

(2) **MANUFACTURING EXTENSION PARTNERSHIP PROGRAM.**—The term “Manufacturing Extension Partnership Program” means the Manufacturing Extension Partnership Program of the Department of Commerce.

(3) **SMALL BUSINESS INNOVATION RESEARCH PROGRAM.**—The term “Small Business Innovation Research Program” has the meaning given that term in section 2500(11) of title 10, United States Code.

Subtitle E—Other Matters

SEC. 251. COMPTROLLER GENERAL REPORT ON PROGRAM ELEMENT STRUCTURE FOR RESEARCH, DEVELOPMENT, TEST, AND EVALUATION PROJECTS.

(a) **REPORT REQUIRED.**—The Comptroller General shall prepare a report containing assessments of—

(1) the current program element structure and content used to account for projects carried out, or proposed to be carried out, using amounts for research, development, test, and evaluation activities; and

(2) the effectiveness of such program elements, and related budget justification materials, in providing necessary information for budget transparency and oversight by the congressional defense committees.

(b) **RECOMMENDATIONS.**—The report required by subsection (a) shall also include such recommendations as the Comptroller General considers to be appropriate regarding program element size and content, budget justification material content, and appropriate re-programming authorities within and between program elements, particularly in connection with highly complex research and development programs that employ the system-of-systems concept.

(c) **SUBMISSION.**—The report required by subsection (a) shall be submitted to the congressional defense committees not later than February 1, 2007.

SEC. 252. RESEARCH AND DEVELOPMENT EFFORTS FOR PURPOSES OF SMALL BUSINESS RESEARCH.

(a) **IN GENERAL.**—Section 9 of the Small Business Act (15 U.S.C. 638) is amended by adding at the end the following new subsections:

“(x) **RESEARCH AND DEVELOPMENT FOCUS.**—

“(1) **REVISION AND UPDATE OF CRITERIA AND PROCEDURES OF IDENTIFICATION.**—In carrying out subsection (g), the Secretary of Defense shall, not less often than once every 4 years, revise and update the criteria and procedures utilized to identify areas of the research and development efforts of the Department of Defense which are suitable for the provision of funds under the Small Business Innovation Research Program and the Small Business Technology Transfer Program.

“(2) **UTILIZATION OF PLANS.**—The criteria and procedures described in paragraph (1) shall be developed through the use of the most current versions of the following plans:

“(A) The Joint Warfighting Science and Technology Plan required under section 270 of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104–201; 10 U.S.C. 2501 note).

“(B) The Defense Technology Area Plan of the Department of Defense.

“(C) The Basic Research Plan of the Department of Defense.

“(3) INPUT IN IDENTIFICATION OF AREAS OF EFFORT.—The criteria and procedures described in paragraph (1) shall include input in the identification of areas of research and development efforts described in that paragraph from Department of Defense program managers (PMs) and program executive officers (PEOs).

“(y) COMMERCIALIZATION PILOT PROGRAM.—

“(1) IN GENERAL.—The Secretary of Defense and the Secretary of each military department is authorized to create and administer a ‘Commercialization Pilot Program’ to accelerate the transition of technologies, products, and services developed under the Small Business Innovation Research Program to Phase III, including the acquisition process.

“(2) IDENTIFICATION OF RESEARCH PROGRAMS FOR ACCELERATED TRANSITION TO ACQUISITION PROCESS.—In carrying out the Commercialization Pilot Program, the Secretary of Defense and the Secretary of each military department shall identify research programs of the Small Business Innovation Research Program that have the potential for rapid transitioning to Phase III and into the acquisition process.

“(3) LIMITATION.—No research program may be identified under paragraph (2) unless the Secretary of the military department concerned certifies in writing that the successful transition of the program to Phase III and into the acquisition process is expected to meet high priority military requirements of such military department.

“(4) FUNDING.—For payment of expenses incurred to administer the Commercialization Pilot Program under this subsection, the Secretary of Defense and each Secretary of a military department is authorized to use not more than an amount equal to 1 percent of the funds available to the Department of Defense or the military department pursuant to the Small Business Innovation Research Program. Such funds—

“(A) shall not be subject to the limitations on the use of funds in subsection (f)(2); and

“(B) shall not be used to make Phase III awards.

“(5) EVALUATIVE REPORT.—At the end of each fiscal year, the Secretary of Defense shall submit to the Committee on Armed Services and the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Armed Services and the Committee on Small Business of the House of Representatives an evaluative report regarding activities under the Commercialization Pilot Program. The report shall include—

“(A) an accounting of the funds used in the Commercialization Pilot Program;

“(B) a detailed description of the Commercialization Pilot Program, including incentives and activities undertaken by acquisition program managers, program executive officers, and prime contractors; and

“(C) a detailed compilation of results achieved by the Commercialization Pilot Program, including the number

of small business concerns assisted and the number of projects commercialized.

“(6) SUNSET.—The pilot program under this subsection shall terminate at the end of fiscal year 2009.”

(b) IMPLEMENTATION OF EXECUTIVE ORDER NO. 13329.—Section 9 of the Small Business Act (15 U.S.C. 638), as amended by subsection (a), is further amended—

(1) in subsection (b)—

(A) in paragraph (6), by striking “and” at the end;

(B) in paragraph (7), by striking the period at the end and inserting “; and”; and

(C) by adding at the end the following:

“(8) to provide for and fully implement the tenets of Executive Order No. 13329 (Encouraging Innovation in Manufacturing).”;

(2) in subsection (g)—

(A) in paragraph (9), by striking “and” at the end;

(B) in paragraph (10), by striking the period at the end and inserting “; and”; and

(C) by adding at the end the following:

“(11) provide for and fully implement the tenets of Executive Order No. 13329 (Encouraging Innovation in Manufacturing).”; and

(3) in subsection (o)—

(A) in paragraph (14), by striking “and” at the end;

(B) in paragraph (15), by striking the period at the end and inserting “; and”; and

(C) by adding at the end the following:

“(16) provide for and fully implement the tenets of Executive Order No. 13329 (Encouraging Innovation in Manufacturing).”.

(c) TESTING AND EVALUATION AUTHORITY.—Section 9(e) of the Small Business Act (15 U.S.C. 638(e)) is amended—

(1) in paragraph (7), by striking “and” at the end;

(2) in paragraph (8), by striking the period at the end and inserting “; and”; and

(3) by adding at the end the following:

“(9) the term ‘commercial applications’ shall not be construed to exclude testing and evaluation of products, services, or technologies for use in technical or weapons systems, and further, awards for testing and evaluation of products, services, or technologies for use in technical or weapons systems may be made in either the second or the third phase of the Small Business Innovation Research Program and of the Small Business Technology Transfer Program, as defined in this subsection.”.

SEC. 253. REVISED REQUIREMENTS RELATING TO SUBMISSION OF JOINT WARFIGHTING SCIENCE AND TECHNOLOGY PLAN.

(a) BIENNIAL SUBMITTAL.—Section 270 of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104–201; 10 U.S.C. 2501 note) is amended—

(1) by striking “ANNUAL” in the section heading and inserting “BIENNIAL”; and

(2) by striking “(a) ANNUAL PLAN REQUIRED.—On March 1 of each year” and inserting “Not later than March 1 of each even-numbered year”.