

1 SB338  
2 211730-1  
3 By Senator Reed  
4 RFD: Fiscal Responsibility and Economic Development  
5 First Read: 16-MAR-21

SYNOPSIS:            This bill would create the Innovate Alabama Matching Grant Program to provide matching grants to entities that have received federal Small Business Innovation Research or Small Business Technology Transfer Research grants, or both.

A BILL  
TO BE ENTITLED  
AN ACT

Relating to economic development; to add Article 21, commencing with Section 41-10-820, to Chapter 10, Title 41 of the Code of Alabama 1975, to create the Innovate Alabama Matching Grant Program; to provide matching grants to eligible businesses that have received federal Small Business Innovation Research or Small Business Technology Transfer Research grants, or both.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

1                   Section 1. Article 21, commencing with Section  
2                   41-10-820, is added to Chapter 10, Title 41 of the Code of  
3                   Alabama 1975, as follows:

4                   §41-10-820. Legislative findings.

5                   The Legislature finds and declares all of the  
6                   following:

7                   (1) The federal Small Business Innovation Research  
8                   and Small Business Technology Transfer Research programs  
9                   encourage innovative small businesses to engage in research  
10                  that has the potential for technological innovation and  
11                  commercialization.

12                  (2) Stimulating research and commercialization will  
13                  grow the Alabama economy by leveraging investment, creating  
14                  exportable products and services, and creating and retaining  
15                  high wage jobs in both moderately and highly skilled  
16                  occupations.

17                  (3) This state is not meeting its full potential in  
18                  terms of the number and amount of federal Small Business  
19                  Innovation Research and Small Business Technology Transfer  
20                  Research grants awarded.

21                  (4) An inducement, in the form of a matching grants  
22                  program, is needed to encourage Alabama businesses to apply  
23                  for federal Small Business Innovation Research or Small  
24                  Business Technology Transfer Research grants, or both, and to  
25                  realize the economic benefits of commercialized research.

26                  §41-10-821. Definitions.

1           For the purposes of this article, the following  
2 terms shall have the following meanings:

3           (1) CORPORATION. The Alabama Innovation Corporation  
4 created by Article 20, commencing with Section 41-10-800.

5           (2) FEDERAL AGENCY. An executive branch agency of  
6 the United States government which participates in the Small  
7 Business Innovation Research program, the Small Business  
8 Technology Transfer Research program, or both.

9           (3) RESEARCH INSTITUTION. Shall have the meaning  
10 given in 15 U.S.C. § 638(e) (8).

11           (4) SMALL BUSINESS INNOVATION RESEARCH. The grants  
12 and programs defined in 15 U.S.C. § 638(e) (4).

13           (5) SMALL BUSINESS TECHNOLOGY TRANSFER RESEARCH. The  
14 grants and programs defined in 15 U.S.C. § 638(e) (6).

15           §41-10-822. Innovate Alabama Matching Grant Program.

16           The corporation may make Small Business Innovation  
17 Research and Small Business Technology Transfer Research  
18 matching grants to entities as provided in this section.

19           (1) The corporation may establish priorities,  
20 guidelines, standards, and processes by which the matching  
21 grants contemplated in this article may be awarded.

22           (2) The corporation shall require interested  
23 entities to complete applications on forms issued by the  
24 corporation.

25           (3) If an entity is seeking a matching grant for a  
26 Small Business Innovation Research grant, the application  
27 shall demonstrate either of the following:

1           a. For a Phase I application, that the entity has  
2 received a Small Business Innovation Research grant from a  
3 federal agency in response to a specific federal solicitation.

4           b. For a Phase II application, that the entity has  
5 submitted a final Phase I report to the federal agency;  
6 submitted a Phase II proposal to the federal agency; and  
7 demonstrated that the federal agency has interest in the Phase  
8 II proposal, as shown in a letter of support from the federal  
9 agency.

10           (4) If the entity is seeking a matching grant for a  
11 federal Small Business Technology Transfer Research grant, the  
12 application shall demonstrate that the entity satisfies both  
13 of the following:

14           a. Has received a Small Business Technology Transfer  
15 grant from a federal agency in response to a specific federal  
16 solicitation.

17           b. Has entered into an agreement, as prescribed by  
18 the federal Small Business Technology Transfer Research  
19 program, with a research institution that is a public  
20 university in this state or Tuskegee University.

21           (5) Applications shall be considered by the board of  
22 the corporation. Upon the approval of the board, the  
23 corporation may grant available funds to entities in amounts  
24 not to exceed the lesser of either of the following:

25           a. Fifty percent of the relevant federal Small  
26 Business Innovation Research or Small Business Technology  
27 Transfer grant award to the entity.

1           b.1. For a matching grant awarded to match a federal  
2 Phase I award, one hundred thousand dollars (\$100,000); or

3           2. For a matching grant awarded to match a federal  
4 Phase II award, two hundred fifty thousand dollars (\$250,000).

5           (6) The amount and all terms and conditions of the  
6 grant shall be memorialized in a grant agreement between the  
7 corporation and the entity, which agreement shall include all  
8 of the following terms and conditions:

9           a. The amount of the grant, or the formula under  
10 which the amount is computed.

11           b. The specific use of grant monies paid by the  
12 corporation, which use shall not be the recoupment of a  
13 personal investment in the entity or the repayment of debt.

14           c. The condition that the entity shall have its  
15 primary place of business in this state, the place of  
16 residence of one of its top executives in this state, and the  
17 place of residence of at least 75 percent of its employees for  
18 a period of five years after the effective date of the grant  
19 agreement in this state.

20           d. The condition that the federal Small Business  
21 Innovation Research or Small Business Technology Transfer  
22 grants shall be actually received by the entity within a  
23 reasonable time set forth in the grant agreement.

24           e. The requirement that the default of the entity,  
25 under any provision of the grant agreement, shall result in  
26 the repayment of any monies paid to the entity by the

1 corporation, unless the entity should default because it  
2 ceases to be a going concern prior.

3 §41-10-823. Rules.

4 The corporation may adopt rules as necessary to  
5 implement and administer this article.

6 Section 2. This act shall become effective  
7 immediately following its passage and approval by the  
8 Governor, or its otherwise becoming law.