a) IN GENERAL.—Section 9 of the Small Business Act (15 U.S.C. 638), as amended by section 3, is further amended by adding at the end the following new subsection:

"(uu) ANNUAL MEETING.—

"(1) IN GENERAL.—The head of each Federal agency required to have a program under this section (or a designee) and the Administrator (or a designee) shall meet annually to discuss methods—

"(A) to improve the collection of data under this section;

"(B) to improve the reporting of data to the Administrator under this section;

"(C) to make the application processes for programs under this section more efficient; and

"(D) to increase participation in the programs under this section.

"(2) REPORTING.—Not later than 60 days after the date on which an annual meeting required under paragraph (1) is held, the Administrator shall submit to the Committee on Small Business and Entrepreneurship of the Senate, and the Committee on Small Business and the Committee on Science, Space, and Technology of the House of Representatives, a report on the findings of such meeting and recommendations on how to implement changes to programs under this section."

(b) FUNDING FOR ANNUAL MEETING.—Section 9(mm)(1) of the Small Business Act (15 U.S.C. 638(mm)(1)) is amended—

(1) in subparagraph (I), by striking the "and" at the end;

(2) in subparagraph (J), by striking the period at the end and inserting "; and"; and

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

"(K) the annual meeting required under subsection (uu)."

#### SEC. 7. INCREASING PARTICIPATION OF UNDERSERVED POPULATIONS IN THE SBIR AND STTR PROGRAMS.

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

"(2) OUTREACH AND TECHNICAL ASSISTANCE.—A Federal agency participating in the program under this subsection shall use a portion of the funds authorized for uses under paragraph (1) to carry out the policy directive required under subsection (j)(2)(F) and to increase the participation of States with respect to which a low level of SBIR awards have historically been awarded."

(b) CONFORMING AMENDMENT.—Section 9(mm)(6) of the Small Business Act (15 U.S.C. 638(mm)(6)) is amended by striking "paragraph (2)(A) and any use of the waiver authority under paragraph (2)(B)" and inserting "paragraph (2)".

The SPEAKER pro tempore. Pursuant to the rule, the gentlewoman from New York (Ms. VELÁZQUEZ) and the gentleman from Ohio (Mr. CHABOT) each will control 20 minutes.

The Chair recognizes the gentlewoman from New York.

#### GENERAL LEAVE

Ms. VELÁZQUEZ. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous material on the measure under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from New York?

There was no objection.

Ms. VELÁZQUEZ. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 206, the Encouraging Small Business Innovation Act of 2019. For almost 40 years, our Nation has experienced increased innovation and job creation through the Small Business Innovation Research program and the Small Business Technology Transfer program.

As a direct result of these programs, breakthroughs have been made in a wide range of sectors, from agriculture,

to energy, and most notably, healthcare. Research conducted by SBIR and STTR awardees has helped address our country's most important technological and research-based challenges while generating tremendous economic growth and employment opportunities.

These programs encourage small firms, where much of today's cutting-edge ideas are born, to explore their potential while also providing the incentive to profit from its commercialization.

Yet, as with any program, improvements can be made to further strengthen the program and its impact on our economy.

By incentivizing more experienced SBIR and STTR firms to mentor newer companies and rewarding mentors through a past-performance rating increase, Congressman ROUDA's legislation, H.R. 206, positively promotes integrating these program participants into the larger Federal marketplace.

Just as we are concerned with the broader ability of SBIR and STTR firms to compete more broadly, it is important to ensure the participation of all businesses within the program. Just like with geography, when it comes to demographics, it is important that the SBIR and STTR are serving all entrepreneurs.

This measure requires participating agencies to use part of their SBIR allocation to conduct outreach to minorities and underrepresented States by removing the waiver of this requirement from the statute. Doing so, guarantees that a wide range of ideas are provided the opportunity to thrive.

□ 1630

Finally, H.R. 206 requires an annual summit of these agencies to share best practices to improve data collection and streamline processes across the programs. As a result, I believe this bill is crucial to modernizing the program and preserving our Nation's competitiveness.

Mr. Speaker, I urge Members to support this legislation, and I reserve the balance of my time.

Mr. CHABOT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 206, the Encouraging Small Business Innovation Act.

I want to commend Mr. ROUDA on his work to improve the Small Business Innovation Research program and the Small Business Technology Transfer program, or SBIR and STTR as they are more commonly known.

These critical programs provide exceptionally innovative small firms with the kick-start they need to develop the next big thing and turn their companies from small businesses into large ones. These innovations have saved lives on the battlefield, in the hospital room, and made immeasurable advancements in communication technology and countless other improvements to technologies we all use on a daily basis.

Among other things, this straightforward bill updates and harmonizes the definition of research and development in the Small Business Act, providing an avenue for more experienced SBIR companies to mentor newer companies, and improves oversight.

Furthermore, this bill encourages collaboration and sharing of best practices among Federal agencies to enhance the efficacy of the SBIR and STTR programs. Federal agencies housing these programs would be required to meet annually to discuss potential data collection and reporting process improvements, ideas to increase small business participation, and will be required to update Congress on the outcomes and recommendations arising from these meetings.

Mr. Speaker, I urge my colleagues to support this legislation, and I reserve the balance of my time.

Ms. VELÁZQUEZ. Mr. Speaker, I yield 3 minutes to the gentleman from California (Mr. ROUDA), who is the author of this bill.

Mr. ROUDA. Mr. Speaker, I rise in support of H.R. 206, the Encouraging Small Business Innovation Act.

The Small Business Innovation Research program, or SBIR, and the Small Business Technology Transfer program, or STTR, were established to spur innovation and job creation throughout the country. Since their inception, these programs have awarded over \$40 billion to small innovative firms, including \$34 million in California's 48th District. Together, these programs are some of the Federal Government's largest technology development programs.

For many research companies in my district and around the country, these two programs serve as a gateway to the Federal contracting field. The continued success of these programs depends on three primary factors:

First, the program must remain highly competitive;

Second, applicants and awardees must have access to financing of all types, including venture capital;

Third, we must ensure these products make it to the market.

But the lack of competitiveness and diversity continue to raise questions, with the participation of women-owned and minority-owned firms in these programs declining.

According to the Small Business Administration's annual report for fiscal year 2013, only 15 percent of total award dollars went to women-owned small businesses, and only 10 percent to socially or economically disadvantaged small and HUBZone-certified small businesses.

This bill addresses both issues by requiring participating agencies to use part of their SBIR allocation to conduct outreach to minorities and underrepresented States by removing the waiver of this requirement from statute.

To address the need for outside financing, this bill includes small busi-

ness investment companies in the SBIR and STTR programs as possible investors and increases the capital levels that can be invested by private investors.

Finally, H.R. 206 also provides an avenue for more experienced SBIR and STTR companies to mentor newer companies. It is clear that the SBIR and STTR programs have promoted our shared goal of fostering innovation, but we must continue to provide vigilant oversight of these programs to ensure their maximum effectiveness.

Mr. Speaker, I include in the RECORD a letter of support from the Small Business Investor Alliance.

SMALL BUSINESS INVESTOR ALLIANCE,  
January 14, 2019.

Hon. HARLEY ROUDA,  
House of Representatives,  
Washington, DC.

DEAR REPRESENTATIVE ROUDA: Since 1958, the Small Business Investor Alliance (SBIA) has been the voice of Small Business Investment Companies (SBICs). We write in support of H.R. 206, the Encouraging Small Business Innovation Act, which is being considered by the House of Representatives today. The bill is a simple, modest improvement to the Small Business Investment Act of 1958 that would encourage more investment in job-creating American small businesses.

SBICs are highly-regulated private funds that invest exclusively in domestic small businesses, with at least 25% of their investments in even smaller enterprises. The nearly \$28 billion SBIC debenture program is a market-driven platform that serves an important public purpose of facilitating private investment in domestic small businesses. After raising private capital and successfully navigating a rigorous licensing process, a licensed SBIC is permitted to access a line of credit (leverage) to increase the amount of capital to be invested in domestic small businesses. Generally, the ratio of leverage to private capital is a little less than 2:1, with some strategies utilizing an even lower leverage ratio. With the private capital in a first-loss position, a modest leverage ratio, and the benefits of the portfolio effect, the program operates by law at zero subsidy, further exhibiting effective protection for the American taxpayer. As a testament to the underlying structure of the SBIC program, it is one of the few government programs that was able to continue to operate at zero subsidy through the Great Recession.

H.R. 206 seeks to encourage more investment in Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) companies. The stated mission of the SBIR and STTR programs is to "support scientific excellence and technological innovation through the investment of Federal research funds in critical American priorities to build a strong national economy." Both programs seek to increase private sector commercialization of innovations arising out of federal research and development. H.R. 206 would include SBICs in SBIR and STTR and would allow SBICs to exclude a percentage of their SBIR and STTR investments from their leverage calculation, with the goal of spurring more investment in technology and innovation.

H.R. 206 would make thoughtful improvements to the SBIC program and thereby help domestic small businesses. SBIA thanks you for your leadership on this legislation and for your commitment to expanding economic opportunity in America. We look forward to working with you during the 116th Congress

to continue strengthening the SBIC program.

Sincerely,

BRETT PALMER,

*President, Small Business Investor Alliance.*

Mr. ROUDA. Mr. Speaker, in closing, I want to thank Chairwoman VELÁZQUEZ for her support and leadership of innovative small business. I also want to thank Representative ESPAILLAT for his work on this issue in the last Congress, and I urge Members to support this legislation.

Mr. CHABOT. Mr. Speaker, I yield myself the balance of my time to close.

Mr. Speaker, the SBIR and STTR programs are often the first place small innovative companies come to do business with the Federal Government. They are widely popular here on Capitol Hill, in the administration, and in the industrial base as well. They provide that initial kick-start of funding for ideas that could change the world, literally, for the better.

Mr. Speaker, the reforms contained in H.R. 206 make it easier for those ideas to become a reality. Therefore, I urge my colleagues to support this bipartisan legislation, and I yield back the balance of my time.

Ms. VELÁZQUEZ. Mr. Speaker, I yield myself the balance of my time to close.

Mr. Speaker, I want to thank the gentleman from California (Mr. ROUDA) for introducing today's bill to increase the assistance to SBIR and STTR firms.

Since their inception, over \$40 billion in awards have been made, proving their success as a funding source for small innovative firms.

As we have done before, we must ensure the longevity of the program by guaranteeing it reflects modern R&D practices. It must also optimize participation through mentorship incentives and Phase 3 awards, in addition to including small business investment companies in the SBIR and STTR programs to stimulate investment.

This bill achieves this goal and guarantees the program meets the needs of our next generation of SBIR and STTR firms. H.R. 206 makes certain that the program remains a catalyst for not just innovation, but also the economic empowerment and job creation that is associated with these scientific advances.

Mr. Speaker, I urge Members to support this bill, and I yield back the balance of my time.

Mr. ESPAILLAT. Mr. Speaker, I want to thank the new Chair of the House Small Business Committee Congresswoman NYDIA VELÁZQUEZ for her leadership on this issue and for working with me during the 115th Congress when the Encouraging Small Business Innovation Act first passed in the House. I also want to congratulate Congressman ROUDA on his success in moving this issue forward in the 116th Congress and thank him for his commitment to spur innovation and address the issue of underrepresentation of minorities in the small business community.

The Encouraging Small Business Innovation Act is thoughtful and constructive legislation.

Even in this modern day, we have heard from many minority and women-owned small businesses that they continue to face institutional challenges to growing their businesses. A 2013 report commissioned by the Small Business Administration found that women-owned small businesses do not have equal access to capital from the private sector as compared to their male peers. Furthermore, the Small Business Administration's own Office of Advocacy has said that, "There are fewer minority-owned businesses representing high-patenting industries than in all industries."

Through the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs, the Small Business Administration works with partners in eleven federal agencies ranging from the Department of Agriculture to NASA to support small businesses, especially those that are owned by members of identified disadvantaged communities. While these programs have made some headway in encouraging innovation and entrepreneurship among women and many minority communities, this vital investment can only be used for research and development. There is no consideration given for testing and evaluation, an extremely resource-heavy task for small businesses. What good is a product or a method when you don't know if it works effectively or efficiently? The Small Business Innovation Act addresses this problem by including "testing" and "evaluation" among the activities for which SBIR and STTR applicants can seek funding. This will empower more underrepresented entrepreneurs to develop new products, expand upon new ideas, and gain respected external validators.

The Small Business Innovation Act also includes a number of other provisions that I believe will significantly help expand entrepreneurship in underserved communities. For example, the bill incentivizes mentorship with previous SBIR- and STTR-recipient companies that have found success in the programs to impart their knowledge and share their experience. It also welcomes investment by Small Business Investment Companies into SBIR and STTR projects, which will increase the investment of capital from more diverse streams of funding. The bill also prioritizes data collection and reporting, ensuring that evaluation of the program leads to increased efficiency and additional participation. Finally, and most importantly, the bill makes explicit commitments to increasing the participation of underserved populations in the small business community.

So again, I thank my colleague, Mr. ROUDA, and Chairwoman VELÁZQUEZ for taking up this important cause and I congratulate them both on a job well done.

The SPEAKER pro tempore. The question is on the motion offered by the gentlewoman from New York (Ms. VELÁZQUEZ) that the House suspend the rules and pass the bill, H.R. 206.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

#### COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER pro tempore laid before the House the following commu-

nication from the Clerk of the House of Representatives:

JANUARY 14, 2019.

Hon. NANCY PELOSI,  
*The Speaker, House of Representatives,*  
*Washington, DC.*

DEAR MADAM SPEAKER: Pursuant to the permission granted in Clause 2(h) of Rule II of the Rules of the U.S. House of Representatives, the Clerk received the following message from the Secretary of the Senate on January 14, 2019, at 3:19 p.m.:

That the Senate agreed to Relative to the death of the Honorable John Chester Culver, former United States Senator for the State of Iowa S. Res. 16

Appointments:

Syria Study Group

United States Senate Caucus on International Narcotics Control for the 116th Congress

United States—China Economic and Security Review Commission

With best wishes, I am

Sincerely,

KAREN L. HAAS.

#### EXPANDING CONTRACTING OPPORTUNITIES FOR SMALL BUSINESSES ACT OF 2019

Ms. VELÁZQUEZ. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 190) to amend the Small Business Act to eliminate the inclusion of option years in the award price for sole source contracts, and for other purposes.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 190

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. SHORT TITLE.

This Act may be cited as the "Expanding Contracting Opportunities for Small Businesses Act of 2019".

#### SEC. 2. AMENDMENTS TO CONTRACTING AUTHORITY FOR CERTAIN SMALL BUSINESS CONCERNS.

(a) QUALIFIED HUBZONE SMALL BUSINESS CONCERNS.—Subparagraph (A) of section 31(b)(2) of the Small Business Act (15 U.S.C. 657a(b)(2)) is amended to read as follows:

"(A) SOLE SOURCE CONTRACTS.—A contracting officer may award sole source contracts under this section to any qualified HUBZone small business concern, if—

"(i) the qualified HUBZone small business concern is determined to be a responsible contractor with respect to performance of such contract opportunity;

"(ii) the contracting officer does not have a reasonable expectation that two or more qualified HUBZone small business concerns will submit offers for the contracting opportunity;

"(iii) the anticipated award price of the contract will not exceed—

"(I) \$7,000,000, in the case of a contract opportunity assigned a standard industrial classification code for manufacturing; or

"(II) \$4,000,000, in the case of all other contract opportunities; and

"(iv) in the estimation of the contracting officer, the contract award can be made at a fair and reasonable price."

(b) SMALL BUSINESS CONCERN OWNED AND CONTROLLED BY SERVICE-DISABLED VETERANS.—Subsection (a) of section 36 of the Small Business Act (15 U.S.C. 657f) is amended to read as follows:

"(a) SOLE SOURCE CONTRACTS.—In accordance with this section, a contracting officer