

Innovation Centers Acceleration Act of 2021

Senator Chris Coons and Senator Dick Durbin, Representatives Joe Morelle and Terri Sewell

BACKGROUND

- **An innovation surge is needed to drive economic recovery and build resiliency.** Economists predict prolonged damage from the current recession. Innovation, which drives productivity and economic growth, must be a national priority. COVID-19 increased the urgency of R&D in biomedical tech and manufacturing to respond to COVID-19, future pandemics, and other crises.
- **The U.S. is underinvesting in innovation.** Federal R&D investment has fallen to 0.61% of U.S. GDP, the lowest level since 1955—harming both productivity and global competitiveness. The global share of business R&D performed in the U.S. has also fallen in the last decade. As a result, the U.S. is [projected](#) to fall behind China in R&D next year for the first time.
- **Deepening concentration of innovation jobs is restricting opportunity.** Only five innovation hubs—Boston, San Francisco, San Jose, Seattle, and San Diego—accounted for more than 90% of the nation’s innovation sector growth from 2005 to 2017. Meanwhile, 191 of 382 U.S. metro areas have [lost](#) innovation jobs since 2005. These regions are losing out on productivity growth that helps to create jobs and raise living standards.

INNOVATION CENTERS ACCELERATION ACT

- **The bill launches a national race-to-the-top for new American Innovation Centers.** A national Selection Committee representing federal agencies and advised by labor unions, research institutions, and private industry will oversee a national competition among U.S. metropolitan statistical areas (MSAs) to become an established Innovation Center.
- **Eligible MSAs will apply for one of nine Innovation Center designations.** Applicants will present a plan to devote state, local, and private sector resources in pursuing the takeoff of one or more innovation-based sectors, based on existing technical advantages, local research institutions, and industry core competencies. MSAs must include plans to foster racial equity and inclusive growth, ensure affordable housing, and scale up education and workforce development in their applications.
- **The Federal Government will invest \$80 billion in selected Innovation Centers over 9 years.** The primary federal support runs through the National Science Foundation (NSF), which will award grants rising to over \$1 billion per year for each Innovation Center. The bill also supports private sector-led growth within Innovation Centers via federal investment in the following:
 - NIH awards for health-oriented research; NSF support for undergraduate and graduate fellowships; and for private research via Small Business Innovation Research preferences
 - New Manufacturing USA advanced research institutes in each Innovation Center
 - Incentives for private investment through New Markets Tax Credits, SBA loan financing, and Small Business Investment Company (SBIC) debentures
 - R&D Tax Credit bonuses with a focus on startups and worker training
 - Workforce development & apprenticeship funded by the Labor and Commerce Departments
 - Development and preservation of affordable housing through the CDBG Program
 - Infrastructure modernization through the BUILD, INFRA, and TIFIA programs
- **Selection Committee will oversee progress.** Working across federal agencies, the Committee will evaluate designated MSAs’ progress and grant renewals every three years for a max of nine years.

SUPPORT FOR INNOVATION CENTERS

The bill is endorsed by *Information Technology & Innovation Foundation, National League of Cities, American Chemical Society, Association of American Colleges & Universities, Greater Philadelphia Chamber of Commerce, and University City Science Center.*