



## What has the SBTC done lately?

The Small Business Technology Council advocates on a wide array of important policy issues related to high-tech, R&D focused small businesses. SBTC's principle focus in 2022 was reauthorization of the SBIR/STTR programs, which were reauthorized for 3 years, through September 2025. Beginning in late 2022, we turned our attention to reversing the changes to R&D tax expensing that came into effect starting in 2022. These changes, which require businesses to amortize R&D expenses over 5 years instead of immediately deducting them in the year they were made, will make it much more expensive for small businesses to perform research, and will strongly disincentivize innovation. Firms that do contract research for the government will be particularly burdened, as they often have very little excess cash on hand to pay a hefty tax bill.

### **The following is a sample of actions recently taken by the Small Business Technology Council:**

12/22-Ongoing – Starting in late 2022 and carrying on through 2023 SBTC began raising concerns with Congress regarding changes to Sec. 174 in the tax code that is set to be implemented in FY22. SBTC has had several meetings and conversations with the House Ways & Means Committee, the Senate Finance Committee, and the Small Business Committees in both the Senate and House to emphasize the burden faced by high-tech small businesses over this change in the tax law. The House and Senate have both released stand-alone bills to fix the issue, but neither have gotten much traction despite attracting many co-sponsors:

[HR 2673 - American Innovation and R&D Competitiveness Act](#)

[S. 866 – American Innovation and Jobs Act](#)

2/9/23 – SBTC hosted a combination in-person and virtual seminar on the SBIR program in the conference room of our office building in DC. The seminar featured industry SBIR expert panels discussing best practices for winning SBIR Phase 2 and 3 awards, and answered questions from both live and virtual participants. Also participating were government representatives from GSA, DOD SBIR, and keynote speaker Under Secretary of Defense for R&E Heidi Shyu. [more](#)

3/10/23 – SBTC Submits letter to Congress signed by 450+ companies asking for Sec. 174 deduction of R&D expenses to be restored, and warning that America's innovative economy could be seriously harmed if action is not taken soon. [more](#)

3/20/23 – SBTC submits comment to DOD DAR Council regarding proposed changes to SBIR data rights in the DFARS. The principle change is increasing the data rights protection period from a rolling 5-year period to a fixed 20-year period. While SBTC is strongly supportive of this change, there are a few technical and language issues that SBTC raised that we hope will be addressed in the final rule. [more](#)

5/18/23 – SBTC holds a free public webinar on zoom for members and non-members on the changes to Sec. 174 and how it will affect R&D focused small businesses like those who participate in the SBIR and STTR programs. Tax experts and CPAs participated in the discussion, which also provided guidance to firms on possible alternative approaches to R&D expensing. [more](#)

7/21/23 – SBTC drafted and submitted to the Under Secretary of Defense for Research and Engineering Heidi Shyu a white paper addressing the issue of technology transition at the DOD, and offering several recommendations to utilize SBIR and other innovation programs to improve and accelerate outcomes. [more](#)

9/8/23 – The IRS issues guidance on the changes to Sec. 174 introduced by the Tax Cuts and Jobs Act of 2017. SBTC strongly disagrees with some of the interpretations included in this guidance, which we believe are not consistent with Congressional intent or caselaw. SBTC will submit a comment to IRS outlining our objections to the guidance. Comments will close November 24, 2023. [more](#)

9/14/23 – SBTC hosts a membership meeting in conjunction with NSBA's Washington Presentation. During the meeting we brief members on important legislative issues such as fixing Sec. 174, and SBIR reauthorization. [more](#)