



Larry Hogan | Governor
Boyd Rutherford | Lt. Governor
Kelly M. Schulz | Secretary of Commerce

DATE: March 3, 2020 **COMMITTEE:** Senate Finance
BILL NO: Senate Bill 583
**Maryland Small Business Innovation Research Technical Assistance
Program -- Establishment**
POSITION: Support with Amendments

The Maryland Department of Commerce supports Senate Bill 583 – Maryland Small Business Innovation Research Technical Assistance Program -- Establishment

Bill Summary:

Senate Bill 583 establishes, within TEDCO, a new program to provide technology transfer technical assistance to small businesses in the State in two ways:

- Encouraging small businesses to apply for grants through the federal programs known as Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) grant programs.
- Providing technical assistance and assessments to small businesses applying for SBIR and STTR grants.

The bill defines eligible companies as those having principal business operations and more than half of its workforce working in the State; having a substantial economic impact in the State through the technology ecosystem; and have fewer than 250 employees. The bill also gives TEDCO the ability to adopt regulations to establish additional criteria for eligibility and the allocation of assistance. Finally, it requires TEDCO to contract with a nonprofit organization located in the State to provide the services of the program.

Background:

During the many conversations and stakeholder meetings hosted by Commerce, as part of the SBIR/STTR Study which was submitted to the General Assembly in January 2020 (HB 1161), the lack of training and technical assistance availability was identified as a critical gap in the entrepreneurship ecosystem. One way to increase the number of SBIR/STTR grants in Maryland is to provide training and support to small businesses for the development of stronger applications, thereby increasing the success rate of Maryland companies. While there has been some attempt at training and technical assistance, those efforts have not been consistent, predictable or coordinated across service providers in the ecosystem.

Recommendation #4 from Commerce’s study was “SBIR/STTR “Phase 0” Commercialization Training and Application Assistance, to explore creating (or expanding as applicable) a statewide I-Corps program, and SBIR/STTR “Phase 0” application assistance program, potentially through

partnerships between state agencies and the State's research universities. It appears that the proposed bill allows enough flexibility in the establishment of the program for this recommendation to be implemented, or some variation that may be deemed more appropriate as TEDCO evaluates the training and technical assistance to be provided under the program. The bill does not appear to provide a funding source for implementing the new program.

Rationale:

Senate Bill 583 addresses the considerations outlined in the report. TEDCO is a logical organization to implement and oversee this program, as they are already engaged in technology transfer activities, providing grants and investments to entrepreneurs, and had previously received a grant in October 2019 from the SBA to provide this type of training. The program – the SBIR/STTR Proposal lab – provided for TEDCO to assist 20 companies in development of SBIR/STTR proposals to the National Science Foundation, through best-in-industry proposal training, mentoring, proposal reviews, and hands-on guidance. This model could be expanded under this new program to other federal agencies (beyond NSF).

Commerce believes TEDCO's role in aiding entrepreneurs is critical to growing jobs and the economy. TEDCO and Commerce are partners in this effort and believe Senate Bill 583 will advance the development of Maryland's innovation ecosystem.

While Commerce fully supports the creation of a Small Business Innovation Research Technical Assistance Program to be managed by TEDCO, the Department has concerns with the definition of small business in Senate Bill 583. The recommendation to develop a SBIR/STTR application assistance program was based on input Commerce heard from stakeholders that researchers often need assistance in navigating and completing the SBIR/STTR application process. The recommendation was intended to provide assistance to small businesses. The definition of small business in Senate Bill 583 as currently drafted would preclude small businesses from participating in the program. Commerce requests that the definition of small business be revised to ensure that the intended beneficiaries of the program are able to participate.

Explanation of Amendments:

Amendment No. 1 makes a technical change.

Amendment No. 2 strikes the requirement that a small business must have a substantial economic impact on the State's technology ecosystem in order to be eligible for application assistance, and reduces the size of small businesses that may receive application assistance from businesses with 250 employees to businesses with 50 employees.

These amendments conform SB 583 to the recommendations made by Commerce to the General Assembly by allowing very small and startup businesses, which need assistance with SBIR/STTR applications, to participate in the program.

Commerce respectfully requests a favorable report with amendments on Senate Bill 583.

AMENDMENTS TO SENATE BILL 583
(First Reading File Bill)

AMENDMENT NO. 1

On page 2, in line 31, after “STATE;” insert “AND”.

AMENDMENT NO. 2

On page 3, strike beginning with “HAVE” in line 1 down through “(3)” in line 3; and in line 3, strike “250” and substitute “50”.