

118TH CONGRESS
1ST SESSION

S. 1739

To require the Administrator of the Small Business Administration to establish an Innovation Voucher Grant Program.

IN THE SENATE OF THE UNITED STATES

MAY 18, 2023

Ms. CORTEZ MASTO (for herself and Mr. YOUNG) introduced the following bill; which was read twice and referred to the Committee on Small Business and Entrepreneurship

A BILL

To require the Administrator of the Small Business Administration to establish an Innovation Voucher Grant Program.

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 “Small Business Inno-
5 vation Voucher Act of 2023”.

6 **SEC. 2. DEFINITIONS.**

7 In this Act:

1 (1) ADMINISTRATOR.—The term “Adminis-
2 trator” means the Administrator of the Small Busi-
3 ness Administration.

4 (2) ELIGIBLE ENTITY.—The term “eligible enti-
5 ty” means—

6 (A) an institution of higher education, as
7 defined in section 101 of the Higher Education
8 Act of 1965 (20 U.S.C. 1001); or

9 (B) a nonprofit research lab, institution, or
10 other similar organization in the United States
11 associated with educational or research activi-
12 ties, including a federally funded research and
13 development center.

14 (3) HUBZONE.—The term “HUBZone” has the
15 meaning given the term in section 31(b) of the
16 Small Business Act (15 U.S.C. 657a(b)).

17 (4) PROGRAM.—The term “Program” means
18 the Innovation Voucher Grant Program established
19 under section 3.

20 (5) RESERVIST.—The term “Reservist” means
21 a member of a reserve component of the Armed
22 Forces named in section 10101 of title 10, United
23 States Code.

24 (6) RURAL AREA.—The term “rural area”
25 means any county that the Bureau of the Census

1 has defined as mostly rural or completely rural in
2 the most recent decennial census.

3 (7) SERVICE-CONNECTED.—The term “service-
4 connected” has the meaning given the term in sec-
5 tion 101 of title 38, United States Code.

6 (8) SMALL BUSINESS CONCERN; SMALL BUSI-
7 NESS CONCERN OWNED AND CONTROLLED BY VET-
8 ERANS; SMALL BUSINESS CONCERN OWNED AND
9 CONTROLLED BY WOMEN.—The terms “small busi-
10 ness concern”, “small business concern owned and
11 controlled by veterans”, and “small business concern
12 owned and controlled by women” have the meanings
13 given those terms in section 3 of the Small Business
14 Act (15 U.S.C. 632).

15 (9) SMALL BUSINESS CONCERN IN AN UNDER-
16 SERVED MARKET.—The term “small business con-
17 cern in an underserved market” means a small busi-
18 ness concern—

19 (A) that is located in—

20 (i) a low- to moderate-income commu-
21 nity;

22 (ii) a HUBZone;

23 (iii) a community that has been des-
24 ignated as an empowerment zone or an en-

1 terprise community under section 1391 of
2 the Internal Revenue Code of 1986;

3 (iv) a community that has been des-
4 ignated as a Promise Zone by the Sec-
5 retary of Housing and Urban Develop-
6 ment;

7 (v) a community that has been des-
8 ignated as a qualified opportunity zone
9 under section 1400Z-1 of the Internal
10 Revenue Code of 1986; or

11 (vi) a rural area;

12 (B) for which more than 50 percent of the
13 employees reside in a low- to moderate-income
14 community;

15 (C) that has been in existence for not more
16 than 2 years;

17 (D) owned and controlled by socially and
18 economically disadvantaged individuals, includ-
19 ing minorities;

20 (E) owned and controlled by women;

21 (F) owned and controlled by veterans;

22 (G) owned and controlled by service-dis-
23 abled veterans; or

24 (H) not less than 51 percent owned and
25 controlled by 1 or more—

1 (i) members of the Armed Forces par-
2 ticipating in the Transition Assistance Pro-
3 gram of the Department of Defense;

4 (ii) Reservists;

5 (iii) spouses of veterans, members of
6 the Armed Forces, or Reservists; or

7 (iv) surviving spouses of veterans who
8 died on active duty or as a result of a serv-
9 ice-connected disability.

10 (10) SMALL BUSINESS CONCERN OWNED AND
11 CONTROLLED BY SOCIALLY AND ECONOMICALLY DIS-
12 ADVANTAGED INDIVIDUALS.—The term “small busi-
13 ness concern owned and controlled by socially and
14 economically disadvantaged individuals” has the
15 meaning given the term in section 8(d)(3)(C) of the
16 Small Business Act (15 U.S.C. 637(d)(3)(C)).

17 **SEC. 3. INNOVATION VOUCHER GRANT PROGRAM.**

18 (a) ESTABLISHMENT.—Not later than 180 days after
19 the date of enactment of this Act, the Administrator shall
20 establish a program to be known as the “Innovation
21 Voucher Grant Program” under which the Administrator
22 shall, on a competitive basis and in accordance with sub-
23 section (g), award grants to small business concerns for
24 the Federal share of the cost of purchasing from eligible
25 entities technical assistance and services necessary to

1 carry out projects to advance research, development, or
2 commercialization of new or innovative products and serv-
3 ices.

4 (b) PURPOSES OF PROGRAM.—The purposes of the
5 Program are—

6 (1) to foster collaboration between small busi-
7 ness concerns and research institutions or other
8 similar organizations;

9 (2) to facilitate access by small business con-
10 cerns to capital-intensive infrastructure and ad-
11 vanced research capabilities;

12 (3) to enable small business concerns to access
13 technical expertise and capabilities that will lead to
14 the development of innovative products;

15 (4) to promote business dynamism and competi-
16 tion;

17 (5) to stimulate United States leadership in ad-
18 vanced research, innovation, and technology;

19 (6) to accelerate the development of an ad-
20 vanced workforce; and

21 (7) to preserve and create new jobs.

22 (c) APPLICATION.—

23 (1) IN GENERAL.—A small business concern de-
24 siring a grant under the Program shall submit to
25 the Administrator an application with the eligible

1 entity from which the small business concern will
2 purchase technical assistance and services using
3 funds awarded under the grant.

4 (2) SELECTION.—Not later than 180 days after
5 the deadline established by the Administrator to sub-
6 mit applications under paragraph (1), the Adminis-
7 trator shall select the recipients of the grants under
8 the Program.

9 (d) EVALUATION.—In evaluating an application for
10 a grant under the Program, the Administrator shall take
11 into consideration—

12 (1) the likelihood that funds awarded under the
13 grant will be used to create or advance a novel prod-
14 uct or service;

15 (2) the feasibility of creating or advancing a
16 novel product or service proposed to be created or
17 advanced using funds awarded under the grant; and

18 (3) whether creating or advancing a product or
19 service proposed to be created or advanced using
20 funds awarded under the grant could be accom-
21 plished without a grant awarded under the Program.

22 (e) AMOUNT.—A grant made under the Program
23 shall be made in an amount of not less than \$15,000 and
24 not more than \$75,000, which shall remain available to
25 the grantee until expended.

1 (f) AMOUNTS FOR SMALL BUSINESS CONCERNS.—

2 (1) IN GENERAL.—Except to the extent that
3 the Administrator determines otherwise, not less
4 than 40 percent of the amounts made available for
5 the Program in a fiscal year shall be set aside and
6 expended through—

7 (A) small business concerns in an under-
8 served market; or

9 (B) small business concerns in a region or
10 State that has historically been underserved by
11 Federal research and development funds.

12 (2) REMAINING AMOUNT.—Any amount that is
13 set aside under paragraph (1) in a fiscal year that
14 is not expended by the end of the fiscal year shall
15 be—

16 (A) except as provided in subparagraph
17 (B), available in the following fiscal year to
18 make grants to small business concerns de-
19 scribed in subparagraphs (A) and (B) of para-
20 graph (1); and

21 (B) on and after October 1, 2026, avail-
22 able to make grants to all small business con-
23 cerns under the Program.

24 (g) FEDERAL SHARE.—The Federal share of the cost
25 of purchasing technical assistance and services described

1 in subsection (a) using funds awarded under a grant made
2 under the Program shall be—

3 (1) not more than 75 percent, if the amount of
4 the grant is less than \$50,000; and

5 (2) not more than 50 percent, if the amount of
6 the grant is not less than \$50,000.

7 (h) REPORTS.—

8 (1) REPORTS FROM GRANT RECIPIENTS.—Not
9 later than 180 days after the date on which a
10 project carried out under a grant awarded under the
11 Program is completed, the recipient of the grant
12 shall submit to the Administrator a report on the
13 project, including—

14 (A) whether and how the project met the
15 original expectations for the project;

16 (B) how the results of the project were in-
17 corporated in the business of the grant recipi-
18 ent; and

19 (C) whether and how the project improved
20 innovation practices of the grant recipient.

21 (2) REPORT OF THE ADMINISTRATOR.—Not
22 later than 2 years after the date on which the Ad-
23 ministrator establishes the Program, and every 2
24 years thereafter until the date on which the amounts
25 appropriated for the Program are expended, the Ad-

1 administrator shall submit to the Committee on Small
2 Business and Entrepreneurship of the Senate and
3 the Committee on Small Business of the House of
4 Representatives a report on grants awarded under
5 the Program, including—

6 (A) a description of the grants awarded;

7 (B) the estimated number of products or
8 services created or advanced under grants
9 awarded under the Program that could have
10 been created or advanced without grants award-
11 ed under the Program; and

12 (C) a description of the impact of the Pro-
13 gram on knowledge transfer and commercializa-
14 tion.

15 (3) FINAL REPORT OF THE ADMINISTRATOR.—

16 Not later than 180 days after the date on which
17 amounts appropriated for the Program are ex-
18 pended, the Administrator shall submit to the com-
19 mittees described in paragraph (2) a final report
20 containing the information described in subpara-
21 graphs (A), (B), and (C) of that paragraph.

22 **SEC. 4. AUTHORIZATION OF APPROPRIATIONS.**

23 (a) IN GENERAL.—There is authorized to be appro-
24 priated to the Administrator to carry out the Program

1 \$10,000,000 for each of fiscal years 2023 through 2027,
2 to remain available until expended.

3 (b) ADMINISTRATIVE COSTS.—Not more than 5 per-
4 cent of amounts appropriated under subsection (a) may
5 be used for administrative costs.

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