

**SENATE BILL REPORT**

**SB 6163**

**AS REPORTED BY COMMITTEE ON WAYS & MEANS, FEBRUARY 8, 1994**

**Brief Description:** Allowing businesses in this state to continue participating in the small business innovation research program.

**SPONSORS:** Senators Sheldon, Bluechel, Skratek, Williams and Oke

**SENATE COMMITTEE ON TRADE, TECHNOLOGY & ECONOMIC DEVELOPMENT**

**Majority Report:** 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

**SENATE COMMITTEE ON WAYS & MEANS**

**Majority Report:** That Substitute Senate Bill No. 6163 be substituted therefor, and the substitute bill do pass.

Signed by Senators Rinehart, Chairman; Quigley, Vice Chairman; Bauer, Bluechel, Cantu, Gaspard, Hargrove, Hochstatter, Ludwig, McDonald, Moyer, Niemi, Pelz, Roach, L. Smith, Snyder, Spanel, Sutherland, Talmadge, Williams and Wojahn.

**Staff:** Martin Chaw (786-7711)

**Hearing Dates:** February 7, 1994; February 8, 1994

**BACKGROUND:**

Federal Small Business Innovation Research program grants are awarded by federal agencies with research and development budgets of \$100 million or more. SBIR grants are awarded in phases. Winning firms are first awarded a phase I contract to perform basic research on an idea or ideas coinciding with a granting agency's mission. This work is then reviewed for scientific merit and technical feasibility before a granting agency awards a phase II grant for research and development. During this review period, a firm may be faced with a several month gap in funding that can threaten the firm's viability.

**SUMMARY:**

The Department of Community, Trade, and Economic Development is directed to establish a competitive grant program to assist SBIR contract winners who have completed their phase I contract and are awaiting a phase II award. Grants shall not exceed \$25,000 and shall be awarded to firms whose technology

shows the greatest potential to lead to commercialization and fabrication within the state.

**EFFECT OF PROPOSED SUBSTITUTE:**

The Department of Community, Trade and Economic Development may award the grants conditioned upon the receipt of a share of any license, patent, copyright, or royalty benefitting the recipient.

A null and void clause is added, making this act contingent upon funding provided in the budget by June 30, 1994.

**Appropriation:** none

**Revenue:** yes

**Fiscal Note:** available

**Effective Date:** July 1, 1994

**TESTIMONY FOR (Trade, Technology & Economic Development):**

There is a six to nine month wait between phase I and phase II awards. This long wait can destroy an entrepreneur or small firm that has already risked a great deal of personnel time and capital in winning the phase I grant.

**TESTIMONY AGAINST (Trade, Technology & Economic Development):** None

**TESTIFIED (Trade, Technology & Economic Development):** PRO: Clyde Barlow, Barlow Scientific; Phil Spesor, Foresight Science; Mike Anderson, attorney; Gary Smith, Independent Business Association

**TESTIMONY FOR (Ways & Means):** None

**TESTIMONY AGAINST (Ways & Means):** None

**TESTIFIED (Ways & Means):** No one