

SBA RULE CHANGE FOR SBIR GRANTS

The SBA published a rule change in the December 3rd, 2004 Federal Register establishing new requirements for an SBIR awardee (see below). The portion in bold italics is the additional rule scheduled to take effect on January 3, 2005. The language preceding the new section is the current rule and is already in effect.

SBIR awardee must be a for-profit business concern that is at least 51% owned and controlled by one or more individuals who are citizens of, or permanent resident aliens in, the United States (as the regulations currently require); ***or it must be a for-profit business concern that is at least 51% owned and controlled by another for-profit business concern that is at least 51% owned and controlled by one or more individuals who are citizens of, or permanent resident aliens in, the United States (new language).*** For complete announcement please see [Federal Register](#).

We are seeking feedback on this rule change. Specifically, given the eligibility change above and the ownership structure of your firm, would the rule change allow your companies to participate in the SBIR program? Currently small businesses that are majority owned (51%) by VCs do not qualify for SBIR grants. Please contact Nancy Saucier nsaucier@nvca.org and Peter Wiley pwiley@nvca.org with your comments.

SBA SEEKING COMMENTS ON ELIGIBILITY OF MAJORITY VC-BACKED BUSINESSES

Secondly, SBA is seeking comments on the eligibility of businesses that are majority-owned by venture capital firms to receive SBIR grants. The NVCA will submit comprehensive comments to the SBA by the February 1st deadline and we urge any other interested parties to do the same. For more information on the submission of comments please contact the Nancy Saucier or Peter Wiley at the NVCA or go to http://www.access.gpo.gov/su_docs/fedreg/a041203c.html.

While we remain concerned that the SBIR rule change will most likely not go far enough in restoring VC backed eligibility, we find the fact that SBA is seeking comments on VC eligibility promising. Lobbying efforts on Capitol Hill by the NVCA and its coalition members have brought VC eligibility to the forefront of this issue.