

# ARKANSAS REGISTER

## Transmittal Sheet

Use only for **FINAL** and **EMERGENCY RULES**



Secretary of State

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**For Office**

**Use Only:**

Effective Date \_\_\_\_\_ Code Number \_\_\_\_\_

Name of Agency Arkansas Economic Development Commission

Department Strategic Planning and Research

Contact Kurt Naumann E-mail knaumann@arkansasedc.com Phone 501-682-7308

Statutory Authority for Promulgating Rules 15-3-609 and 15-4-209(b)(5)

**Rule Title:** Arkansas Small Business Innovation Research Matching Grant Program

**Intended Effective Date**  
(Check One)

Date

<input type="checkbox"/> Emergency (ACA 25-15-204)	Legal Notice Published .....	<u>June 11, 2017</u>
<input type="checkbox"/> 10 Days After Filing (ACA 25-15-204)	Final Date for Public Comment .....	<u>July 12, 2017</u>
<input checked="" type="checkbox"/> Other <u>October 1, 2017</u> <small>(Must be more than 10 days after filing date.)</small>	Reviewed by Legislative Council .....	<u>August 15, 2017</u>
	Adopted by State Agency .....	<u>October 1, 2017</u>

Electronic Copy of Rule e-mailed from: (Required under ACA 25-15-218)

Kurt Naumann knaumann@arkansasedc.com 8/17/2017

Contact Person E-mail Address Date

### CERTIFICATION OF AUTHORIZED OFFICER

I Hereby Certify That The Attached Rules Were Adopted  
In Compliance with the Arkansas Administrative Act. (ACA 25-15-201 et. seq.)

Kurt Naumann  
Signature

501-682-7308 knaumann@arkansasedc.com  
Phone Number E-mail Address

Director, Strategic Planning and Research  
Title

August 17, 2017  
Date

# Arkansas Small Business Innovation Research Matching Grant Program Rules

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## 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.