

116TH CONGRESS
1ST SESSION

H. R. 3014

To amend title 10, United States Code, and the Small Business Act to improve innovation in defense procurement, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 23, 2019

Mr. THORNBERRY introduced the following bill; which was referred to the Committee on Armed Services, and in addition to the Committees on Small Business, and Science, Space, and Technology, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend title 10, United States Code, and the Small Business Act to improve innovation in defense procurement, and for other purposes.

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 AND TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Accelerating Defense Innovation Act of 2019”.

6 (b) TABLE OF CONTENTS.—

Sec. 1. Short title and table of contents.

Sec. 2. Alignment of the Small Business Innovation Research Program and Small Business Technology Transfer Program of the Department of Defense with the National Defense Science and Technology Strategy.

Sec. 3. Pilot program for domestic investment under the SBIR program.

Sec. 4. Cybersecurity technical and business assistance for SBIR and STTR programs.

Sec. 5. Phase 0 proof of concept partnership program for the Department of Defense.

Sec. 6. Modification to the Defense Research and Development Rapid Innovation Program.

Sec. 7. Establishment of joint reserve detachments at Defense Innovation Unit.

1 **SEC. 2. ALIGNMENT OF THE SMALL BUSINESS INNOVATION**
 2 **RESEARCH PROGRAM AND SMALL BUSINESS**
 3 **TECHNOLOGY TRANSFER PROGRAM OF THE**
 4 **DEPARTMENT OF DEFENSE WITH THE NA-**
 5 **TIONAL DEFENSE SCIENCE AND TECH-**
 6 **NOLOGY STRATEGY.**

7 (a) IN GENERAL.—The Secretary of Defense and
 8 Secretaries of the military departments shall, to the extent
 9 possible, align the research topics selected for activities
 10 conducted under the Small Business Innovation Research
 11 Program and Small Business Technology Transfer Pro-
 12 gram (as defined under section 9 of the Small Business
 13 Act (15 U.S.C. 638)) with the National Defense Science
 14 and Technology Strategy established under section 218 of
 15 the John S. McCain National Defense Authorization Act
 16 for Fiscal Year 2019 (Public Law 115–232; 132 Stat.
 17 1679).

18 (b) USE OF NATIONAL DEFENSE SCIENCE AND
 19 TECHNOLOGY STRATEGY TO DETERMINE RESEARCH

1 TOPICS.—Section 9 of the Small Business Act (15 U.S.C.
2 638) is amended—

3 (1) in subsection (g)(3)(B), by striking “, in the
4 1992 report” and all that follows through “that au-
5 thority” and inserting “in the National Defense
6 Science and Technology Strategy established under
7 section 218 of the John S. McCain National Defense
8 Authorization Act for Fiscal Year 2019 (Public Law
9 115–232; 132 Stat. 1679)”; and

10 (2) in subsection (o)(3)(B), by striking “, in ac-
11 cordance with section 2522 of title 10, United States
12 Code” and inserting “in the National Defense
13 Science and Technology Strategy established under
14 section 218 of the John S. McCain National Defense
15 Authorization Act for Fiscal Year 2019 (Public Law
16 115–232; 132 Stat. 1679)”.

17 **SEC. 3. PILOT PROGRAM FOR DOMESTIC INVESTMENT**
18 **UNDER THE SBIR PROGRAM.**

19 (a) SENSE OF CONGRESS.—It is the sense of Con-
20 gress that the Administrator of the Small Business Ad-
21 ministration should promulgate regulations to carry out
22 the requirements under section 9(dd) of the Small Busi-
23 ness Act (15 U.S.C. 638(dd)) that—

24 (1) permit small business concerns that are ma-
25 jority-owned by multiple venture capital operating

1 companies, hedge funds, or private equity firms to
2 participate in the SBIR program in accordance with
3 such section;

4 (2) provide specific information regarding eligi-
5 bility, participation, and affiliation rules to such
6 small business concerns; and

7 (3) preserve and maintain the integrity of the
8 SBIR program as a program for small business con-
9 cerns in the United States by prohibiting large enti-
10 ties or foreign-owned entities from participation in
11 the SBIR program.

12 (b) DOMESTIC INVESTMENT PILOT PROGRAM.—

13 (1) IN GENERAL.—Not later than 1 year after
14 the date of the enactment of this Act and notwith-
15 standing the requirements of section 9(dd) of the
16 Small Business Act (15 U.S.C. 638(dd)), the Sec-
17 retary of Defense shall create and administer a pro-
18 gram to be known as the “Domestic Investment
19 Pilot Program” under which the Secretary and the
20 service acquisition executive for each military de-
21 partment may make a SBIR award to a small busi-
22 ness concern that is majority-owned by multiple ven-
23 ture capital operating companies, hedge funds, or
24 private equity firms without providing the written

determination described under paragraph (2) of such section 9(dd).

(2) LIMITATION.—The Secretary of Defense may award not more than 15 percent of the funds allocated for the SBIR program of the Department of Defense under section 9(f) of the Small Business Act (15 U.S.C. 638(f)) to small business concerns that are owned in majority part by multiple venture capital operating companies, hedge funds, or private equity firms through competitive, merit-based procedures that are open to all eligible small business concerns.

(3) EVALUATION CRITERIA.—In carrying out the Domestic Investment Pilot Program, the Secretary of Defense may not use investment of venture capital or investment from hedge funds or private equity firms as a criterion for the award of contracts under the SBIR program or STTR program.

(4) ANNUAL REPORTING.—The Secretary of Defense shall include as part of each annual report required under section 9(b)(7) of the Small Business Act (15 U.S.C. 638(9)(b)(7))—

(A) information on the implementation of the Domestic Investment Pilot Program;

1 (B) the number of proposals received from
 2 small business concerns that are majority-
 3 owned by multiple venture capital operating
 4 companies, hedge funds, or private equity firms
 5 for the Domestic Investment Pilot Program;
 6 and

7 (C) the number of awards made to such
 8 small business concerns.

9 (5) TERMINATION.—The Domestic Investment
 10 Pilot Program established under this subsection
 11 shall terminate on September 30, 2022.

12 (c) DEFINITIONS.—In this section:

13 (1) SBIR.—The term “SBIR” has the meaning
 14 given in section 9(e) of the Small Business Act (15
 15 U.S.C. 638(e)).

16 (2) SMALL BUSINESS ACT DEFINITIONS.—The
 17 terms “small business concern”, “venture capital op-
 18 erating company”, “hedge fund”, and “private eq-
 19 uity firm” have the meanings given those terms, re-
 20 spectively, in section 3 of the Small Business Act
 21 (15 U.S.C. 632).

22 **SEC. 4. CYBERSECURITY TECHNICAL AND BUSINESS AS-**
 23 **SISTANCE FOR SBIR AND STTR PROGRAMS.**

24 Section 9(q)(1) of the Small Business Act (15 U.S.C.
 25 638(q)(1)) is amended—

1 (1) in the matter preceding subparagraph (A),
2 by inserting “cybersecurity,” after “product sales,”;
3 and

4 (2) in subparagraph (A), by striking “decisions” and inserting “decisions, including decisions
5 relating to cybersecurity practices”.

7 **SEC. 5. PHASE 0 PROOF OF CONCEPT PARTNERSHIP PRO-**
8 **GRAM FOR THE DEPARTMENT OF DEFENSE.**

9 Section 9(jj) of the Small Business Act (15 U.S.C.
10 638) is amended—

11 (1) in paragraph (1), by striking “The Director
12 of the National Institutes of Health” and inserting
13 “A covered agency head”;

14 (2) by striking “The Director” each place it ap-
15 pears and inserting “A covered agency head”;

16 (3) by striking “the Director” each place it ap-
17 pears and inserting “a covered agency head”;

18 (4) in paragraph (2)—

19 (A) by amending subparagraph (A) to read
20 as follows:

21 “(A) the term ‘covered agency head’
22 means—

23 “(i) with respect to the STTR pro-
24 gram of the National Institutes of Health,

1 the Director of the National Institutes of
2 Health; or

3 “(ii) with respect to the STTR pro-
4 gram of the Department of Defense, the
5 Secretary of Defense;”; and

6 (B) in subparagraph (C), by striking “in
7 the National Institutes of Health’s STTR pro-
8 gram” and inserting “in either the STTR pro-
9 gram of the Department of Defense or the
10 STTR program of the National Institutes of
11 Health”; and

12 (5) in paragraph (4)(A), by inserting “partici-
13 pating in the STTR program administered by such
14 agency head” after “a qualifying institution”.

15 **SEC. 6. MODIFICATION TO THE DEFENSE RESEARCH AND**
16 **DEVELOPMENT RAPID INNOVATION PRO-**
17 **GRAM.**

18 (a) INCREASE TO FUNDING.—Section 2359a(b)(3) of
19 title 10, United States Code, is amended by striking
20 “\$3,000,000” and inserting “\$6,000,000”.

21 (b) REPORT.—Not later than 180 days after the date
22 of the enactment of this Act, the Secretary of Defense
23 shall submit to the congressional defense committees a re-
24 port on the program established under section
25 2359a(b)(3) of title 10, United States Code (commonly

1 known as the “Defense Research and Development Rapid
2 Innovation Program”), which shall include—

3 (1) with respect to the two fiscal years pre-
4 ceding the submission of the report—

5 (A) a description of the total number of
6 proposals funded under the program;

7 (B) the percent of funds made available
8 under the program for Small Business Innova-
9 tion Research Program projects; and

10 (C) a list of Small Business Innovation Re-
11 search Program projects that received funding
12 under the program that were included in major
13 defense acquisition programs (as defined in sec-
14 tion 2430 of title 10, United States Code) and
15 other defense acquisition programs that meet
16 critical national security needs; and

17 (2) an assessment on the effectiveness of the
18 program in stimulating innovation technologies, re-
19 ducing acquisition or life-cycle costs, addressing
20 technical risk, and improving the timeliness and
21 thoroughness of test and evaluation outcomes.

22 **SEC. 7. ESTABLISHMENT OF JOINT RESERVE DETACH-**
23 **MENTS AT DEFENSE INNOVATION UNIT.**

24 (a) ESTABLISHMENT.—The Secretary of Defense, in
25 consultation with the Secretaries of the military depart-

1 ments, shall establish not fewer than three joint reserve
2 detachments (referred to in this section as “Detach-
3 ments”) at locations of the Defense Innovation Unit—

4 (1) to support engagement and collaboration
5 with commercial innovation hubs; and

6 (2) to accelerate the transition and adoption of
7 commercial technologies for national security pur-
8 poses.

9 (b) COMPOSITION.—Each Detachment shall be com-
10 posed of members of the reserve components who possess
11 relevant private sector experience in the fields of business,
12 acquisition, intelligence, engineering, technology transfer,
13 science, mathematics, contracting, procurement, logistics,
14 cyberspace security, or such other fields as are determined
15 to be relevant by the Under Secretary of Defense for Re-
16 search and Engineering.

17 (c) RESPONSIBILITIES.—The Detachments shall have
18 the following responsibilities:

19 (1) Each Detachment shall provide the Depart-
20 ment of Defense with expertise, analysis, alternatives
21 for innovation, and opportunities for greater engage-
22 ment and collaboration between the defense innova-
23 tion ecosystem and commercial industry.

24 (2) Each Detachment shall, on an ongoing
25 basis—

1 (A) recruit, retain, and employ members of
2 the reserve components who possess relevant
3 private sector experience, as described in sub-
4 section (b);

5 (B) partner with the military services, the
6 combatant commands, and other Department of
7 Defense organizations to seek and rapidly pro-
8 totype advanced commercial solutions while
9 lowering the barrier to entry to serve defense re-
10 quirements;

11 (C) increase awareness of—

12 (i) the technology portfolios of the De-
13 fense Innovation Unit; and

14 (ii) the technology requirements of the
15 Department of Defense as identified in the
16 National Defense Science and Technology
17 Strategy developed under section 218 of
18 the John S. McCain National Defense Au-
19 thorization Act for Fiscal Year 2019 (Pub-
20 lic Law 115–232; 132 Stat. 1679);

21 (D) capitalize on the growing investment
22 in research and development made by the com-
23 mercial industry in assessing and maturing
24 dual-use technologies; and

1 (E) carry out such other activities as may
2 be directed by the Under Secretary of Defense
3 for Research and Engineering.

4 (d) DEADLINE FOR ESTABLISHMENT OF DETACH-
5 MENTS.—The Secretary of Defense shall ensure that—

6 (1) at least one Detachment is established on or
7 before October 1, 2020; and

8 (2) all three Detachments required under sub-
9 section (a) are established on or before October 1,
10 2022.

11 (e) IMPLEMENTATION REPORT.—

12 (1) IN GENERAL.—Not later than 120 days
13 after the date of the enactment of this Act, the
14 Under Secretary of Defense for Research and Engi-
15 neering shall submit to the congressional defense
16 committees a report that includes—

17 (A) an organizational plan for the Detach-
18 ments;

19 (B) the estimated costs of establishing the
20 Detachments; and

21 (C) a timeline specifying when each De-
22 tachment will attain initial operational capa-
23 bility and full operational capability, respec-
24 tively.

1 (2) CONSULTATION.—In preparing the report
2 required under paragraph (1), the Under Secretary
3 of Defense for Research and Engineering shall con-
4 sult with the Director of the Defense Innovation
5 Unit and the head of each military service.

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