

Public Law 117–183
117th Congress

An Act

Sept. 30, 2022
[S. 4900]

To reauthorize the SBIR and STTR programs and pilot programs, and for other purposes.

SBIR and STTR
Extension Act of
2022.

15 USC 631 note.

15 USC 638 note.

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 “SBIR and STTR Extension Act of 2022”.

SEC. 2. DEFINITIONS.

In this Act:

(1) **ADMINISTRATION; ADMINISTRATOR.**—The terms “Administration” and “Administrator” mean the Small Business Administration and the Administrator thereof, respectively.

(2) **FEDERAL AGENCY; PHASE I; PHASE II; PHASE III; SBIR; STTR.**—The terms “Federal agency”, “Phase I”, “Phase II”, “Phase III”, “SBIR”, and “STTR” have the meanings given those terms, respectively, in section 9(e) of the Small Business Act (15 U.S.C. 638(e)).

SEC. 3. REAUTHORIZATION OF SBIR AND STTR PROGRAMS AND PILOT PROGRAMS.

Section 9 of the Small Business Act (15 U.S.C. 638) is amended by striking “2022” each place that term appears and inserting “2025”.

SEC. 4. FOREIGN RISK MANAGEMENT.

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

(1) in paragraph (13)(B), by striking “and” at the end;

(2) in paragraph (14), by striking the period at the end and inserting a semicolon; and

(3) by adding at the end the following:

“(15) the term ‘covered individual’ means an individual who—

“(A) contributes in a substantive, meaningful way to the scientific development or execution of a research and development project proposed to be carried out with a research and development award from a Federal research agency; and

“(B) is designated as a covered individual by the Federal research agency concerned;

“(16) the term ‘foreign affiliation’ means a funded or unfunded academic, professional, or institutional appointment or position with a foreign government or government-owned

entity, whether full-time, part-time, or voluntary (including adjunct, visiting, or honorary);

“(17) the term ‘foreign country of concern’ means the People’s Republic of China, the Democratic People’s Republic of Korea, the Russian Federation, the Islamic Republic of Iran, or any other country determined to be a country of concern by the Secretary of State;

“(18) the term ‘malign foreign talent recruitment program’ has the meaning given such term in section 10638 of the Research and Development, Competition, and Innovation Act (division B of Public Law 117–167); and

“(19) the term ‘federally funded award’ means a Phase I, Phase II (including a Phase II award under subsection (cc)), or Phase III SBIR or STTR award made using a funding agreement.”

(b) DUE DILIGENCE PROGRAM TO ASSESS SECURITY RISKS.—

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

“(vv) DUE DILIGENCE PROGRAM TO ASSESS SECURITY RISKS.—

“(1) ESTABLISHMENT.—The head of each Federal agency required to establish an SBIR or STTR program, in coordination with the Administrator, shall establish and implement a due diligence program to assess security risks presented by small business concerns seeking a federally funded award.

Coordination.

“(2) RISKS.—Each program established under paragraph (1) shall—

“(A) assess, using a risk-based approach as appropriate, the cybersecurity practices, patent analysis, employee analysis, and foreign ownership of a small business concern seeking an award, including the financial ties and obligations (which shall include surety, equity, and debt obligations) of the small business concern and employees of the small business concern to a foreign country, foreign person, or foreign entity; and

“(B) assess awards and proposals or applications, as applicable, using a risk-based approach as appropriate, including through the use of open-source analysis and analytical tools, for the nondisclosures of information required under (g)(13).

“(3) ADMINISTRATIVE COSTS.—

“(A) IN GENERAL.—In addition to the amount allocated under subsection (mm)(1), each Federal agency required to establish an SBIR program may allocate not more than 2 percent of the funds allocated to the SBIR program of the Federal agency for the cost of establishing the due diligence program required under this subsection.

“(B) REPORTING.—

“(i) IN GENERAL.—Not later than December 31 of the year in which this subparagraph is enacted, and not later than December 31 of each year thereafter, the head of a Federal agency that exercises the authority under subparagraph (A) shall submit to the Committee on Small Business and the Committee on Science, Space, and Technology of the House of Representatives, the Committee on Small Business and Entrepreneurship of the Senate, and the Administrator, for the covered year—

“(I) the total funds allowed to be allocated for the cost of establishing the due diligence program required under this subsection;

“(II) the total amount of funds obligated or expended under subparagraph (A); and

“(III) the due diligence activities carried out or to be carried out using amounts allocated under subparagraph (A).

“(ii) ANNUAL REPORT INCLUSION.—The Administrator shall include the information submitted by head of a Federal agency under clause (i) in the next annual report submitted under subsection (b)(7) after the Administrator receives such information.

Definition.

“(iii) COVERED YEAR.—In this subparagraph, the term ‘covered year’ means, with respect to the information required under clause (i), the year covered by the annual report submitted under subsection (b)(7) in which the Administrator is required to include such information by clause (i).

“(C) TERMINATION DATE.—This paragraph shall terminate on September 30, 2025.”.

Deadlines.

15 USC 638 note.

(2) IMPLEMENTATION.—

(A) IN GENERAL.—Not later than 270 days after the date of enactment of this Act, the head of a Federal agency required to establish an SBIR or STTR program shall implement a due diligence program under subsection (vv) of section 9 of the Small Business Act (15 U.S.C. 638), as added by paragraph (1), at the Federal agency that, to the extent practicable, incorporates the applicable best practices disseminated under paragraph (3).

(B) PAPERWORK REDUCTION ACT.—Chapter 35 of title 44, United States Code (commonly known as the “Paperwork Reduction Act”), shall not apply to the implementation of a due diligence program under subsection (vv) of section 9 of the Small Business Act (15 U.S.C. 638), as added by paragraph (1).

(C) BRIEFING.—Not later than 30 days after the date of enactment of this Act, and on a recurring basis until implementation is complete, each Federal agency required to establish a due diligence program under subsection (vv) of section 9 of the Small Business Act (15 U.S.C. 638), as added by paragraph (1), shall brief 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 on the implementation of the due diligence program.

Deadline.

Consultations.

15 USC 638 note.

Coordination.

(3) BEST PRACTICES.—Not later than 180 days after the date of enactment of this Act, the Administrator shall—

(A) in coordination with the Director of the Office of Science and Technology Policy and in consultation with the Committee on Foreign Investment in the United States, disseminate among Federal agencies required to establish an SBIR or STTR program best practices of those Federal agencies for due diligence programs required under subsection (vv) of section 9 of the Small Business Act (15 U.S.C. 638), as added by paragraph (1); and

(B) in consultation with the Committee on Foreign Investment in the United States, provide to Federal agencies described in subparagraph (A) guidance on the business relationships required to be disclosed under paragraph (13)(G) of subsection (g) and paragraph (17)(G) of subsection (o) of section 9 of the Small Business Act (15 U.S.C. 638), as added by this Act.

(4) GAO STUDY.—Not later than 1 year after the date of enactment of this Act, and annually thereafter for 3 years, the Comptroller General of the United States shall conduct a study and submit to the Committee on Small Business and Entrepreneurship and the Committee on Armed Services of the Senate and the Committee on Small Business, the Committee on Armed Services, and the Committee on Science, Space, and Technology of the House of Representatives a report on the implementation and best practices of due diligence programs established under subsection (vv) of section 9 of the Small Business Act (15 U.S.C. 638), as added by paragraph (1), across Federal agencies required to establish an SBIR or STTR program.

Deadline.
Time period.
Reports.

(5) RULE OF CONSTRUCTION.—Nothing in subsection (vv) of section 9 of the Small Business Act (15 U.S.C. 638), as added by paragraph (1), shall be construed to—

15 USC 638 note.

(A) apply to any Federal agency with a due diligence program that applies to the SBIR or STTR programs required under subsection (vv) of section 9 of the Small Business Act (15 U.S.C. 638), as added by paragraph (1), in existence as of the date of enactment of this Act; or

(B) restrict any Federal agency from taking due diligence measures in addition to those required under such subsection (vv) at the Federal agency.

(c) DISCLOSURES REGARDING TIES TO PEOPLE’S REPUBLIC OF CHINA AND OTHER FOREIGN COUNTRIES.—

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

(A) in paragraph (11), by striking “and” at the end;

(B) in paragraph (12), by striking the period at the end and inserting a semicolon; and

(C) by adding at the end the following:

“(13) require each small business concern submitting a proposal or application for a federally funded award to disclose in the proposal or application—

Requirement.

“(A) the identity of all owners and covered individuals of the small business concern who are a party to any foreign talent recruitment program of any foreign country of concern, including the People’s Republic of China;

“(B) the existence of any joint venture or subsidiary of the small business concern that is based in, funded by, or has a foreign affiliation with any foreign country of concern, including the People’s Republic of China;

“(C) any current or pending contractual or financial obligation or other agreement specific to a business arrangement, or joint venture-like arrangement with an enterprise owned by a foreign state or any foreign entity;

“(D) whether the small business concern is wholly owned in the People’s Republic of China or another foreign country of concern;

	<p>“(E) the percentage, if any, of venture capital or institutional investment by an entity that has a general partner or individual holding a leadership role in such entity who has a foreign affiliation with any foreign country of concern, including the People’s Republic of China;</p>
Time period.	<p>“(F) any technology licensing or intellectual property sales to a foreign country of concern, including the People’s Republic of China, during the 5-year period preceding submission of the proposal; and</p> <p>“(G) any foreign business entity, offshore entity, or entity outside the United States related to the small business concern;</p>
Review. Determination. Records. Time period.	<p>“(14) after reviewing the disclosures of a small business concern under paragraph (13), and if determined appropriate by the head of such Federal agency, request such small business concern to provide true copies of any contractual or financial obligation or other agreement specific to a business arrangement, or joint-venture like arrangement with an enterprise owned by a foreign state or any foreign entity in effect during the 5-year period preceding submission of the proposal with respect to which such small business concern made such disclosures;”.</p> <p>(2) STTR.—Section 9(o) of the Small Business Act (15 U.S.C. 638(o)) is amended—</p> <p>(A) in paragraph (15), by striking “and” at the end;</p> <p>(B) in paragraph (16), by striking the period at the end and inserting a semicolon; and</p> <p>(C) by adding at the end the following:</p>
Requirement.	<p>“(17) require each small business concern submitting a proposal or application for a federally funded award to disclose in the proposal or application—</p> <p>“(A) the identity of all owners and covered individuals of the small business concern who are a party to any foreign talent recruitment program of any foreign country of concern, including the People’s Republic of China;</p> <p>“(B) the existence of any joint venture or subsidiary of the small business concern that is based in, funded by, or has a foreign affiliation with any foreign country of concern, including the People’s Republic of China;</p> <p>“(C) any current or pending contractual or financial obligation or other agreement specific to a business arrangement, or joint venture-like arrangement with an enterprise owned by a foreign state or any foreign entity;</p> <p>“(D) whether the small business concern is wholly owned in the People’s Republic of China or another foreign country;</p> <p>“(E) the percentage, if any, of venture capital or institutional investment by an entity that has a general partner or individual holding a leadership role in such entity who has a foreign affiliation with any foreign country of concern, including the People’s Republic of China;</p>
Time period.	<p>“(F) any technology licensing or intellectual property sales to a foreign country of concern, including the People’s Republic of China, during the 5-year period preceding submission of the proposal; and</p>

“(G) any foreign business entity, offshore entity, or entity outside the United States related to the small business concern;

“(18) after reviewing the disclosures of a small business concern under paragraph (17), and if determined appropriate by the head of such Federal agency, request such small business concern to provide true copies of any contractual or financial obligation or other agreement specific to a business arrangement, or joint-venture like arrangement with an enterprise owned by a foreign state or any foreign entity in effect during the 5-year period preceding submission of the proposal with respect to which such small business concern made such disclosures.”

Review.
Determination.
Records.
Time period.

(d) DENIAL OF AWARDS.—

(1) SBIR.—Section 9(g) of the Small Business Act (15 U.S.C. 638(g)), as amended by subsection (c)(1), is further amended by adding at the end the following:

“(15) not make an award under the SBIR program of the Federal agency to a small business concern if the head of the Federal agency determines that—

Determination.

“(A) the small business concern submitting the proposal or application—

China.

“(i) has an owner or covered individual that is party to a malign foreign talent recruitment program;

“(ii) has a business entity, parent company, or subsidiary located in the People’s Republic of China or another foreign country of concern; or

“(iii) has an owner or covered individual that has a foreign affiliation with a research institution located in the People’s Republic of China or another foreign country of concern; and

“(B) the relationships and commitments described in clauses (i) through (iii) of subparagraph (A)—

“(i) interfere with the capacity for activities supported by the Federal agency to be carried out;

“(ii) create duplication with activities supported by the Federal agency;

“(iii) present concerns about conflicts of interest;

“(iv) were not appropriately disclosed to the Federal agency;

“(v) violate Federal law or terms and conditions of the Federal agency; or

“(vi) pose a risk to national security.”

(2) STTR.—Section 9(o) of the Small Business Act (15 U.S.C. 638(o)), as amended by subsection (c)(2), is further amended by adding at the end the following:

“(19) not make an award under the STTR program of the Federal agency to a small business concern if the head of the Federal agency determines that—

Determination.

“(A) the small business concern submitting the proposal or application—

China.

“(i) has an owner or covered individual that is party to a malign foreign talent recruitment program;

“(ii) has a business entity, parent company, or subsidiary located in the People’s Republic of China or another foreign country of concern; or

“(iii) has an owner or covered individual that has a foreign affiliation with a research institution located in the People’s Republic of China or another foreign country of concern; and

“(B) the relationships and commitments described in clauses (i) through (iii) of subparagraph (A)—

“(i) interfere with the capacity for activities supported by the Federal agency to be carried out;

“(ii) create duplication with activities supported by the Federal agency;

“(iii) present concerns about conflicts of interest;

“(iv) were not appropriately disclosed to the Federal agency;

“(v) violate Federal law or terms and conditions of the Federal agency; or

“(vi) pose a risk to national security;”.

SEC. 5. AGENCY RECOVERY AUTHORITY AND ONGOING REPORTING.

Requirements.

(a) SBIR.—Section 9(g) of the Small Business Act (15 U.S.C. 638(g)), as amended by section 4(d)(1), is further amended by adding at the end the following:

Repayment.

“(16) require a small business concern receiving an award under its SBIR program to repay all amounts received from the Federal agency under the award if—

“(A) the small business concern makes a material misstatement that the Federal agency determines poses a risk to national security; or

“(B) there is a change in ownership, change to entity structure, or other substantial change in circumstances of the small business concern that the Federal agency determines poses a risk to national security; and

“(17) require a small business concern receiving an award under its SBIR program to regularly report to the Federal agency and the Administration throughout the duration of the award on—

“(A) any change to a disclosure required under subparagraphs (A) through (G) of paragraph (13);

“(B) any material misstatement made under paragraph (16)(A); and

“(C) any change described in paragraph (16)(B).”.

Requirements.

(b) STTR.—Section 9(o) of the Small Business Act (15 U.S.C. 638(o)), as amended by section 4(d)(1), is further amended by adding at the end the following:

Repayment.

“(20) require a small business concern receiving an award under its STTR program to repay all amounts received from the Federal agency under the award if—

“(A) the small business concern makes a material misstatement that the Federal agency determines poses a risk to national security; or

“(B) there is a change in ownership, change to entity structure, or other substantial change in circumstances of the small business concern that the Federal agency determines poses a risk to national security; and

“(21) require a small business concern receiving an award under its STTR program to regularly report to the Federal agency and the Administration throughout the duration of the award on—