

February 26, 2025

The Honorable Roger Williams
Chair, House Small Business Committee
United States House of Representatives
2336 Rayburn HOB
Washington, D.C. 20515

The Honorable Nydia Velazquez
Ranking Member, House Small Business Committee
United States House of Representatives
2302 Rayburn HOB
Washington, D.C. 20515

RE: Massachusetts Biotechnology Council (MassBio) Testimony to the House Committee on Small Business: “Fostering American Innovation: Insights into SBIR and STTR Programs”

Dear Chair Williams and Ranking Member Velazquez:

On behalf of the Massachusetts Biotechnology Council (MassBio) and our over 1,700 member companies, I write to express our strong support for the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) Programs and encourage the Committee to prioritize timely reauthorization of the program in advance of the September 30 deadline later this year. The SBIR/STTR Programs plays a critical role in helping early-stage biotech companies develop breakthrough therapies, medical devices, and cutting-edge technologies that improve patient outcomes and drive U.S. global competitiveness in the life sciences.

As you know, biotechnology startups face significant challenges in securing the early-stage funding necessary to advance their groundbreaking research. Unlike many other industries, biotech companies operate in a highly capital-intensive environment, requiring more than a decade of research, clinical trials, and regulatory approvals before a product reaches the market. The SBIR Program provides non-dilutive funding that enables these startups to pursue high-risk, high-reward research that might not otherwise attract private investment at such an early stage. Massachusetts is a global leader in biotechnology, and the success of our ecosystem is directly tied to programs like SBIR, which fuels innovation and job creation for our earliest innovators.

To capture the impact of the program, and identify opportunities for improvement, we conducted a short survey of our membership on SBIR in late 2024. The overwhelming majority of respondents were companies less than 10 years old with fewer than 25 employees. Their responses highlighted the pivotal role of SBIR for biotechs in the earliest stages of development, including companies in the discovery, pre-clinical, and early-clinical stages. While the

respondents supported the SBIR program and timely reauthorization, several themes of how to improve the program emerged.

For many companies, the lengthy timeline of the application process was often difficult to plan for. Respondents shared that the program should simplify the application requirements and process and reduce the timeline between submission and award. The National Academies shared similar findings in its 2022 Assessment of SBIR and STTR Programs at NIH. In the report, they found that the time scale and scope of NIH review processes is “out of alignment with the needs of innovative small businesses.”¹ In response, they recommended Congress consider requiring the NIH Director to streamline and accelerate the review and selection processes with the goal of notifying applicants of awards decisions no later than 90 days from the close of the application cycle. MassBio strongly supports these recommendations.

Respondents also shared that successfully navigating the myriad of post-award processes nearly necessitated a full time administrator role, and could be improved. These concerns mirror recommendations by the SBA Invention, Innovation, and Entrepreneurship Advisory Committee (IIEAC) in its 2024 Annual Report.² The IIEAC recommended SBA reduce the administrative burden on small businesses by identifying opportunities to streamline programs forms and processes. MassBio also strongly supports these recommendations.

Respondents also shared that the shift to amortization of R&D expenses, which became mandatory in 2022, has placed a significant burden on biotechs receiving SBIR funding. The change disproportionately impacts small, pre-revenue biotechs who are unable to absorb the costs of the tax bill. MassBio has shared its concerns over the harmful provisions with House and Senate leadership alongside other state associations and remains committed to advocating for the restoration of expensing R&D expenditures.³

We urge the House Small Business Committee to prioritize timely reauthorization of the SBIR and STTR Programs and to explore ways to further strengthen its impact and ensure that America’s small biotech firms have the resources necessary to advance scientific discovery, create jobs, and bring transformative therapies to patients in need.

We appreciate your leadership on this issue and stand ready to work with you to preserve and enhance this vital program. We welcome any opportunity to discuss the importance of SBIR to the biotechnology industry in greater detail.

¹ National Academies, *Assessment of the SBIR and STTR Programs at the National Institutes of Health (2022)*; <https://nap.nationalacademies.org/catalog/26376/assessment-of-the-sbir-and-sttr-programs-at-the-national-institutes-of-health>

² SBA Invention, Innovation, and Entrepreneurship Advisory Committee (IIEAC), *Enhancing U.S. Economic Competitiveness Through Support for Small Businesses and Innovators FY2024 Report*; <https://www.sba.gov/sites/default/files/2025-01/2024%20Invention%20Innovation%20and%20Entrepreneurship%20Advisory%20Committee%20Report.pdf>

³ Council of State Biosciences Associations Letter to House & Senate Leadership (March 2023); <https://www.massbio.org/wp-content/uploads/2023/11/CSBA-Tax-Amortization-Impact-March-2023-3.28.23.pdf>

Sincerely,

A handwritten signature in black ink, appearing to read 'KBO', with a stylized, cursive script.

Kendalle Burlin O'Connell
President and CEO
Massachusetts Biotechnology Council (MassBio)