

# Arkansas Small Business Innovation Research Matching Grant

## Program

### Rules

RECEIVED

JUL 19 2017

BUREAU OF  
LEGISLATIVE RESEARCH

#### I. Introduction

##### Overview

The Arkansas Small Business Innovation Research Matching Grant Program (ArSBIRMGP), Act 166 of 2017, was created to stimulate innovation and growth among the state's technology businesses. The program, administered by the Division of Science and Technology of the Arkansas Economic Development Commission (Division), may provide, to eligible businesses, discretionary matching grants of up to fifty percent (50%) of the amount of federal Phase I and Phase II Small Business Innovation Research (SBIR) grants, not to exceed fifty thousand dollars (\$50,000) for Phase I awards and \$100,000 for Phase II awards.

Objectives of the ArSBIRMGP are to:

- Create and retain high-tech jobs, especially high-wage jobs in middle-skill and high-skill occupations;
- Encourage innovative small businesses to engage in federally-funded research that has the potential for technological innovation and commercialization;
- Increase the amount of SBIR funds invested in Arkansas businesses; and
- Induce the retention, growth, and location of companies in Arkansas.

##### Program Rule Summary

1. Eligible applicants shall submit completed applications, on forms prescribed by the Division to request grant funding from the ArSBIRMGP.
2. The Director of the Division of Science and Technology of the Arkansas Economic Development Commission (Director), with advice from the Board of Directors of the Division of Science and Technology of the Arkansas Economic Development Commission (Board), shall review and recommend applications for grant funding to the Executive Director of the Arkansas Economic Development Commission (Executive Director).
3. Applicants receiving approval from the Executive Director shall execute grant agreements specifying grant terms and conditions.
4. Grant funding shall be made available to grantees on a reimbursement basis, subsequent to submittal of requests for payment on forms approved by the Division.

5. Grantees shall submit final reports, upon full expenditure of ArSBIRMGP grant funds, in accordance with terms specified in the grant agreement.

### **Contact Information**

For more information, please contact:  
Arkansas Economic Development Commission  
Division of Science and Technology  
900 West Capitol  
Little Rock, AR 72201  
(501) 682-1121

## **II. Rulemaking Authority**

The AEDC has authority, at § 15-3-609, to promulgate rules necessary to administer the Arkansas Small Business Innovation Research Matching Grant Program.

## **III. Definitions**

1. “Eligible business” means a for-profit business that:
  - A. Is registered as a business entity in good standing; and
  - B. Has its principal place of business in Arkansas;
2. “Matching grant” means a discretionary grant of up to fifty percent (50%) of the amount of a federal Small Business Innovation Research grant for each approved matching grant application;
3. “Principal investigator/project manager” means the primary individual designated by an eligible business to provide the scientific and technical direction to a project supported by a matching grant;
4. “Principal place of business” means the physical location in this state where the eligible business maintains its principal business office; and
5. “Small Business Innovation Research Program” means the federal program administered by the United States Small Business Administration according to regulations adopted pursuant to 15 U.S.C. § 638, as it existed on October 1, 2016, which provides funds for Phase I and Phase II Small Business Innovation Research grants through participating federal agencies.

## IV. Eligibility

### Applicants

To be eligible to receive ArSBIRMGP funding, an applicant shall:

1. Submit a completed signed application, under forms provided by the Division.
2. Meet the definition of "eligible business"; and
3. Certify that:
  - A. For Phase I applications, they have received an SBIR grant from a sponsoring agency in response to a specific federal solicitation; or
  - B. For Phase II applications, they have:
    - (i) Submitted a final Phase I SBIR report to the sponsoring agency;
    - (ii) Demonstrated that the sponsoring agency has interest in the Phase II SBIR proposal; and
    - (iii) Submitted a Phase II proposal to the sponsoring agency.
  - C. All federal SBIR grant requirements will be met.
  - D. At least fifty-one percent (51%) of the ArSBIRMGP grant shall be spent in Arkansas.
  - E. They shall remain in Arkansas for the duration of the matching grant project.
  - F. An Arkansas resident or employee will be designated as the principal investigator/project manager for the duration of the matching grant;
  - G. They will be principally engaged in one (1) or more of the following targeted business activities:
    - (i) Advanced materials and manufacturing systems;
    - (ii) Agriculture, food, and environmental sciences;
    - (iii) Biotechnology, bioengineering, and life sciences;
    - (iv) Information technology;
    - (v) Transportation logistics; and
    - (vi) Bio-based products.

### Eligible Costs

The Division will review all expenditure requests prior to payment to ensure that costs are consistent with the terms and conditions of the grant agreement.

## V. Application Process

### Application Submittal

To request ArSBIRMGP funds, eligible businesses shall, utilizing forms prescribed by the Division, submit a completed signed application with all supporting documentation to the Division. Applications shall include:

1. A project title;
2. Contact information;
3. Proof of legal organization as a business entity in good standing;
4. A statement of work;
5. Federal SBIR documentation, including:
  - A. For Phase I applications, they have received a SBIR grant from a sponsoring agency in response to a specific federal solicitation; or
  - B. For Phase II applications:
    - i. A final SBIR Phase I report submitted to the sponsoring agency;
    - ii. Documentation from the sponsoring agency indicating an interest in the Phase II proposal; and
    - iii. A copy of the Phase II SBIR proposal to the sponsoring agency.
6. A summary of previous ArSBIRMGP awards;
7. The amount of funding requested; and
8. Start and completion dates of the project.

### **Application Review and Approval**

No grant offer shall be made by the Executive Director to an applicant until the applicant has completed the following review and approval process.

1. The Division shall conduct a preliminary review of each application, in order of receipt, to confirm that it:
  - A. Was submitted by an eligible business;
  - B. Is for a targeted business activity;
  - C. Is complete, including all required attachments; and
  - D. Contains all required federal SBIR documentation.
2. At its discretion, the Division may request supplemental materials from the applicant. All supplemental materials must be received at least forty-five (45) days prior to the next scheduled meeting of the Board of Directors of the Division of Science and Technology of the Arkansas Economic Development Commission.
3. All applications meeting preliminary review requirements shall be forwarded to the Board at least thirty (30) days prior to their next scheduled meeting.
4. The Board shall:
  - A. Review each application in accordance with program rules.
  - B. Forward, for each application reviewed, a recommendation to approve or disapprove the application to the Director.
5. The Director shall review each application in accordance with program rules and the advice and recommendation of the Board.
6. Upon completion of review, the Director will provide preliminary funding recommendations to the Executive Director.
7. The Executive Director, after reviewing Director recommendations, will specify which applicants may receive grants.

- A. Unsuccessful applicants will be notified in writing by the Director.
- B. Approved applicants will be required to execute a grant agreement outlining the amount, terms, and conditions of the grant.

## **VI. Grant Agreements**

- 1. ArSBIRMGP grants may be awarded, pending availability of funds, at the discretion of the Executive Director. Grant agreements shall specify:
  - A. The eligibility date for incurring project costs;
  - B. Terms and conditions of the grant;
  - C. The amount of approved costs; and
  - D. The process by which grant funds shall be invoiced and disbursed to the grantee.
- 2. The amount of the grant shall be discretionary and may be for amounts less than requested.
- 3. Grants may be funded from any source of funds allocated to the ArSBIRMGP.
- 4. Grants will be executed according to the following process:
  - A. Two (2) original copies of the grant agreement will be prepared by the Director and forwarded to the grantee for signature and return.
  - B. Upon receipt of the signed grant agreements from the grantee, the Director will prepare an approval letter and forward the grant agreements and the approval letter to the Executive Director for signature.
  - C. One (1) original copy of the grant agreement will be forwarded to the grantee with the signed approval letter. One (1) original copy of the grant agreement will be retained by the Director.
- 5. Grantees shall not receive more than three (3) matching grants under this program.
- 6. Any material change to the scope of the project, including changes to the principal investigator/project manager, is subject to prior approval by the Executive Director.

## **VII. Confidential Information**

Applications submitted to the Division are subject to the Freedom of Information Act of 1967, § 25-19-101 et seq. To the extent an applicant believes that information in an application is confidential or otherwise exempt under the Freedom of Information Act of 1967, § 25-19-101 et seq., the applicant shall specifically designate in writing the information the applicant believes to be confidential or exempt and the basis for the confidentiality or exemption on that portion of the application in which the information appears.

## VIII. Reimbursement

Disbursements of matching grant funds shall be made on a reimbursable basis, payable when invoices and financial reports are submitted to the Division.

## IX. Final Report

Grantees shall submit final reports, upon full expenditure of ArSBIRMGP grant funds, in accordance with terms specified in the grant agreement. Reports shall:

- A. Include a one-page non-proprietary executive summary describing the impact and positive effect of the receipt of ArSBIRMGP funds;
- B. Document final expenditure of grant funds, including proof that at least fifty-one percent (51%) of the amount awarded for the matching grant was spent in Arkansas;
- C. Provide an updated status of the project;
- D. Summarize the technical progress of the federal Phase I or Phase II SBIR project;
- E. State whether or not the grantee plans to continue the proposed research with its own or other resources such as venture capital funding;
- F. Summarize economic effects of the ArSBIRMGP on job creation, project commercialization, patent applications filed or approved subsequent to grant award, and receipt of additional private or government funds; and
- G. Certify that all grant terms and conditions were met.

## X. Effective Date

These rules are effective on or after October 1, 2017.

1 State of Arkansas  
2 91st General Assembly  
3 Regular Session, 2017  
4

# A Bill

SENATE BILL 249

5 By: Senator D. Sanders  
6 By: Representatives S. Meeks, Cavanaugh  
7

## For An Act To Be Entitled

9 AN ACT TO CREATE THE ARKANSAS SMALL BUSINESS  
10 INNOVATION RESEARCH MATCHING GRANT PROGRAM; TO  
11 PROVIDE FOR MATCHING GRANTS TO ELIGIBLE BUSINESSES  
12 THAT HAVE RECEIVED FEDERAL SMALL BUSINESS INNOVATION  
13 RESEARCH GRANTS; TO ALLOW FOR FUNDING OF THE ARKANSAS  
14 SMALL BUSINESS INNOVATION RESEARCH MATCHING GRANT  
15 PROGRAM; AND FOR OTHER PURPOSES.  
16  
17

## Subtitle

18  
19 TO CREATE THE ARKANSAS SMALL BUSINESS  
20 INNOVATION RESEARCH MATCHING GRANT  
21 PROGRAM; AND TO PROVIDE FOR MATCHING  
22 GRANTS TO BUSINESSES THAT HAVE RECEIVED  
23 FEDERAL SMALL BUSINESS INNOVATION  
24 RESEARCH GRANTS.  
25  
26

27 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
28

29 SECTION 1. Arkansas Code § 15-3-503(b)(2), concerning the allocation  
30 of funds in the Arkansas Acceleration Fund, is amended to add an additional  
31 subdivision to read as follows:

32 (H) Arkansas Small Business Innovation Research Matching Grant  
33 Program, § 15-3-601 et seq.  
34

35 SECTION 2. Arkansas Code Title 15, Chapter 3, is amended to add an  
36 additional subchapter to read as follows:



1        Subchapter 6 – Arkansas Small Business Innovation Research Matching  
2 Grant Program

3  
4        15-3-601. Title.

5        This subchapter shall be known and may be cited as the “Arkansas Small  
6 Business Innovation Research Matching Grant Program”.

7  
8        15-3-602. Legislative findings.

9        The General Assembly finds that:

10        (1) The federal Small Business Innovation Research Program  
11 encourages innovative small businesses to engage in federal research and  
12 commercialization that has the potential for technological innovation and  
13 commercialization;

14        (2) Stimulating research and commercialization grows the economy  
15 by leveraging investment, creating exportable products and services, and  
16 creating and retaining high-wage, high-tech jobs in moderately and highly  
17 skilled occupations;

18        (3) Arkansas consistently ranks poorly among states in the  
19 number of federal Small Business Innovation Research grants awarded; and

20        (4) An inducement, in the form of a matching grants program, is  
21 needed to encourage Arkansas businesses to apply for federal Small Business  
22 Innovation Research grants and realize economic benefits of commercialized  
23 research.

24  
25        15-3-603. Definitions.

26        As used in this subchapter:

27        (1) “Eligible business” means a for-profit business that:

28                (A) Is registered as a business entity in good standing  
29 with the Secretary of State; and

30                (B) Has its principal place of business in Arkansas;

31        (2) “Matching grant” means a discretionary grant of up to fifty  
32 percent (50%) of the amount of a federal Small Business Innovation Research  
33 grant for each approved matching grant application;

34        (3) “Principal investigator/project manager” means the primary  
35 individual designated by an eligible business to provide the scientific and  
36 technical direction to a project supported by a matching grant; and



(4) "Small Business Innovation Research Program" means the federal program administered by the United States Small Business Administration according to regulations adopted pursuant to 15 U.S.C. § 638, as it existed on October 1, 2016, which provides funds for Phase I and Phase II Small Business Innovation Research grants through participating federal agencies.

15-3-604. Administration.

(a)(1) The Arkansas Small Business Innovation Research Matching Grant Program is created.

(2) The Division of Science and Technology of the Arkansas Economic Development Commission shall administer the program.

(b) The division shall:

(1) Create application forms to be submitted by eligible businesses seeking a matching grant from the program;

(2) Devise an application process that:

(A) Defines the eligibility criteria for a matching grant; and

(B) Establishes application submittal and review processes;

(3) Define a process by which matching grants may be awarded; and

(4) Execute standard legal grant agreements and other documentation governing the disbursement and use of matching grants.

15-3-605. Eligibility.

(a) To be eligible for a matching grant under this subchapter, an applicant shall:

(1) Be an eligible business;

(2) Certify that:

(A) The eligible business:

(i) For Phase I applications, has received a Small Business Innovation Research grant from a sponsoring agency in response to a specific federal solicitation; or

(ii) For Phase II applications, has:

(a) Submitted a final Phase I report to the

1 sponsoring agency;

2 (b) Demonstrated that the sponsoring agency  
3 has interest in the Phase II proposal; and

4 (c) Submitted a Phase II proposal to the  
5 sponsoring agency; and

6 (B) All federal Small Business Innovation Research grant  
7 requirements will be met.

8 (b) An eligible business awarded a matching grant under this  
9 subchapter shall:

10 (1) Remain in Arkansas for the duration of the matching grant  
11 project;

12 (2) Designate an Arkansas resident or employee as the principal  
13 investigator/project manager during the duration of the matching grant; and

14 (3) Be principally engaged in one (1) or more of the following  
15 targeted business activities:

16 (A) Advanced materials and manufacturing systems;

17 (B) Agriculture, food, and environmental sciences;

18 (C) Biotechnology, bioengineering, and life sciences;

19 (D) Information technology;

20 (E) Transportation logistics; and

21 (F) Bio-based products.

22  
23 15-3-606. Application requirements.

24 (a) To request a matching grant under this subchapter, an applicant  
25 shall complete and submit the application forms prescribed by the Division of  
26 Science and Technology of the Arkansas Economic Development Commission under  
27 § 15-3-604.

28 (b) An applicant shall submit an application for each federal Phase I  
29 and federal Phase II grant proposal for which the applicant is requesting a  
30 matching grant.

31 (c) The division shall:

32 (1) Review applications:

33 (A) In order of receipt, as determined by the date and  
34 time stamp of receipt; and

35 (B) In accordance with rules promulgated by the division  
36 under § 15-3-609;

1           (2) Not consider an incomplete or noncompliant application and  
2 shall return an incomplete or a noncompliant application without further  
3 review;

4           (3) Review each application with the advice and recommendation  
5 of the Commercialization Committee of the Board of Directors of the Division  
6 of Science and Technology of the Arkansas Economic Development Commission;  
7 and

8           (4) Provide advice to the Executive Director of the Arkansas  
9 Economic Development Commission concerning the applications for matching  
10 grants reviewed by the division.

11           (d)(1) Applications submitted to the division are subject to the  
12 Freedom of Information Act of 1967, § 25-19-101 et seq.

13           (2) To the extent an applicant believes that information in an  
14 application is confidential or otherwise exempt under the Freedom of  
15 Information Act of 1967, § 25-19-101 et seq., the applicant shall  
16 specifically designate in writing the information the applicant believes to  
17 be confidential or exempt and the basis for the confidentiality or exemption  
18 on that portion of the application in which the information appears.

19  
20           15-3-607. Matching grant awards.

21           (a) A matching grant awarded under this subchapter:

22           (1) Shall not:

23           (A) Be awarded under this subchapter unless offered in  
24 writing by the executive director; and

25           (B) Exceed fifty percent (50%) of the federal Small  
26 Business Innovation Research award, up to:

27           (i) Fifty thousand dollars (\$50,000) for a matching  
28 grant awarded to match a federal Phase I award; and

29           (ii) One hundred thousand dollars (\$100,000) for a  
30 matching grant awarded to match a federal Phase II award; and

31           (2) Subject to funding and the discretion of the executive  
32 director, may be offered to an eligible applicant that successfully completes  
33 the application process.

34           (b) The matching grant agreement between the Division of Science and  
35 Technology of the Arkansas Economic Development Commission and the eligible  
36 applicant shall delineate all requirements of the matching grant.

1        (c) At least fifty-one percent (51%) of the amount awarded for the  
2        matching grant shall be spent in Arkansas.

3        (e) Disbursements for matching grants shall be made on a reimbursable  
4        basis, payable when invoices and financial reports are submitted to the  
5        division.

6        (f) An eligible business shall not receive more than three (3)  
7        matching grants under this subchapter.

8  
9        15-3-608. Program funding.

10        Matching grants awarded under this subchapter are limited by the amount  
11        of funds allocated to the Arkansas Small Business Innovation Research  
12        Matching Grant Program created under this subchapter.

13  
14        15-3-609. Rules.

15        The Division of Science and Technology of the Arkansas Economic  
16        Development Commission shall promulgate rules to carry out the purposes of  
17        this subchapter.

18  
19        SECTION 3. EFFECTIVE DATE. This act is effective on and after October  
20        1, 2017.

21  
22  
23        APPROVED: 02/15/2017  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34