

Senator Mary Landrieu
Chair, Senate Small Business Committee
Senate Office Building
Washington DC

July 20, 2009

Dear Senator Landrieu:

I am writing as the Councilor of the 620 members of the Division of Small Chemical Businesses (SCHB) of the American Chemical Society, founded in 1876 by Congressional authorization and now the largest scientific society in the world. The members of SCHB are part of the innovative businesses that have accounted for all the net job growth in the US since 1985 (kauffman.org). Many of these businesses have been established and aided in their development of innovative concepts by the SBIR grant program.

As you work in conference on the compromise of the Senate and House bills reauthorizing the SBIR program, we urge you to consider the following issues. Venture capital companies must be limited to no more than specified in the Senate version of the bill. The Senate bill is a compromise already. New York and California received 72% of the total venture funding in 2005; the rest of the states had trivial amounts of VC funding: an average of 0.56% of the total per state; 23 states received no VC funding. The virtually free access of the VC companies in the House version of the SBIR bill does not serve most of the states of the US.

Our next concern is that the size of the awards for SBIR/STTR grantees be capped at levels in the Senate bill, with no multiple Phase II awards for the same SBIR Phase I. Larger awards reduce the pool of money available to all small businesses. There needs to be a level playing field for small businesses.

All SBIR/STTR participants should be required to bid and be awarded a Phase I program before being allowed to bid a Phase II program. The award selection should be based on technical merit

Finally, we agree with the Senate version increasing the percentage of SBIR research funding incrementally and extending the authorization to eight years.

We urge the Committee on Small Business to consider these concerns, the most important one being keeping eligibility for authentic small businesses and limiting venture capitalists.

Yours truly,

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Councilor, Division of Small Chemical Businesses
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