

Arkansas Business and Technology Accelerator Grant Program

Rules

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I. Introduction

Overview

The Arkansas Business and Technology Accelerator Grant Program (ArBTAGP), provided for by Act 165 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 grants of up to two hundred fifty thousand dollars (\$250,000) to sponsor business and technology programs to mentor start-up companies.

Objectives of the ArBTAGP are to:

- Stimulate corporate growth through the infusion of innovative ideas, products, and services;
- Create high-skilled, high-wage jobs by encouraging the development of technological products and services; and
- Foster economic growth by linking new ideas, products, and services by entrepreneurs and start-up companies to corporate sponsors seeking the commercialization of new products and services.

Program Rule Summary

1. Eligible applicants shall submit completed applications, on forms prescribed by the Division, to request grant funding from the ArBTAGP.
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 as instructed in the grant agreement by the Division.
5. Grantees shall submit final reports, upon full expenditure of ArBTAGP 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, Suite 400
Little Rock, AR 72201
(501) 682-1121

II. Rulemaking Authority

The AEDC has authority, at § 15-3-608, to promulgate rules necessary to administer the Arkansas Business and Technology Accelerator Grant Program.

III. Definitions

1. "Business and technology accelerator" means a full-time, immersive program administered by an eligible applicant to potentially invest in, mentor, and accelerate commercial development of start-up businesses;
2. "Business and technology accelerator grant" means a discretionary grant of up to two hundred fifty thousand dollars (\$250,000) for each approved business and technology accelerator application; and
3. "Eligible applicant" means an entity that is:
 - A. Registered as a business entity in good standing with the Arkansas Secretary of State; and
 - B. Principally engaged in one (1) or more of the following categories of business or industry:
 - (i) A manufacturer classified in sectors 31-33 of the 2012 North American Industrial Classification System;
 - (ii) A business that:
 - (a) Is primarily engaged in the design and development of prepackaged software, digital content production and preservation, computer processing and data preparation services, or information retrieval services; and
 - (b) Derives at least seventy-five percent (75%) of its sales revenue from out of state;
 - (iii) An office sector business whose business operations support primary business needs, including without limitation customer service, credit accounting, telemarketing, claims processing, and other administrative functions that:

- (a) Is a nonretail business; and
- (b) Derives at least seventy-five percent (75%) of its sales revenue from out of state;
- (iv) A national or regional corporate headquarters as classified in sector 551114 of the 2012 North American Industrial Classification System;
- (v) A scientific and technical services business that derives at least seventy-five percent (75%) of its sales revenue from out of state;
- (vi) A firm primarily engaged in commercial, physical, and biological research as classified in code 541711 or 541712 of the 2012 North American Industrial Classification System; and
- (vii) A firm engaged in one (1) or more of the following categories:
 - (a) Advanced materials and manufacturing systems;
 - (b) Agriculture, food processing, and environmental sciences;
 - (c) Biotechnology, bioengineering, and life sciences;
 - (d) Information technology;
 - (e) Transportation logistics; and
 - (f) Internet-enabled technology or service solution of one (1) or more of the categories described in subdivision 3.B.(vii)(a)-(e) of this section.

IV. Eligibility

Eligible Applicants

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

1. Meet the definition of "eligible applicant"; and
2. Submit a completed, signed application, on forms provided by the Division.

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

1. Accelerator title;
2. Contact information;
3. Proof of legal organization as a business entity in good standing with the Arkansas Secretary of State;
4. A statement of work;
5. The amount of funding requested; and
6. 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 Division 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 applicant;
 - B. Is for a targeted business activity consistent with program objectives; and
 - C. Is complete, including all required attachments.
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.
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; and
 - 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 Commercialization Committee 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. ArBTAGP 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 ArBTAGP.
 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. Any material change to the scope of the project 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 Arkansas Business and Technology Accelerator Grant Program 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 ArBTAGP 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 ArBTAGP funds;

- B. Document final expenditure of grant funds;
- C. Provide an updated status of the project;
- D. Summarize economic effects of the ArBTAGP on job creation, project commercialization, and patent applications filed or approved subsequent to grant award; and
- E. 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 250

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 BUSINESS AND TECHNOLOGY
10 ACCELERATOR ACT; TO PROVIDE FOR AN ARKANSAS BUSINESS
11 AND TECHNOLOGY ACCELERATOR GRANT PROGRAM; TO ALLOW
12 FOR FUNDING OF THE ARKANSAS BUSINESS AND TECHNOLOGY
13 ACCELERATOR ACT; AND FOR OTHER PURPOSES.
14

Subtitle

15 TO CREATE THE ARKANSAS BUSINESS AND
16 TECHNOLOGY ACCELERATOR ACT; AND TO
17 PROVIDE FOR AN ARKANSAS BUSINESS AND
18 TECHNOLOGY ACCELERATOR GRANT PROGRAM.
19
20
21
22

23 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
24

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

28 (H) Arkansas Business and Technology Accelerator Act, § 15-3-601
29 et seq.
30

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

33 Subchapter 6 – Arkansas Business and Technology Accelerator Act
34

35 15-3-601. Title.

36 This subchapter shall be known and may be cited as the “Arkansas



1 Business and Technology Accelerator Act”.

2
3 15-3-602. Legislative findings.

4 The General Assembly finds that:

5 (1) Corporate growth requires the infusion of innovative ideas,
6 products, and services;

7 (2) A critical component of creating high-skilled, high-wage
8 jobs is the encouragement of the Arkansas innovation entrepreneurial
9 ecosystem to develop technological products and services;

10 (3) Economic growth can be fostered by linking innovative new
11 ideas, products, and services by entrepreneurs and start-up companies to
12 corporate sponsors seeking the commercialization of new products and
13 services; and

14 (4) An inducement, in the form of a grant program, is needed to
15 encourage Arkansas businesses to sponsor business and technology programs to
16 mentor start-up companies, resulting in an infusion of new products and
17 services to fuel corporate growth.

18
19 15-3-603. Definitions.

20 As used in this subchapter:

21 (1) “Business and technology accelerator” means a full-time,
22 immersive program administered by an eligible applicant to potentially invest
23 in, mentor, and accelerate commercial development of start-up businesses;

24 (2) “Business and technology accelerator grant” means a
25 discretionary grant of up to two hundred fifty thousand dollars (\$250,000)
26 for each approved business and technology accelerator application; and

27 (3) “Eligible applicant” means an entity that is:

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

30 (B) Principally engaged in one (1) or more of the
31 following categories of business or industry:

32 (i) A manufacturer classified in sectors 31-33 of
33 the 2012 North American Industrial Classification System;

34 (ii) A business that:

35 (a) Is primarily engaged in the design and
36 development of prepackaged software, digital content production and

1 preservation, computer processing and data preparation services, or
 2 information retrieval services; and

3 (b) Derives at least seventy-five percent
 4 (75%) of its sales revenue from out of state;

5 (iii) An office sector business whose business
 6 operations support primary business needs, including without limitation
 7 customer service, credit accounting, telemarketing, claims processing, and
 8 other administrative functions that:

9 (a) Is a nonretail business; and

10 (b) Derives at least seventy-five percent
 11 (75%) of its sales revenue from out of state;

12 (iv) A national or regional corporate headquarters
 13 as classified in sector 551114 of the 2012 North American Industrial
 14 Classification System;

15 (v) A scientific and technical services business
 16 that derives at least seventy-five percent (75%) of its sales revenue from
 17 out of state;

18 (vi) A firm primarily engaged in commercial,
 19 physical, and biological research as classified in code 541711 or 541712 of
 20 the 2012 North American Industrial Classification System; and

21 (vii) A firm engaged in one (1) or more of the
 22 following categories:

23 (a) Advanced materials and manufacturing
 24 systems;

25 (b) Agriculture, food processing, and
 26 environmental sciences;

27 (c) Biotechnology, bioengineering, and life
 28 sciences;

29 (d) Information technology;

30 (e) Transportation logistics; and

31 (f) Internet-enabled technology or service
 32 solutions for one (1) or more of the categories described in subdivisions
 33 (3)(B)(vii)(a)-(e) of this section.

34

35 15-3-604. Administration.

36 (a)(1) The Arkansas Business and Technology Accelerator Grant Program

1 is created.

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

4 (b) The division shall:

5 (1) Create application forms to be submitted by eligible
6 businesses seeking a business and technology accelerator grant from the
7 program;

8 (2) Devise an application process that:

9 (A) Defines the eligibility criteria for a business
10 and technology accelerator grant; and

11 (B) Establishes application submittal and review
12 processes;

13 (3) Define a process by which business and technology
14 accelerator grants may be awarded; and

15 (4) Execute standard legal grant agreements and other
16 documentation governing the disbursement and use of business and technology
17 accelerator grants.

18
19 15-3-605. Application requirements.

20 (a) To request a business and technology accelerator grant under this
21 subchapter, an applicant shall complete and submit the application forms
22 prescribed by the Division of Science and Technology of the Arkansas Economic
23 Development Commission under § 15-3-604.

24 (b) An applicant shall submit an application for each proposed
25 business and technology accelerator grant.

26 (c) The division shall:

27 (1) Review applications:

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

30 (B) In accordance with rules promulgated by the division
31 under § 15-3-608;

32 (2) Not consider an incomplete or noncompliant application and
33 shall return an incomplete or a noncompliant application without further
34 review;

35 (3) Review each application with the advice and recommendation
36 of the Commercialization Committee of the Board of Directors of the Division

1 of Science and Technology of the Arkansas Economic Development Commission;
2 and

3 (4) Provide advice to the Executive Director of the Arkansas
4 Economic Development Commission concerning the applications for business and
5 technology accelerator grants reviewed by the division.

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

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

14
15 15-3-606. Business and technology accelerator grant awards.

16 (a) A business and technology accelerator grant awarded under this
17 subchapter:

18 (1) Shall not:

19 (A) Be awarded under this subchapter unless offered in
20 writing by the Executive Director of the Arkansas Economic Development
21 Commission; and

22 (B) Exceed two hundred fifty thousand dollars (\$250,000);
23 and

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

27 (b) The business and technology accelerator grant agreement between
28 the Division of Science and Technology of the Arkansas Economic Development
29 Commission and the eligible applicant shall delineate all requirements of the
30 business and technology accelerator grant.

31 (c) Disbursements for business and technology accelerator grants shall
32 be made on a reimbursable basis, payable when invoices and financial reports
33 are submitted to the division.

34
35 15-3-607. Program funding.

36 Business and technology accelerator grants awarded under this

1 subchapter are limited by the amount of funds allocated to the Arkansas
2 Business and Technology Accelerator Grant Program created under this
3 subchapter.

4
5 15-3-608. Rules.

6 The Division of Science and Technology of the Arkansas Economic
7 Development Commission shall promulgate rules to implement and administer
8 this subchapter.

9
10 SECTION 3. EFFECTIVE DATE. This act is effective on and after October
11 1, 2017.

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14 APPROVED: 02/15/2017
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