

**DATE:** September 15, 2005  
**TO:** NVCA Members  
**FROM:** Kelly Slone/Medical Industry Group  
**RE:** SBIR – Action Letter

NVCA is working closely with BIO to pass legislation in the U.S. Congress that would redefine the eligibility requirements for venture backed small start-up companies in order for them to be able to participate in the Small Business Administration's SBIR grant program. If you are interested in helping with the effort, NVCA would appreciate you e-mailing or faxing the following draft letter to your elected members of Congress. I would also appreciate you copying me (Kslone@nvca.org) on the letter as a way to keep track of what letters have been sent. If you have any questions regarding this request, please feel free to contact me. Thanks for you support. You may go to <http://www.congress.org/congressorg/home/> if you need assistance finding your elected representatives.

#### **Draft letter to be sent to Members of Congress – Support SABIR Act**

(Introduction of venture capital firm/portfolio company and specific disease groups the company is focused on.)

**I am writing to urge your support and ask you to co-sponsor the “Save America’s Biotechnology Innovative Research (SABIR) Act” (S. 2943 and H.R. 1263).** This bi-partisan legislation would once again allow venture financed companies to compete for SBIR grants, an important government research and development program for small start-up companies developing life-saving technologies.

Venture Capital is an important form of investment for the biotechnology industry. The cost and time associated with bringing a new life-saving technology to market is colossal. In 2004 alone, the venture capital industry invested more than \$5.7 billion in the biotechnology sector with the average investment in each biotech company at \$9.8 million.

For the past 25 years, the dual financing sources of the SBIR program and venture capital investment have allowed many promising companies to conduct ground-breaking scientific research while simultaneously building viable businesses that bring life-saving innovations to the marketplace. The relationship between the two is symbiotic, with the beneficiary being Americans who are the recipients of the next generation of drugs and vaccines to combat hundreds of diseases.

Recently, the Small Business Administration redefined the eligibility requirements for SBIR grant recipients. This new interpretation unduly limits agencies such as the National Institutes of Health in their ability to fund high quality, small start-up companies that receive venture funding. These are often the most meritorious applicants that have the ability to bring the most promising technologies to market which is in keeping with the original intent of the SBIR program when it was established over 25 years ago.

The Save America's Biotechnology Innovative Research Act (S. 2943 and H.R. 1263) clarifies the SBIR eligibility requirements for venture backed small start-up companies by amending the Small Business Act to include a definition allowing any small business concern that is at least 51% owned and controlled by one or more individuals and/or venture capital companies to participate in the program. This legislation would return the SBIR program back to a level playing field for all small start-up companies regardless of their funding structure.

I (we) urge Congress to take quick action on this legislation and appreciate your support and co-sponsorship.

Sincerely,