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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2013

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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, Ruggiero, Edwards, Abney, and Winfield

Date Introduced: April 11, 2013

Referred To: House Finance

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 Rhode Island Science and Technology Advisory Council (STAC). In order to foster job creation  
8 and economic development in the state, STAC may provide grants to eligible businesses to offset  
9 costs associated with applying to the United States Small Business Administration for Small  
10 Business Innovative Research (SBIR) grants or Small Business Technology Transfer Research  
11 (STTR) 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 and at least fifty-one percent (51%) of its employees residing in  
18 this state;

1           (2) The business must have submitted a qualified SBIR/STTR Phase I proposal to a  
2 participating federal agency in response to a specific federal solicitation;

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

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

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

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

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

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

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

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

28           (3) An itemized statement of the costs that may be reimbursed; and

29           (4) Any other information necessary for STAC to evaluate the application.

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

1 eligible businesses to match funds received by a business as a SBIR or STTR Phase II award, and  
2 to encourage businesses to apply for further Phase II and Phase III awards, respectively.

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

5 (1) The business must be a for-profit, Rhode Island-based business with twenty-five (25)  
6 or fewer employees. For the purposes of this section, Rhode Island-based business is one that has  
7 its principal place of business and at least fifty-one percent (51%) of its employees residing in this  
8 state;

9 (2) The business must have received an SBIR/STTR Phase I award from a participating  
10 federal agency in response to a specific federal solicitation. To receive the full Phase I matching  
11 grant, the business must also have submitted a final Phase I report, demonstrated that the  
12 sponsoring agency has interest in the Phase II proposal, and submitted a Phase II proposal to the  
13 agency. To receive the full Phase II matching loan, the business must also have submitted a final  
14 Phase II report, demonstrated that the sponsoring agency has interest in the Phase III proposal,  
15 and submitted a Phase III proposal to the agency;

16 (3) The business must satisfy all federal SBIR/STTR requirements;

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

19 (5) For a Phase I matching grant, the business must certify that at least fifty-one percent  
20 (51%) of the research described in the federal SBIR/STTR Phase II proposal will be conducted in  
21 this state and that the business will remain a Rhode Island-based business for the duration of the  
22 SBIR/STTR Phase II project. For a Phase II matching loan, the business must certify that at least  
23 fifty-one percent (51%) of the research described in the federal SBIR/STTR Phase III proposal  
24 will be conducted in this state and that the business will remain a Rhode Island-based business for  
25 the duration of the SBIR/STTR Phase III project; and

26 (6) For a Phase I matching grant, the business must demonstrate its ability to conduct  
27 research in its SBIR/STTR Phase II proposal. For a Phase II matching loan, the business must  
28 demonstrate its ability to conduct research in its SBIR/STTR Phase III proposal.

29 (c) Phase I Matching Grant. – STAC may award grants to match the funds received by a  
30 business through a SBIR/STTR Phase I proposal up to a maximum of one hundred thousand  
31 dollars (\$100,000). Seventy-five percent (75%) of the total grant shall be remitted to the business  
32 upon receipt of the SBIR/STTR Phase I award and application for funds under this section.  
33 Twenty-five percent (25%) of the total grant shall be remitted to the business upon submission by  
34 the business of the Phase II application to the funding agency and acceptance of the Phase I report

1 by the funding agency. A business may receive only one grant under this section per year. A  
2 business may receive only one grant under this section with respect to each federal proposal  
3 submission. Over its lifetime, a business may receive a maximum of six (6) awards under this  
4 section.

5 (d) Phase II Matching Loan. – STAC may award loans to match the funds received by a  
6 business through a SBIR/STTR Phase II proposal up to a maximum of three hundred thousand  
7 dollars (\$300,000) that must be secured by sufficient assets of the business. Seventy-five percent  
8 (75%) of the total loan shall be remitted to the business upon receipt of the SBIR/STTR Phase II  
9 award and application for funds under this section. Twenty-five percent (25%) of the total loan  
10 shall be remitted to the business upon submission by the business of the Phase III application to  
11 the funding agency and acceptance of the Phase I report by the funding agency. A business may  
12 receive only one loan under this section per year. A business may receive only one loan under this  
13 section with respect to each federal proposal submission. Over its lifetime, a business may receive  
14 a maximum of six (6) loans under this section.

15 (e) Application. – A business shall apply, under oath, to STAC for a grant or loan under  
16 this section on a form prescribed by STAC that includes at least all of the following:

17 (1) The name of the business, the form of business organization under which it is  
18 operated, and the names and addresses of the principals or management of the business;

19 (2) For a Phase I matching grant, an acknowledgement of receipt of the Phase I report  
20 and Phase II proposal by the relevant federal agency. For a Phase II matching loan, an  
21 acknowledgement of receipt of the Phase II report and Phase III proposal by the relevant federal  
22 agency; and

23 (3) Any other information necessary for STAC to evaluate the application.

24 **42-64.15-3. Establishment of bioscience internship program.** – (a) There is hereby  
25 established the Innovate Rhode Island Bioscience Internship Program to be administered by  
26 STAC. In order to promote workforce development and education in the bioscience fields and  
27 enhance the talent pipeline for Rhode Island businesses engaged in the biosciences, STAC may  
28 reimburse eligible bioscience companies for eligible internship stipends. The reimbursements  
29 shall be paid from the Innovate Rhode Island Small Business Account established in this chapter.

30 (b) Bioscience definition. – For the purposes of this section, “bioscience” shall mean  
31 advanced and applied sciences that expand the understanding of human physiology and have the  
32 potential to lead to medical advances or therapeutic applications.

33 (c) Business eligibility. – In order to be eligible for reimbursement under this section, a  
34 business must satisfy all of the following conditions:

1           (1) The business must be a for-profit, Rhode Island-based business with twenty-five (25)  
2 or fewer employees. For the purposes of this section, a Rhode Island-based business is one that  
3 has its principal place of business and at least fifty-one percent (51%) of its employees in this  
4 state;

5           (2) The business must be primarily engaged in a bioscience field and must demonstrate  
6 its ability to conduct research in bioscience;

7           (3) The business must host the internship in Rhode Island;

8           (4) The business must offer interns a hands-on learning experience and at least one  
9 mentor directly overseeing the internship; and

10          (5) Any two or more related businesses that are commonly controlled by any person or  
11 entity, directly or indirectly, are limited to reimbursement under this section available for one  
12 business only.

13          (d) Intern eligibility. – In order to be an eligible intern under this section, a prospective  
14 intern must satisfy all of the following requirements:

15           (1) The prospective intern must be a Rhode Island resident and must attend a college or  
16 university located in Rhode Island;

17           (2) For students enrolled in community college, the student must be enrolled in an  
18 Associate's Degree or Certificate program or completed one within the past year; for students  
19 enrolled in four-year college or university, the student must have or will have completed at least  
20 sophomore year the semester before the internship, or have graduated within the past year; for  
21 graduate students, the student must be enrolled in a Master's Degree program or received his or  
22 her Master's Degree within the past year;

23           (3) The intern cannot be the spouse, child, grandchild, sibling, niece, nephew, or spouse  
24 of a child, grandchild, sibling, niece, or nephew of any employee of the business;

25           (4) The intern cannot participate in more than one internship subsidized under this section  
26 in the same calendar year; and

27           (5) The intern cannot participate in more than two (2) internships subsidized under this  
28 section, over two calendar years, with the same business.

29          (c) Reimbursement. – STAC may reimburse eligible companies for pay rates up to  
30 twelve dollars (\$12) per hour for a total reimbursement of no more than three thousand dollars  
31 (\$3,000) per eligible intern in a bioscience internship program. Businesses may seek  
32 reimbursement for up to two (2) interns per calendar year. Interns shall be paid directly by the  
33 eligible business. Eligible businesses may seek reimbursement under this section by providing  
34 certification and proof of payment to STAC.

1           (d) Business application. – A business shall apply, under oath, to STAC to qualify for  
2 reimbursement under this section on a form prescribed by STAC that includes at least all of the  
3 following:

4           (1) The name of the business, the form of business organization under which it is  
5 operated, and the names and addresses of the principals or management of the business;

6           (2) Certification that the business meets the requirements for eligibility under this section;

7           (3) A description of the bioscience internship program that the business intends to offer;

8 and

9           (4) Any other information necessary for STAC to evaluate the application.

10          (e) Prospective intern application. – A prospective intern shall apply, under oath, to  
11 STAC to qualify for an internship under this section on a form prescribed by STAC that includes  
12 at least all of the following:

13           (1) The prospective intern’s name, address, college or university, program of study, year  
14 of study at the college or university, and degree of attainment;

15           (2) Certification that prospective intern meets the requirements for eligibility under this  
16 section;

17           (3) Proof of Rhode Island residency;

18           (4) Proof of enrollment in a college or university in Rhode Island or proof of having  
19 graduated from a college or university in Rhode Island within the past year;

20           (5) Resume and cover letter; and

21           (6) Any other information necessary for STAC to evaluate the application.

22          (f) Application process. – STAC may receive applications from businesses and  
23 prospective interns throughout the calendar year and make determinations relating to eligibility  
24 under this section. STAC may make available to eligible businesses the eligible intern  
25 applications. Eligible businesses looking to host interns may review applications, interview  
26 candidates, and select and hire interns according to their qualifications and the businesses’ needs.

27          **42-64.15-4. Program guidelines.** – STAC shall develop guidelines related to the  
28 administration of the programs established by this chapter. At least twenty (20) days before the  
29 effective date of any guidelines or nontechnical amendments to guidelines, STAC must publish  
30 the proposed guidelines on STAC website and provide notice to persons who have requested  
31 notice of proposed guidelines. In addition, STAC must accept oral and written comments on the  
32 proposed guidelines during the fifteen (15) business days beginning on the first day that STAC  
33 has completed these notifications. For the purpose of this section, a technical amendment is either  
34 of the following:

1           (1) An amendment that corrects a spelling or grammatical error.

2           (2) An amendment that makes a clarification based on public comment and could have  
3 been anticipated by the public notice that immediately preceded the public comment.

4           **42-64.15-5. Innovate Rhode Island Small Business Account established as a special**  
5 **revenue fund.** – (a) Establishment. – The Innovate Rhode Island Small Business Account is  
6 hereby established as a special revenue fund in STAC.

7           (b) Purpose. – The Innovate Rhode Island Small Business Account ("IRISBA") shall be  
8 used for the Rhode Island SBIR/STTR Incentive Program, the Rhode Island SBIR/STTR  
9 Matching Funds Program, and the Rhode Island Bioscience Internship Program, as specified in  
10 this chapter. Moneys in the IRISBA shall be allocated as specified in this chapter in an amount  
11 not to exceed two million dollars (\$2,000,000).

12           **42-64.15-6. Reports.** -- STAC shall publish a report on the use of funds in the Innovate  
13 Rhode Island Small Business Account ("IRISBA") at the end of each fiscal quarter. The report  
14 shall contain information on the commitment, disbursement, and use of funds allocated under the  
15 (IRISBA). The report is due no later than one month after the end of the fiscal quarter, and must  
16 be submitted to the following:

17           (1) The chairs of the house of representatives and senate finance committees.

18           (2) The fiscal offices of the general assembly.

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

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

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

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1           This act would establish the Innovate Rhode Island Small Business Program and Account  
2 within STAC 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, and would  
4 establish a bioscience internship program to promote workforce development and education in the  
5 bioscience fields.

6           This act would take effect upon passage.

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