

State of Arkansas  
91st General Assembly  
Regular Session, 2017

# A Bill

SENATE BILL 249

By: Senator D. Sanders  
By: Representatives S. Meeks, Cavanaugh

## For An Act To Be Entitled

AN ACT TO CREATE THE ARKANSAS SMALL BUSINESS  
INNOVATION RESEARCH MATCHING GRANT PROGRAM; TO  
PROVIDE FOR MATCHING GRANTS TO ELIGIBLE BUSINESSES  
THAT HAVE RECEIVED FEDERAL SMALL BUSINESS INNOVATION  
RESEARCH GRANTS; TO ALLOW FOR FUNDING OF THE ARKANSAS  
SMALL BUSINESS INNOVATION RESEARCH MATCHING GRANT  
PROGRAM; AND FOR OTHER PURPOSES.

## Subtitle

TO CREATE THE ARKANSAS SMALL BUSINESS  
INNOVATION RESEARCH MATCHING GRANT  
PROGRAM; AND TO PROVIDE FOR MATCHING  
GRANTS TO BUSINESSES THAT HAVE RECEIVED  
FEDERAL SMALL BUSINESS INNOVATION  
RESEARCH GRANTS.

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

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

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

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



Subchapter 6 – Arkansas Small Business Innovation Research Matching Grant Program

15-3-601. Title.

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

15-3-602. Legislative findings.

The General Assembly finds that:

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

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

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

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

15-3-603. Definitions.

As used in this subchapter:

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

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

sponsoring agency;

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

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

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

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

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

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

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

(A) Advanced materials and manufacturing systems;

(B) Agriculture, food, and environmental sciences;

(C) Biotechnology, bioengineering, and life sciences;

(D) Information technology;

(E) Transportation logistics; and

(F) Bio-based products.

15-3-606. Application requirements.

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

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

(c) The division shall:

(1) Review applications:

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

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

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

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

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

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

(2) 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.

15-3-607. Matching grant awards.

(a) A matching grant awarded under this subchapter:

(1) Shall not:

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

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

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

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

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

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

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

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

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

15-3-608. Program funding.

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

15-3-609. Rules.

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

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

**APPROVED: 02/15/2017**