



NEW ENGLAND INNOVATION ALLIANCE

20 NEW ENGLAND BUSINESS CENTER, ANDOVER, MA 01810

New England Innovation Alliance Opposes Ernst/Williams INNOVATE Act

The New England Innovation Alliance (NEIA), an organization of entrepreneurial companies focused on transitioning innovative technologies to government and commercial use, strongly opposes the INNOVATE Act. The legislation, introduced by Senators Joni Ernst (R-IA) and Representative Roger Williams (R-TX), Chairs of the Senate and House Small Business Committees, would reauthorize the Small Business Innovation Research and Technology Transfer (SBIR/STTR) programs. The INNOVATE Act is a direct attack on the longstanding competitive, merit-based approach to the program and a give-away of hundreds of millions of dollars annually in non-dilutive capital to venture capital interests.

The provisions arbitrarily capping contract awards would immediately remove more than 54 companies in 17 states from further participation in the program while specifically targeting the innovation-based economies of New England and California. At least 13 companies in New England and 12 in California that focus on meeting government research and development needs, with specific emphasis on defense and homeland security, would be excluded from the program. Many research institutions in New England and across the country would be hurt by the INNOVATE Act's proposed reduction in STTR funding.

NEIA member companies, all of which would be directly or indirectly impacted by the legislation, collectively employ over 1,200 people. They are a critical element of a DoD innovation ecosystem that develops and produces critical component technologies, often as key suppliers to its prime contractors. That supply chain, which has no commercial alternative, is gravely imperiled by the legislation's abrupt cutoff of funding. This measure will result in federal agencies – like DoD, NASA, HHS/NIH, etc. – to be unable to pursue the best available technology, thus undermining America's global leadership.

Many NEIA companies are employee-owned. The INNOVATE Act not only imperils their jobs, but also the retirement funds of their families. It uses an unfair *ex-post-facto* approach that retroactively penalizes our members for following the program's rules and being competitively selected for awards over the history of the program.

Advanced Fuel Research
Aerodyne Research
Akita Innovations
Beacon Interactive Systems
BlazeTech
Bodkin Design
Boston Engineering
Cascodium
Charles River Analytics
CREARE
Dynamet Technology
EIC Laboratories
FarSounder
Giner Labs
Headwall Photonics
Knipbio
Lumarray
Materials Systems
Metamagnetics
North Country Composites
Physical Sciences
Radiation Monitoring Devices
RedShiftBio
Scientific Systems Company
SI2 Technologies
Spectral Sciences
Systems & Technology Research
Technology Transition
Triple Ring Technologies
Triton Systems
V Squared Wind



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Inexplicably, at least 4 companies (and likely many more) from Congressman Williams' home state of Texas would be immediately rendered ineligible for the program despite his statement in a February 26th House Small Business Committee hearing that, *"[e]nsuring these programs are awarded by merit after rigorous competition will continue driving the best innovations to the top. Innovators thrive in an environment where competition reigns supreme, where they are free from limitations or caps on their success."*

In contradiction to his stated position, the INNOVATE Act abandons performance in favor of geographic quotas and political preferences. It's essentially DEI for venture capital firms that refuse to compete on merit, changing the rules so they can win awards they wouldn't earn otherwise. Under the guise of "broadening participation," the INNOVATE Act would arbitrarily force out proven, high-performing small businesses, to instead set up a preference for a small cadre of well-heeled, politically favored venture capital entities.

Time and time again our companies have informed the INNOVATE Act's supporters on both the House and Senate small business committees of the danger this legislation poses to the nation's economy, its defense industrial base, and specific companies in their states.

The NEIA now calls on all Members of Congress, including the region's bipartisan delegation, with a focus on those who sit on the Senate and House Small Business, Armed Services, and Science Committees, to stop this legislation in its tracks and to uphold the principles of merit and competitive selection. We ask that they support the bicameral "SBIR/STTR Reauthorization Act of 2025," authored by Senator Edward Markey (D-MA) and Representative Nydia Velazquez (D-NY), Ranking Members of the Senate and House Small Business Committees, which would make the SBIR/STTR programs permanent, increase the program allocations, and – most important – maintain the competitive, merit based approach that has worked so well for over four decades.