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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2012

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A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT - THE INNOVATE RHODE
ISLAND SMALL BUSINESS PROGRAM

Introduced By: Representatives Blazejewski, Martin, Jackson, Silva, and Gallison

Date Introduced: February 09, 2012

Referred To: House Small Business

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 42 of the General Laws entitled "STATE AFFAIRS AND
2 GOVERNMENT" is hereby amended by adding thereto the following chapter:

3 CHAPTER 64.15

4 THE INNOVATE RHODE ISLAND SMALL BUSINESS PROGRAM

5 **42-64.15-1. Establishment of incentive program.** – (a) There is hereby established the
6 Innovate Rhode Island Small Business Incentive Program SBIR/STTR to be administered by the
7 economic development corporation (EDC). In order to foster job creation and economic
8 development in the state, the EDC may provide grants to eligible businesses to offset costs
9 associated with applying to the United States Small Business Administration for Small Business
10 Innovative Research (SBIR) grants or Small Business Technology Transfer Research (STTR)
11 grants. The grants shall be paid from the Innovate Rhode Island Small Business Account
12 established in this chapter.

13 (b) Eligibility. – In order to be eligible for a grant under this section, a business must
14 satisfy all of the following conditions:

15 (1) The business must be a for-profit, Rhode Island-based business with twenty-five (25)
16 or fewer employees. For the purposes of this section, a Rhode Island-based business is one that
17 has its principal place of business in this state.

18 (2) The business must have submitted a qualified SBIR/STTR Phase I proposal to a

1 participating federal agency in response to a specific federal solicitation.

2 (3) The business must satisfy all federal SBIR/STTR requirements.

3 (4) The business shall not receive concurrent funding support from other sources that
4 duplicates the purpose of this section.

5 (5) The business must certify that at least fifty-one percent (51%) of the research
6 described in the federal SBIR/STTR Phase I proposal will be conducted in this state and that the
7 business will remain a Rhode Island-based business for the duration of the SBIR/STTR Phase I
8 project.

9 (6) The business must demonstrate its ability to conduct research in its SBIR/STTR Phase
10 I proposal.

11 (c) Grant. – The EDC may award grants to reimburse an eligible business for up to fifty
12 percent (50%) of the costs of preparing and submitting an SBIR/STTR Phase I proposal, up to a
13 maximum of three thousand dollars (\$3,000). A business may receive only one grant under this
14 section per year. A business may receive only one grant under this section with respect to each
15 federal proposal submission. Costs that may be reimbursed include costs incurred directly related
16 to preparation and submission of the grant such as word processing services, proposal consulting
17 fees, project-related supplies, literature searches, rental of space or equipment related to the
18 proposal preparation, and salaries of individuals involved with the preparation of the proposals.
19 Costs that shall not be reimbursed include travel expenses, large equipment purchases, facility or
20 leasehold improvements, and legal fees.

21 (d) Application. – A business shall apply, under oath, to the EDC for a grant under this
22 section on a form prescribed by the EDC that includes at least all of the following:

23 (1) The name of the business, the form of business organization under which it is
24 operated, and the names and addresses of the principals or management of the business.

25 (2) An acknowledgement of receipt of the Phase I proposal by the relevant federal
26 agency.

27 (3) An itemized statement of the costs that may be reimbursed.

28 (4) Any other information necessary for the EDC to evaluate the application.

29 **42-64.15-2. Establishment of matching funds program.** – (a) There is established the
30 Rhode Island SBIR/STTR Matching Funds Program to be administered by the EDC. In order to
31 foster job creation and economic development in the state, the EDC may provide grants to
32 eligible businesses to match funds received by a business as a SBIR or STTR Phase I award and
33 to encourage businesses to apply for Phase II awards.

34 (b) Eligibility. – In order to be eligible for a grant under this section, a business must

1 satisfy all of the following conditions:

2 (1) The business must be a for-profit, Rhode Island-based business with twenty-five (25)
3 or fewer employees. For the purposes of this section, Rhode Island-based business is one that has
4 its principal place of business in this state.

5 (2) The business must have received an SBIR/STTR Phase I award from a participating
6 federal agency in response to a specific federal solicitation. To receive the full match, the
7 business must also have submitted a final Phase I report, demonstrated that the sponsoring agency
8 has interest in the Phase II proposal, and submitted a Phase II proposal to the agency.

9 (3) The business must satisfy all federal SBIR/STTR requirements.

10 (4) The business shall not receive concurrent funding support from other sources that
11 duplicates the purpose of this section.

12 (5) The business must certify that at least fifty-one percent (51%) of the research
13 described in the federal SBIR/STTR Phase II proposal will be conducted in this state and that the
14 business will remain a Rhode Island-based business for the duration of the SBIR/STTR Phase II
15 project.

16 (6) The business must demonstrate its ability to conduct research in its SBIR/STTR Phase
17 II proposal.

18 (c) Grant. – The EDC may award grants to match the funds received by a business
19 through a SBIR/STTR Phase I proposal up to a maximum of one hundred thousand dollars
20 (\$100,000). Seventy-five percent (75%) of the total grant shall be remitted to the business upon
21 receipt of the SBIR/STTR Phase I award and application for funds under this section. Twenty-
22 five percent (25%) of the total grant shall be remitted to the business upon submission by the
23 business of the Phase II application to the funding agency and acceptance of the Phase I report by
24 the funding agency. A business may receive only one grant under this section per year. A
25 business may receive only one grant under this section with respect to each federal proposal
26 submission. Over its lifetime, a business may receive a maximum of five (5) awards under this
27 section.

28 (d) Application. – A business shall apply, under oath, to the EDC for a grant under this
29 section on a form prescribed by the EDC that includes at least all of the following:

30 (1) The name of the business, the form of business organization under which it is
31 operated, and the names and addresses of the principals or management of the business.

32 (2) An acknowledgement of receipt of the Phase I report and Phase II proposal by the
33 relevant federal agency.

34 (3) Any other information necessary for the EDC to evaluate the application.

1 **42-64.15-3. Program guidelines.** – The EDC shall develop guidelines related to the
2 administration of the programs established by this chapter. At least twenty (20) days before the
3 effective date of any guidelines or nontechnical amendments to guidelines, the EDC must publish
4 the proposed guidelines on the EDC website and provide notice to persons who have requested
5 notice of proposed guidelines. In addition, the EDC must accept oral and written comments on
6 the proposed guidelines during the fifteen (15) business days beginning on the first day that the
7 EDC has completed these notifications. For the purpose of this section, a technical amendment is
8 either of the following:

- 9 (1) An amendment that corrects a spelling or grammatical error.
- 10 (2) An amendment that makes a clarification based on public comment and could have
11 been anticipated by the public notice that immediately preceded the public comment.

12 **42-64.15-4. Innovate Rhode Island Small Business Account established as a special**
13 **revenue fund.** – (a) Establishment. – The Innovate Rhode Island Small Business Account is
14 hereby established as a special revenue fund in the EDC.

15 (b) Purpose. – The Innovate Rhode Island Small Business Account ("IRISBA") shall be
16 used for the Rhode Island SBIR/STTR Incentive Program and the Rhode Island SBIR/STTR
17 Matching Funds Program, as specified in this chapter. Moneys in the IRISBA shall be allocated
18 as specified in this chapter in an amount not to exceed one million dollars (\$1,000,000).

19 **42-64.15-5. Reports.** -- The EDC shall publish a report on the use of funds in the
20 Innovate Rhode Island Small Business Account ("IRISBA") at the end of each fiscal quarter. The
21 report shall contain information on the commitment, disbursement, and use of funds allocated
22 under the (IRISBA). The report is due no later than one month after the end of the fiscal quarter,
23 and must be submitted to the following:

- 24 (1) The chairs of the house of representatives and senate finance committees.
- 25 (2) The fiscal offices of the general assembly.

26 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT - THE INNOVATE RHODE
ISLAND SMALL BUSINESS PROGRAM

1 This act would establish the Innovate Rhode Island Small Business Account and Program
2 within the EDC that would help Rhode Island small businesses apply for federal funds targeting
3 research and innovation and would match some or all of the federal funds awarded.

4 This act would take effect upon passage.

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