Stricken language would be deleted from and underlined language would be added to the Code of Arkansas Rules.

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Proposed Rulemaking

Title

Promulgated by:
Arkansas Economic Development Commission

Title 15. Natural Resources and Economic Development

Chapter VIII. Arkansas Economic Development Commission, Department of Commerce

Subchapter B. Economic Development Incentives

Part 141. Arkansas Small Business Innovation Research and Small Business Technology Transfer Matching Grant Program

Subpart 1. Generally

15 CAR § 141-101 Introduction.

(a) **Overview.**

(1)(A) The Arkansas Small Business Innovation Research Matching Grant Program, Acts 2017, No. 166, was created to stimulate innovation and growth among the state's technology businesses. In 2025, the program was amended by Act 2025, No. 440, expanding the program to include Small Business Technology Transfer grants.

(B) The program, administered by the ~~Division of Science and Technology of the~~ Arkansas Economic Development Commission, 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 and Small Business Technology Transfer grants, not to exceed:

(i) Fifty thousand dollars ($50,000) for Phase I awards; and

(ii) One hundred thousand dollars ($100,000) for Phase II awards.

(2) ~~Objectives~~ The objectives of the program are to:

(A) Create and retain high-tech jobs, especially high-wage jobs in middle-skill and high-skill occupations;

(B) Encourage innovative small businesses to engage in federally-funded research that has the potential for technological innovation and commercialization;

(C) Increase the amount of Small Business Innovation Research and Small Business Technology Transfer funds invested in Arkansas businesses; and

(D) Induce the retention, growth, and location of companies in Arkansas.

(b) **Program rule summary.**

(1) Eligible applicants shall submit completed applications on forms prescribed by the ~~division~~ commission to request grant funding from the program.

(2) The ~~Director of the Division of Science and Technology of the Arkansas Economic Development Commission, with advice from the Board of Directors of the Division of Science and Technology of the Arkansas Economic Development Commission~~commission~~,~~ shall review and approve, in whole or in part, or deny applications for Small Business Innovation Research and Small Business Technology Transfer grant funding~~recommend applications for grant funding to the Director of the Arkansas Economic Development Commission~~.

(3) Applicants receiving approval from the ~~Director of the Arkansas Economic Development Commission~~commission 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~~commission.

(5) Grantees shall submit final reports, upon full expenditure of program grant funds, in accordance with terms specified in the grant agreement.

(c) **Contact information.** For more information, please contact:

Arkansas Economic Development Commission

Small Business & Entrepreneurship Development Division~~Division of Science and Technology~~

1 Commerce Way, Suite 601
Little Rock, AR 72202
(501) 682-1121

15 CAR § 141-102. Definitions.

As used in this part:

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

(A) Is registered as a business entity in good standing with the Arkansas 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 or federal Small Business Technology Transfer 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 business office" means a facility or portion of a facility where the majority of an eligible business's financial, human resources, engineering, legal, strategic planning, information technology, corporate communications, marketing, or other headquarters-related functions are effectuated on either a regional basis or a national basis under the direction of principal executive officers, including, without limitation, chief executive officers, chief operating officers, chief financial officers, or other senior-level officers based at the facility; and

((~~4~~5) "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.~~

15 CAR § 141-103. Eligibility.

(a) **Applicants.** To be eligible to receive Arkansas Small Business Innovation Research or Small Business Technology Transfer Matching Grant Program funding, applicants shall:

(1) Submit a completed signed application, under forms provided by the ~~Division of Science and Technology of the Arkansas Economic Development Commission~~Arkansas Economic Development Commission;

(2) Meet the definition of "eligible business"; and

(3) Certify that:

(A) For Phase I applications, they have received a Small Business Innovation Research or Small Business Technology Transfer grant from a sponsoring agency in response to a specific federal solicitation;

(B) For Phase II applications, they have:

(i) Submitted a final Phase I Small Business Innovation Research or Small Business Technology Transfer report to the sponsoring agency;

(ii) Demonstrated that the sponsoring agency has interest in the Phase II Small Business Innovation Research or Small Business Technology Transfer proposal; and

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

(C) All federal Small Business Innovation Research or Small Business Technology Transfer grant requirements will be met;

(D) At least fifty-one percent (51%) of the program grant shall be spent in Arkansas;

(E) ~~They~~ The eligible business's primary operations shall remain in Arkansas for the duration of the matching grant ~~project~~award period;

(F) An Arkansas resident or employee will be designated as the principal investigator/project manager for the duration of the matching grant award period; and

(G) ~~They~~ The eligible business 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.

(b) **Eligible costs.** The ~~division~~ commission will review all expenditure requests prior to payment to ensure that costs are consistent with the terms and conditions of the grant agreement.

15 CAR § 141-104. Application process.

(a) **Application submittal.**

(1) To request Arkansas Small Business Innovation Research or Small Business Technology Transfer Matching Grant Program funds, eligible businesses shall, utilizing forms prescribed by ~~the Division of Science and Technology of~~ the Arkansas Economic Development Commission, submit a completed signed application with all supporting documentation to the ~~division~~commission.

(2) Applications shall include:

(A) A project title;

(B) Contact information;

(C) Proof of legal organization as a business entity in good standing in the State of Arkansas;

(D) A statement of work;

(E) Federal Small Business Innovation Research or Small Business Technology Transfer documentation, including:

(i) For Phase I applications, they have received a Small Business Innovation Research or Small Business Technology Transfer grant from a sponsoring agency in response to a specific federal solicitation; or

(ii) For Phase II applications:

(a) A final Small Business Innovation Research or Small Business Technology Transfer Phase I report submitted to the sponsoring agency;

(b) Documentation from the sponsoring agency indicating an interest in the Phase II proposal; and

(c) A copy of the Phase II Small Business Innovation Research or Small Business Technology Transfer proposal to the sponsoring agency;

(F) A summary of previous program awards;

(G) The amount of funding requested; ~~and~~

(H) Start and completion dates of the project; and

(I) Other information as requested by the commission.

(b) **Application review and approval.** No grant offer shall be made by the ~~Director of the Arkansas Economic Development Commission~~commission to an applicant until the applicant has completed the ~~following~~ review and approval process outlined in this subdivision.~~:~~

(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 Small Business Innovation Research or Small Business Technology Transfer documentation.~~;~~

(2) Incomplete or noncompliant applications will not be considered and shall be returned without further review.

~~(2)~~(3)(A) At its discretion, the ~~division~~ commission may request supplemental materials from the applicant.

(B) 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~~from the date of request by the commission unless a written extension is granted.~~;~~

~~(3) All applications meeting preliminary review requirements shall be forwarded to the board at least thirty (30) days prior to its next scheduled meeting;~~

(4) The ~~board~~ commission shall:

(A) Review each application in accordance with program rules; and

(B) After reviewing the applications, specify which applicants may receive grants and the amounts awarded. The decision to grant or deny applications, as well as the grant amount approved, is discretionary. Applicants may receive all or only a portion of the requested grant amount.

~~Forward, for each application reviewed, a recommendation to approve or disapprove the application to the Director of the Division of Science and Technology of the Arkansas Economic Development Commission~~;

~~(5) The Director of the Division of Science and Technology shall review each application in accordance with program rules and the advice and recommendation of the board;~~

~~(6) Upon completion of review, the Director of the Division of Science and Technology will provide preliminary funding recommendations to the Director of the Arkansas Economic Development Commission; and~~

~~(7)(A) The Director of the Arkansas Economic Development Commission, after reviewing Director of the Division of Science and Technology recommendations, will specify which applicants may receive grants.~~

~~(B)~~ (C) Unsuccessful applicants will be notified in writing ~~by the Director of the Division of Science and Technology~~.

~~(C)~~ (D) Approved applicants will be required to execute a grant agreement outlining the amount, terms, and conditions of the grant.

15 CAR § 141-105. Grant agreements.

(a)(1) Arkansas Small Business Innovation Research and Small Business Technology Transfer Matching Grant Program grants may be awarded, pending availability of funds, at the discretion of the Director of the Arkansas Economic Development Commission.

(2) 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.

(b) The amount of the grant shall be discretionary and may be for amounts less than requested.

(c) Grants may be funded from any source of funds allocated to the program.

~~(d) Grants will be executed according to the following process:~~

~~(1) Two (2) original copies of the grant agreement will be prepared by the Director of the Division of Science and Technology of the Arkansas Economic Development Commission and forwarded to the grantee for signature and return;~~

~~(2) Upon receipt of the signed grant agreements from the grantee, the Director of the Division of Science and Technology will prepare an approval letter and forward the grant agreements and the approval letter to the Director of the Arkansas Economic Development Commission for signature; and~~

~~(3)(A) One (1) original copy of the grant agreement will be forwarded to the grantee with the signed approval letter.~~

~~(B) One (1) original copy of the grant agreement will be retained by the Director of the Division of Science and Technology.~~

~~(e) Grantees shall not receive more than three (3) matching grants under this program.~~

~~(f)~~(d) Any material change to the scope of the project, including changes to the principal investigator or ~~/~~project manager, is subject to prior approval by the ~~Director of the Arkansas Economic Development Commission~~ commission.

~~15 CAR § 141-106. Confidential information.~~

~~(a) Applications submitted to the Division of Science and Technology of the Arkansas Economic Development Ccommission are subject to the Freedom of Information Act of 1967, Arkansas Code § 25-19-101 et seq.~~

~~(b) To the extent an applicant believes that information in an application is confidential or otherwise exempt under the Freedom of Information Act of 1967, Arkansas Code § 25-19-101 et seq., the applicant shall specifically designate in writing the:~~

~~(1) Information the applicant believes to be confidential or exempt; and~~

~~(2) Basis for the confidentiality or exemption on that portion of the application in which the information appears.~~

15 CAR § 141-106~~107~~. Reimbursement.

(a) Disbursements of matching grant funds shall be made on a reimbursable basis, payable when invoices and financial reports are submitted to the ~~Division of Science and Technology of the Arkansas Economic Development C~~commission~~Arkansas~~ Economic Development Commission.

(b) The ~~C~~commission may request additional documentation prior to reimbursement. Such information shall be provided to the ~~C~~commission within thirty (30) days of the request.

15 CAR § 141-107~~108~~. Final report.

(a) Grantees shall submit final reports, upon full expenditure of Arkansas Small Business Innovation Research or Small Business Technology Transfer Matching Grant Program grant funds, in accordance with terms specified in the grant agreement.

(b) Reports shall:

(1) Include a one-page nonproprietary executive summary describing the impact and positive effect of the receipt of program funds;

(2) 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;

(3) Provide an updated status of the project;

(4) Summarize the technical progress of the federal Phase I or Phase II Small Business Innovation Research or Small Business Technology Transfer project;

(5) State whether or not the grantee plans to continue the proposed research with its own or other resources such as venture capital funding;

(6) Summarize economic effects of the program on:

(A) Job creation;

(B) Project commercialization;

(C) Patent applications filed or approved subsequent to grant award; and

(D) Receipt of additional private or government funds; and

(7) Certify that all grant terms and conditions were met.

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15 CAR § 141-108. Confidential information.

(a) All information submitted to the Arkansas Economic Development Commission, including applications, presentation materials, invoices, and final reports, are subject to the Freedom of Information Act of 1967, Arkansas Code § 25-19-101 et seq.

(b) To the extent an applicant believes that information in an application or final report is confidential or otherwise exempt under the Freedom of Information Act of 1967, Arkansas Code § 25-19-101 et seq., the applicant shall specifically designate in writing the:

(1) Information the applicant believes to be confidential or exempt; and

(2) Basis for the confidentiality or exemption on that portion of the application or final report in which the information appears.

State of Arkansas
95th General Assembly
Regular Session, 2025

A Bill

SENATE BILL 218

By: Senator Irvin
By: Representative Steimel

For An Act To Be Entitled

AN ACT TO AMEND THE ARKANSAS SMALL BUSINESS INNOVATION RESEARCH MATCHING GRANT PROGRAM; AND FOR OTHER PURPOSES.

Subtitle

TO AMEND THE ARKANSAS SMALL BUSINESS INNOVATION RESEARCH MATCHING GRANT PROGRAM.

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

SECTION 1. Arkansas Code § 15-3-703(2), concerning the definitions to be used in relation to the Arkansas Small Business Innovation Research Matching Grant Program, is amended to read as follows:

(2) "Matching grant" means a discretionary grant of up to fifty percent (50%) of the amount of a federal Small Business Innovation Research grant <u>or Small Business Technology Transfer grant</u> for each approved matching grant application;

SECTION 2. Arkansas Code § 15-3-703(4), concerning the definitions to be used in relation to the Arkansas Small Business Innovation Research Matching Grant Program, is amended to read as follows:

(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 <u>and Small Business Technology</u>

Transfer grants through participating federal agencies.

SECTION 3. Arkansas Code §§ 15-3-704 — 15-3-707 are amended to read as follows:

15-3-704. 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~~ commission 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.

15-3-705. Eligibility.

(a) To be eligible for a matching grant under this subchapter, an applicant shall:

(1) Be an eligible business; and

(2) Certify that:

(A) The eligible business:

(i) For Phase I applications, has received a Small Business Innovation Research grant or a Small Business Technology Transfer 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 cognizant 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~~ award period;

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

15-3-706. 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 § 15-3-704.

(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~~ commission 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~~ commission under § 15-3-709; and

(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 Director of the Arkansas Economic Development Commission concerning the applications for matching grants reviewed by the division~~.

(d)(1) Applications submitted to the ~~division~~ commission 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.

15-3-707. 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 Director of the Arkansas Economic Development Commission; and

(B) Exceed fifty percent (50%) of the federal Small Business Innovation Research award or the Small Business Technology Transfer 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 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.

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

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

SECTION 4. Arkansas Code § 15-3-709 is amended to read as follows:

15-3-709. Rules.

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

APPROVED: 4/3/25