

Arkansas Business and Technology Accelerator Grant Program

Rules

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.

QUESTIONNAIRE FOR FILING PROPOSED RULES AND REGULATIONS
WITH THE ARKANSAS LEGISLATIVE COUNCIL

DEPARTMENT/AGENCY Arkansas Economic Development Commission
DIVISION Division of Science and Technology
DIVISION DIRECTOR Tom Chilton
CONTACT PERSON Kurt Naumann; Tom Chilton
ADDRESS 900 West Capitol; Little Rock, AR 72201
PHONE NO. 501-682-7308 **FAX NO.** 501-682-7499 **E-MAIL** knaumann@arkansasedc.com
NAME OF PRESENTER AT COMMITTEE MEETING Kurt Naumann, Tom Chilton
PRESENTER E-MAIL knaumann@arkansasedc.com; tchilton@arkansasedc.com

INSTRUCTIONS

- A. Please make copies of this form for future use.**
- B. Please answer each question completely using layman terms. You may use additional sheets, if necessary.**
- C. If you have a method of indexing your rules, please give the proposed citation after “Short Title of this Rule” below.**
- D. Submit two (2) copies of this questionnaire and financial impact statement attached to the front of two (2) copies of the proposed rule and required documents. Mail or deliver to:**

Donna K. Davis
Administrative Rules Review Section
Arkansas Legislative Council
Bureau of Legislative Research
One Capitol Mall, 5th Floor
Little Rock, AR 72201

1. What is the short title of this rule?

Arkansas Business and Technology Accelerator Grant Program

This proposed, new rule implements grant submittal, review, and approval requirements pertaining to discretionary grants awarded under the Arkansas Business and Technology Accelerator Grant Program (ArBTAGP), created by Act 165 of 2017. Specific components of the rule include:

- 1. Eligible applicants shall submit completed applications, on forms prescribed by AEDC, 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 AEDC (Board), shall review and recommend applications for grant funding to the Executive Director of AEDC (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.

2. What is the subject of the proposed rule?

3. Is this rule required to comply with a federal statute, rule, or regulation? Yes No
If yes, please provide the federal rule, regulation, and/or statute citation.

4. Was this rule filed under the emergency provisions of the Administrative Procedure Act? Yes No
If yes, what is the effective date of the emergency rule?

When does the emergency rule expire?

Will this emergency rule be promulgated under the permanent provisions of the Administrative Procedure Act? Yes No

5. Is this a new rule? Yes No
If yes, please provide a brief summary explaining the regulation. This proposed, new rule implements grant submittal, review, and approval requirements pertaining to discretionary grants awarded under the Arkansas Business and Technology Accelerator Grant Program (ArBTAGP), created by Act 165 of 2017.

Does this repeal an existing rule? Yes No
If yes, a copy of the repealed rule is to be included with your completed questionnaire. If it is being replaced with a new rule, please provide a summary of the rule giving an explanation of what the rule does. _____

Is this an amendment to an existing rule? Yes No
If yes, please attach a mark-up showing the changes in the existing rule and a summary of the substantive changes. **Note: The summary should explain what the amendment does, and the mark-up copy should be clearly labeled "mark-up."**

6. Cite the state law that grants the authority for this proposed rule? If codified, please give the Arkansas Code citation. § 15-3-608

7. What is the purpose of this proposed rule? Why is it necessary? This proposed, new rule implements grant submittal, review, and approval requirements pertaining to discretionary grants awarded under the Arkansas Business and Technology Accelerator Grant Program (ArBTAGP), created by Act 165 of 2017. Specific components of the rule include:

1. Eligible applicants shall submit completed applications, on forms prescribed by AEDC, 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 AEDC (Board), shall review and recommend applications for grant funding to the Executive Director of AEDC (Executive Director).
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8. Please provide the address where this rule is publicly accessible in electronic form via the Internet as required by Arkansas Code § 25-19-108(b). www.arkansasedc.com

9. Will a public hearing be held on this proposed rule? Yes No
If yes, please complete the following:

Date: July 12, 2017

Time: 10 am

Place: AEDC, Suite 400; 900 West Capitol,
Second Floor; LR 72201

10. When does the public comment period expire for permanent promulgation? (Must provide a date.)

July 12, 2017

11. What is the proposed effective date of this proposed rule? (Must provide a date.)

October 1, 2017

12. Please provide a copy of the notice required under Ark. Code Ann. § 25-15-204(a), and proof of the publication of said notice. See attached

13. Please provide proof of filing the rule with the Secretary of State and the Arkansas State Library as required pursuant to Ark. Code Ann. § 25-15-204(e).

14. Please give the names of persons, groups, or organizations that you expect to comment on these rules? Please provide their position (for or against) if known. None

FINANCIAL IMPACT STATEMENT

PLEASE ANSWER ALL QUESTIONS COMPLETELY

DEPARTMENT Arkansas Economic Development Commission

DIVISION Division of Science and Technology

PERSON COMPLETING THIS STATEMENT Kurt Naumann

TELEPHONE 501-682-7308 **FAX** 501-682-7499 **EMAIL:** knaumann@arkansasedc.com

To comply with Ark. Code Ann. § 25-15-204(e), please complete the following Financial Impact Statement and file two copies with the questionnaire and proposed rules.

SHORT TITLE OF THIS RULE Arkansas Business and Technology Accelerator Grant Program

1. Does this proposed, amended, or repealed rule have a financial impact? Yes No

2. Is the rule based on the best reasonably obtainable scientific, technical, Yes No

economic, or other evidence and information available concerning the need for, consequences of, and alternatives to the rule?

3. In consideration of the alternatives to this rule, was this rule determined by the agency to be the least costly rule considered? Yes No

If an agency is proposing a more costly rule, please state the following:

- (a) How the additional benefits of the more costly rule justify its additional cost;

- (b) The reason for adoption of the more costly rule;

- (c) Whether the more costly rule is based on the interests of public health, safety, or welfare, and if so, please explain; and;

- (d) Whether the reason is within the scope of the agency's statutory authority; and if so, please explain.

4. If the purpose of this rule is to implement a federal rule or regulation, please state the following:

- (a) What is the cost to implement the federal rule or regulation?

Current Fiscal Year

Next Fiscal Year

General Revenue _____
 Federal Funds _____
 Cash Funds _____
 Special Revenue _____
 Other (Identify) _____
 Total _____

General Revenue _____
 Federal Funds _____
 Cash Funds _____
 Special Revenue _____
 Other (Identify) _____
 Total _____

- (b) What is the additional cost of the state rule?

Current Fiscal Year

Next Fiscal Year

General Revenue _____
 Federal Funds _____
 Cash Funds _____
 Special Revenue _____
 Other (Identify) \$260.40 (Legal Advertisement)
 Total \$260.40

General Revenue _____
 Federal Funds _____
 Cash Funds _____
 Special Revenue _____
 Other (Identify) _____
 Total \$0

5. What is the total estimated cost by fiscal year to any private individual, entity and business subject to the proposed, amended, or repealed rule? Identify the entity(ies) subject to the proposed rule and explain how they are affected.

Current Fiscal Year

Next Fiscal Year

\$ _____

\$ 0

\$0

6. What is the total estimated cost by fiscal year to state, county, and municipal government to implement this rule? Is this the cost of the program or grant? Please explain how the government is affected.

Current Fiscal Year

\$ _____
\$0

Next Fiscal Year

\$ 0 _____

7. With respect to the agency's answers to Questions #5 and #6 above, is there a new or increased cost or obligation of at least one hundred thousand dollars (\$100,000) per year to a private individual, private entity, private business, state government, county government, municipal government, or to two (2) or more of those entities combined?

Yes No

If YES, the agency is required by Ark. Code Ann. § 25-15-204(e)(4) to file written findings at the time of filing the financial impact statement. The written findings shall be filed simultaneously with the financial impact statement and shall include, without limitation, the following:

- (1) a statement of the rule's basis and purpose;
- (2) the problem the agency seeks to address with the proposed rule, including a statement of whether a rule is required by statute;
- (3) a description of the factual evidence that:
 - (a) justifies the agency's need for the proposed rule; and
 - (b) describes how the benefits of the rule meet the relevant statutory objectives and justify the rule's costs;
- (4) a list of less costly alternatives to the proposed rule and the reasons why the alternatives do not adequately address the problem to be solved by the proposed rule;
- (5) a list of alternatives to the proposed rule that were suggested as a result of public comment and the reasons why the alternatives do not adequately address the problem to be solved by the proposed rule;
- (6) a statement of whether existing rules have created or contributed to the problem the agency seeks to address with the proposed rule and, if existing rules have created or contributed to the problem, an explanation of why amendment or repeal of the rule creating or contributing to the problem is not a sufficient response; and
- (7) an agency plan for review of the rule no less than every ten (10) years to determine whether, based upon the evidence, there remains a need for the rule including, without limitation, whether:
 - (a) the rule is achieving the statutory objectives;
 - (b) the benefits of the rule continue to justify its costs; and
 - (c) the rule can be amended or repealed to reduce costs while continuing to achieve the statutory objectives.