

111TH CONGRESS  
1ST SESSION

# H. R. 2767

To amend the Small Business Act to extend and improve the Small Business Innovation Research Program and the Small Business Technology Transfer Program, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 9, 2009

Mr. GRAVES introduced the following bill; which was referred to the Committee on Small Business, and in addition to the Committee on Science and Technology, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To amend the Small Business Act to extend and improve the Small Business Innovation Research Program and the Small Business Technology Transfer Program, 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.**

4 This Act may be cited as the “Investing in Tomor-  
5 row’s Technology Act”.

1 **SEC. 2. EXTENSION OF TERMINATION DATES.**

2 (a) SBIR.—Section 9(m) of the Small Business Act  
3 (15 U.S.C. 638(m)) is amended by striking “2008” and  
4 inserting “2011”.

5 (b) STTR.—Section 9(n)(1)(A) of the Small Busi-  
6 ness Act (15 U.S.C. 638(n)(1)(A)) is amended by striking  
7 “2009” and inserting “2011”.

8 **SEC. 3. ENSURING THAT INNOVATIVE SMALL BUSINESSES**  
9 **WITH SUBSTANTIAL INVESTMENT FROM VEN-**  
10 **TURE CAPITAL OPERATING COMPANIES ARE**  
11 **ABLE TO PARTICIPATE IN THE SBIR AND**  
12 **STTR PROGRAMS.**

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

15 “(aa) VENTURE CAPITAL OPERATING COMPANIES.—  
16 Effective only for the SBIR and STTR programs the fol-  
17 lowing shall apply:

18 “(1) A business concern that has more than  
19 500 employees shall not qualify as a small business  
20 concern.

21 “(2) In determining whether a small business  
22 concern is independently owned and operated under  
23 section 3(a)(1) or meets the small business size  
24 standards instituted under section 3(a)(2), the Ad-  
25 ministrator shall not consider a business concern to  
26 be affiliated with a venture capital operating com-

1 pany (or with any other business that the venture  
2 capital operating company has financed) if—

3 “(A) the venture capital operating com-  
4 pany does not own 50 percent or more of the  
5 business concern; and

6 “(B) employees of the venture capital oper-  
7 ating company do not constitute a majority of  
8 the board of directors of the business concern.

9 “(3) A business concern shall be deemed to be  
10 ‘independently owned and operated’ if—

11 “(A) it is owned in majority part by one or  
12 more natural persons or venture capital oper-  
13 ating companies;

14 “(B) there is no single venture capital op-  
15 erating company that owns 50 percent or more  
16 of the business concern; and

17 “(C) there is no single venture capital op-  
18 erating company the employees of which con-  
19 stitute a majority of the board of directors of  
20 the business concern.

21 “(4) If a venture capital operating company  
22 controlled by a business with more than 500 employ-  
23 ees (in this paragraph referred to as a ‘VCOC under  
24 large business control’) has an ownership interest in  
25 a small business concern that is owned in majority

1 part by venture capital operating companies, the  
2 small business concern is eligible to receive an award  
3 under the SBIR or STTR program only if—

4 “(A) not more than two VCOCs under  
5 large business control have an ownership inter-  
6 est in the small business concern;

7 “(B) the VCOCs under large business con-  
8 trol do not collectively own more than 20 per-  
9 cent of the small business concern; and

10 “(C) the VCOCs under large business con-  
11 trol do not collaborate with each other to exer-  
12 cise more control over the small business con-  
13 cern than they could otherwise exercise individ-  
14 ually.

15 “(5) The term ‘venture capital operating com-  
16 pany’ means a business concern—

17 “(A) that—

18 “(i) is a Venture Capital Operating  
19 Company, as that term is defined in regu-  
20 lations promulgated by the Secretary of  
21 Labor; or

22 “(ii) is an entity that—

23 “(I) is registered under the In-  
24 vestment Company Act of 1940 (15  
25 U.S.C. 80a–51 et seq.); or

1                   “(II) is an investment company,  
2                   as defined in section 3(c)(14) of such  
3                   Act (15 U.S.C. 80a-3(c)(14)), which  
4                   is not registered under such Act be-  
5                   cause it is beneficially owned by less  
6                   than 100 persons; and

7                   “(B) that is itself organized or incor-  
8                   porated and domiciled in the United States, or  
9                   is controlled by a business concern that is incor-  
10                  porated and domiciled in the United States.”.

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