

CQ TODAY ONLINE NEWS - SCIENCE

May 4, 2011 - 9:37 p.m.

Small-Business Initiatives Move in the House but Stall in the Senate By Niels Lesniewski and Anne L. Kim, CQ Staff

The Senate turned back an effort to cut off debate on a stalled small-business research bill Wednesday, and now is likely to move on to other business once Majority Leader Harry Reid officially shelves the measure.

By a 52-44 vote, senators rejected a motion to invoke cloture to limit debate on the bill (S 493). The motion required 60 votes to succeed.

The legislation would reauthorize the Small Business Innovation Research (SBIR) and Small Business Technology Transfer programs through fiscal 2019. Louisiana Democratic Sen. Mary L. Landrieu, the chairwoman of the Small Business and Entrepreneurship Committee, reiterated her frustration that the bill has become a vehicle for unrelated debates, despite broader support for the underlying programs.

"Today was our last chance to reauthorize these important programs and provide some continuity to the small businesses that depend on them," Landrieu said.

Republicans, led by Olympia J. Snowe of Maine, argue that Reid, D-Nev., filed to cut off debate before full consideration of amendments.

Meanwhile, a House panel Wednesday approved its own version of the legislation. By voice vote, the Science, Space and Technology Committee voted to extend authorization for the two small-business research programs through fiscal 2014.

The bill (HR 1425) would allow small businesses largely backed by venture capital to be eligible for federal research grants. It also would increase to \$150,000 grants for small businesses to determine feasibility of a concept and boost to \$1 million grants for research and development.

Under the bill, the National Institutes of Health, the National Science Foundation and the Energy Department would be allowed to allocate up to 45 percent of their SBIR funds to businesses that are majority-owned by venture-capital groups, private-equity firms or hedge funds. The measure would allow other agencies to award up to 35 percent of SBIR funds to these companies.

Over the past several years, small businesses with majority venture-capital ownership have been ineligible for SBIR awards because of a Small Business

Administration ruling. Such companies previously had been allowed to participate in the program.

While the SBIR program expired in 2008 and the Technology Transfer initiative lapsed in 2009, they have been operating under extensions. The current extension (PL 112-1) will expire May 31. Previous reauthorization efforts were unsuccessful partly because of a debate over the extent to which venture-backed companies could participate.