

Delegate Lily Qi

HB514: Maryland Small Business Innovation Research and Technology Transfer Incentive Program (FIRST HEARING 20 FEBRUARY 2020) Cross-file SB398

Under current law, there is no SBIR grant matching program for Maryland companies that qualify for federal grants. HB514 establishes the Maryland Small Business Innovation Research and Technology Transfer Incentive Matching Fund. The fund offers state assistance to qualifying small businesses that have received a federal SBIR grant and remain in Maryland for 2 years. A Phase I award covers 25% of the federal SBIR grant or \$25,000, whichever is less. A Phase II award covers 25% of the federal SBIR grant or \$75,000, whichever is less. A small business cannot receive more than 1 award a year and 3 awards total. There are a maximum of 20 Phase I awards or 10 Phase II awards offered per fiscal year.

Anticipated Questions

- **How does Maryland compare to other states in SBIR awards?**

In 2018, Maryland ranked 4th in both total awards (247) and total award value (\$132.9 million)

- **How many Maryland companies would be eligible?**

95% of Maryland's firms employ fewer than 50 people (totaling over 730 thousand workers).

- **What is the average size of a federal SBIR grant?**

A Phase I award had an average value of \$192,000 in 2018. Phase II average at \$1 million.

- **What is the acceptance rate of applications for Phase I and Phase II?**

22,148 total applications were submitted in 2018 with 5,094 SBIR awards granted. This translates to a 23.0% total acceptance rate. **Phase I: 19,018 applications (86% of total) with 3,223 accepted (16.9%). Phase II: 3,130 applicants in 2018 with 1,871 accepted (59.8%). Phase II applications are significantly more likely to be accepted because they are dependent on Phase I success.**

- **Maryland specific SBIR numbers (2018)**

Phase I awards: 173 | Phase II awards: 74 | Total awards: 247 | Total value: \$132,929,515

- **Comparing Maryland to Massachusetts (1st in SBIR grants)**

Category	Maryland	Massachusetts
Number of Federal Labs	74	7
Federal Research Sponsorship	55%	7%
Number of 4 Year Colleges	35	95
Higher Education Enrollment	364,207	503,508
Population	6,042,718	6,902,149

Massachusetts' population is 12.5% higher than Maryland's; however, higher education in Massachusetts is 27.6% higher than it is in Maryland