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3 HOUSE BOARDS, AGENCIES, AND COMMISSIONS COMMITTEE SUBSTITUTE
4 FOR HB609

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

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15 A BILL
16 TO BE ENTITLED
17 AN ACT

18
19 Relating to economic development; to add Article
20 21, commencing with Section 41-10-820, to Chapter 10, Title 41
21 of the Code of Alabama 1975, to create the Innovate Alabama
22 Matching Grant Program; to provide matching grants to eligible
23 businesses that have received federal Small Business
24 Innovation Research or Small Business Technology Transfer
25 Research awards, or both.

26 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 awards.

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 awards, 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) SMALL BUSINESS INNOVATION RESEARCH. The awards
10 and programs defined in 15 U.S.C. § 638(e) (4).

11 (4) SMALL BUSINESS TECHNOLOGY TRANSFER RESEARCH. The
12 awards and programs defined in 15 U.S.C. § 638(e) (6).

13 §41-10-822. Innovate Alabama Matching Grant Program.

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

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

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

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

26 a. For a Phase I application, that the entity has
27 received a Phase I Small Business Innovation Research award

1 from a federal agency in response to a specific federal
2 solicitation.

3 b. For a Phase II application, that the entity has
4 received a Phase II Small Business Innovation Research award
5 from a federal agency in response to a specific federal
6 solicitation.

7 (4) If an entity is seeking a matching grant for a
8 Small Business Technology Transfer Research award, the
9 application shall demonstrate either of the following:

10 a. For a Phase I application, that the entity has
11 received a Phase I Small Business Technology Transfer Research
12 award from a federal agency in response to a specific federal
13 solicitation.

14 b. For a Phase II application, that the entity has
15 received a Phase II Small Business Technology Transfer
16 Research award from a federal agency in response to a specific
17 federal solicitation.

18 (5) Applications shall be considered by the board of
19 the corporation. For an entity seeking a matching grant under
20 subdivision (4), the corporation may give preference to
21 entities seeking matching grants which conduct funded research
22 in this state with HudsonAlpha Institute for Biotechnology,
23 Southern Research Institute, public or nonprofit colleges or
24 universities, community colleges, or any other entity located
25 in the state which is described in 15 U.S.C. § 638(e)(8). Upon
26 the approval of the board, the corporation may grant available

1 funds to entities in amounts not to exceed the lesser of
2 either of the following:

3 a. Fifty percent of the relevant federal Small
4 Business Innovation Research or Small Business Technology
5 Transfer award made to the entity.

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

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

10 (6) The amount and all terms and conditions of the
11 grant shall be memorialized in a grant agreement between the
12 corporation and the entity, which agreement shall include all
13 of the following terms and conditions:

14 a. The amount of the grant, or the formula under
15 which the amount is computed.

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

19 c. The condition that the entity shall have its
20 primary place of business in this state, the place of
21 residence of one of its top executives in this state, and the
22 place of residence of at least 75 percent of its employees for
23 a period of five years after the effective date of the grant
24 agreement in this state.

25 d. The requirement that the default of the entity,
26 under any provision of the grant agreement, shall result in
27 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 on the
7 first day of the second month following its passage and
8 approval by the Governor, or its otherwise becoming law.