

SENATE BILL REPORT

SB 6162

AS REPORTED BY COMMITTEE ON TRADE, TECHNOLOGY
& ECONOMIC DEVELOPMENT, FEBRUARY 1, 1994

Brief Description: Providing small businesses with assistance with grant writing.

SPONSORS: Senators Sheldon, Bluechel, Skratek, Williams, Erwin, M. Rasmussen, Haugen and Oke

SENATE COMMITTEE ON TRADE, TECHNOLOGY & ECONOMIC DEVELOPMENT

Majority Report: That Substitute Senate Bill No. 6162 be substituted therefor, and the substitute bill do pass.

Signed by Senators Skratek, Chairman; Sheldon, Vice Chairman; Bluechel, Cantu, Erwin, M. Rasmussen and Williams.

Staff: Jeff Baird (786-7444)

Hearing Dates: January 26, 1994; February 1, 1994

BACKGROUND:

The federal Small Business Innovation Development Act of 1982 requires each federal agency with a research and development (R & D) budget of \$100 million or more to award a portion of its R & D budget to small, high technology firms through a Small Business Innovation and Research (SBIR) grant program. Each such federal agency establishes its own SBIR program.

These SBIR programs are premised on several important assumptions. First, small technology companies tend to be highly innovative and that innovation is essential to the economic well being of the United States. Second, small firms have historically not received a sufficient or fair share of federal R & D spending, which tends to go to large corporations. Third, the goal of achieving sufficient funding for small firms can be met by programs established within each large federal R & D agency using mandatory set-asides and grants.

SBIR grants come in three phases. Phase I grants, up to \$100,000, fund basic research on the scientific merit and technical feasibility of ideas coinciding with the mission of the individual granting agency. Phase II grants, up to \$750,000, fund the principal R & D on ideas. Phase III grants, entirely from the private sector and with no set limit, fund the commercialization of products or processes deriving from the developed ideas.

Many small, high technology businesses in the state of Washington could qualify for SBIR grants, particularly phase I grants for basic research, but lack personnel with grant

writing skills. Indeed, it is suggested that, due to failures in the application process, the state is not receiving a proportionate share of SBIR monies.

SUMMARY:

The Department of Community, Trade, and Economic Development is directed to establish a proposal review program to assist Washington firms to win phase I SBIR grants. The department, through the program, shall retain individuals working alone or in pairs to review and improve phase I SBIR proposals. If a reviewer works alone, she or he must be a former SBIR winner. If reviewers work in a pair, at least one must be a former SBIR winner and the other must be an experienced grant writer or a former SBIR winner, also. Each reviewer shall be paid up to \$500 per grant. The department is authorized to charge a fee for this service contingent upon a firm winning a phase I grant.

EFFECT OF PROPOSED SUBSTITUTE:

The fee is raised to up to \$1,000 per grant reviewer.

Appropriation: \$49,000

Revenue: yes

Fiscal Note: requested

Effective Date: July 1, 1994

TESTIMONY FOR:

New grant writers need particular help with budgeting, indirect costs, and benefits allocations. There will be no need for substantive, scientific help in writing the grants, but technical finance issues are likely to present problems.

TESTIMONY AGAINST: None

TESTIFIED: Clyde Barlow, Barlow Scientific; Phil Spesor, Foresight Science; Mike Anderson, attorney; Gary Smith, Independent Business Association