



TESTIMONY PRESENTED TO THE HOUSE WAYS AND MEANS COMMITTEE

HOUSE BILL 521 – MARYLAND SMALL BUSINESS INNOVATION RESEARCH TECHNICAL ASSISTANCE PROGRAM - ESTABLISHMENT

FEBRUARY 20, 2020

The Maryland Technology Development Corporation (TEDCO) is dedicated to economic growth through the fostering of an inclusive entrepreneurial and innovation ecosystem. Recognizing the importance of federal facilities and their potential for economic development, TEDCO has long partnered with federal laboratories to encourage the commercialization of federal research. This includes the NIST-Science and Technology Entrepreneur Program and the FAST Grant – SBIR/STTR proposal lab.

With the aid of short-term federal grant funding from the U.S. Small Business Administration, TEDCO's FAST Grant – SBIR/STTR proposal lab provides technical assistance to companies seeking SBIR/STTR grants. The lab combines information from SBIR/STTR tutorials, best-in-industry proposal training, mentoring, proposal reviews, and hands-on guidance throughout the process of developing and submitting a proposal.

The proposed legislation creates an ongoing technical assistance program under TEDCO to provide grant applicants with training assistance and assessments and to encourage small businesses, including economically disadvantaged small businesses to apply for grants under the federal Small Business Innovation Research Grant Program and the federal Small Business Technology Transfer Grant Program. Those companies that receive this training will become more successful at winning SBIR/STTR awards. This bill would enable TEDCO to run an ongoing training program in the absence of federal grant funding.

There are a number of benefits associated with Maryland companies receiving SBIR/STTR awards. SBIR/STTR awards bring new money into Maryland, often leveraging state funds provided through TEDCO investments. From the company's perspective, SBIR/STTR awards provide the additional funding needed to support critical business activities that cannot be sufficiently covered by SBIR/STTR funding due to federal limitations. SBIR/STTR funding is primarily limited to the proposed project; certain expenses critical to the growth of a company

such as marketing and other operational expenses are not covered. SBIR/STTR funding allows a company to further develop its core technology, which mitigates investment risk and better positions the company for an investment from TEDCO or other investors. Simply receiving an award through the SBIR/STTR peer review process, provides some validation to the company's technology and business model. Investors see this third-party validation as a positive attribute in considering a company for an investment. SBIR/STTR funding can contribute to an increase the value of a company without diluting the ownership interest of the founders.

The proposed legislation would increase the award rate for Maryland's SBIR/STTR proposals submitted by companies that engage in the technical assistance program. Additionally, once an entrepreneur learns how to better draft an SBIR/STTR proposal through their participation in the program, that entrepreneur will be empowered with the skills necessary to be successful with future applications throughout their career. For these reasons, TEDCO encourages a favorable report on HB 521.