

House committee starts working on SBIR reauthorization

By Andrew Noyes, [CongressDaily](#) 04/23/2009

Small Business Chairwoman Nydia Velazquez and ranking member Sam Graves laid the groundwork Wednesday for reauthorizing a federal program that encourages small businesses to explore their technological potential by offering incentives to profit from commercialization.

Last Congress, the House passed legislation to modernize and extend the Small Business Administration's Small Business Innovation Research program, but it stalled in the Senate.

"With people losing their jobs and businesses closing their doors, programs like SBIR need to be running at full capacity," Velazquez said at a hearing on entrepreneurship and economic recovery.

The 27-year-old SBIR program provides about \$2.2 billion annually, she said. That infusion gets about 1,500 companies off the ground and is a driving force behind breakthroughs from antivirus software to wireless technology for BlackBerry devices, Velazquez said.

Graves said he hoped reauthorization legislation drafted by the committee will maintain SBIR's integrity and not shut out prospective applicants.

In 2003, the SBA imposed restrictions on SBIR applicants that receive venture capital funding. Under the House-passed reauthorization bill in the 110th Congress, if no more than 50 percent of the firm is owned by a single venture capitalist, the entity would be eligible to compete for the grants. That language is expected to be included in the bill Velazquez and Graves will soon introduce and could become one of its most controversial attributes. The committee wants to mark up the legislation in June and secure a floor vote before August recess, an aide said. In March, Congress extended SBIR and several other expiring small business programs through July 31.

Proponents of SBIR reauthorization may benefit from having a venture capitalist at the helm of the SBA. Administrator Karen Gordon Mills, who was confirmed by the Senate this month, formerly headed private equity firm MMP Group and was a founding partner of the New York-based Solera Capital. During her Senate confirmation hearing, Mills acknowledged the economic import of small business.

"From Main Street shops to the next potential Intel, we know one thing: if the SBA can help these small businesses grow and prosper, jobs will be created," she said.

A spokesman for Senate Small Business Chairwoman Mary Landrieu said two reauthorization roundtables are being planned. "The committee had a very good bill last Congress that struck a fair compromise for all parties," he said. Landrieu's staff is working with ranking member Olympia Snowe and others to expedite the process, he said.
