

December 2, 2011

The Honorable Harry Reid
Majority Leader
United States Senate
Capitol Building, S-221

The Honorable Mitch McConnell
Minority Leader
United States Senate
Capitol Building, S-230

The Honorable John Boehner
Speaker of the House
United States House of Representatives
Capitol Building, H-232

The Honorable Nancy Pelosi
Minority Leader
United States House of Representatives
Capitol Building, H-204

Dear Leader Reid, Leader McConnell, Speaker Boehner and Leader Pelosi:

We write today to express our strong support for the reauthorization of two programs critical to the nation's small business: the Small Business Innovation Research (SBIR) and the Small Business Technology Transfer (STTR) programs. As you may know, the most recent short-term extension of the SBIR program is set to expire on December 16th.

We understand there have been many good faith efforts to reach final legislation and appreciate the ongoing negotiations to reconcile the House and Senate bills. However, after 14 consecutive temporary extensions, it is now time to get a long-term reauthorization of these key, job-creating programs that will provide a vital economic stimulus to jump start the commercialization of new products American products and technologies.

To that end, Senators Mary Landrieu and Olympia Snowe filed the Senate SBIR legislation (S. 493) as a bipartisan floor amendment (S. Amdt. 1115) to the National Defense Authorization Act (NDAA) for Fiscal Year 2012 (S. 1867). This amendment, which was accepted by voice vote on the Senate floor, represents the best pathway by which the SBIR and STTR programs can be reauthorized *this year*.

We, the undersigned companies, strongly support the Landrieu-Snowe language. We therefore urge you to include in the final version of NDAA a workable, long-term reauthorization of the SBIR and STTR programs that closely tracks this language. The Senate's SBIR Reauthorization bill is supported by both the small business and venture capital communities, including the National Small Business Association, National Federation of Independent Business, the U.S. Chamber of Commerce, the Biotechnology Industry Organization (BIO), and National Venture Capital Association.

We specifically oppose the addition of controversial provisions from the House version of SBIR reauthorization (H.R. 1425). For example, Section 505 of the House bill would eliminate the competitive, merit-based nature of the program by placing an arbitrary cap on the number of awards that can be given to the strongest SBIR participants. This runs counter to the goals and missions of the SBIR program, and would lead government agencies to invest in "second best" technology. We also oppose Section 105 of the House bill, which would eliminate the critical "Phase I" of the SBIR funding process. Since its inception in 1982, the SBIR program has utilized a three-phase process, under which no technology is given significant federal funding before feasibility is proven in an

independent, peer-review process. Section 105 of the House bill would compromise this basic protection of the tax payer dollar. Finally, we oppose increasing the participation of firms that are majority-owned by venture capital interests beyond the parameters established in the Senate bill.

The SBIR program was created to increase the participation of small, high technology firms in federal research and development efforts. The program is widely recognized as having met these objectives and encouraged entrepreneurs to innovate and grow the US economy. Since the creation of the program, recipients of SBIR and STTR awards have provided small firms with \$28 billion, and these firms have produced more than 85,000 patents, generating millions of well-paying jobs across all 50 states – as well as playing a key role in keeping our nation at the forefront of defense technology and scientific innovation.

In conclusion, we hope you will work with your colleagues this month to achieve final SBIR and STTR legislation that can be signed into law.

Sincerely,