

STATE OF NEW YORK

4507--A

2023-2024 Regular Sessions

IN ASSEMBLY

February 16, 2023

Introduced by M. of A. KELLES -- read once and referred to the Committee on Small Business -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the New York state urban development corporation act, in relation to establishing a matching grant program for certain small businesses receiving funding under the federal small business innovation research program or the small business technology transfer program

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Section 1 of chapter 174 of the laws of 1968, constituting
2 the New York state urban development corporation act, is amended by
3 adding a new section 52-a to read as follows:

4 § 52-a. Small business innovation research and small business technol-
5 ogy transfer matching grant program. 1. The corporation, in consultation
6 with the department of economic development's division for small-busi-
7 ness, shall establish a matching grant program to provide funds to small
8 businesses who have been awarded phase one or phase two grants under the
9 federal small business innovation research program or the small business
10 technology transfer program within the last four years. Such grants
11 shall be awarded based on a company's potential for commercialization
12 and job growth. As used in this section, "small business" shall have the
13 same meaning as provided for in section one hundred thirty-one of the
14 economic development law.

15 2. The matching grant program established pursuant to this section
16 shall be staged over a period of three years. The funding amounts for
17 such grant program shall be as follows:

18 (a) For small businesses that have been awarded phase one funding
19 under the federal small business innovation research program or the
20 small business technology transfer program, the amount shall be one

EXPLANATION--Matter in italics (underscored) is new; matter in brackets
[-] is old law to be omitted.

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1 hundred thousand dollars in year one, two hundred thousand dollars in
2 year two, and five hundred thousand dollars in year three.

3 (b) For small businesses that have been awarded phase two funding
4 under the federal small business innovation research program or the
5 small business technology transfer program, the amount shall be one
6 hundred thousand dollars in year one, two hundred thousand dollars in
7 year two, and five hundred thousand dollars in year three.

8 3. (a) In the first year of the program, twenty small businesses shall
9 be awarded grants of one hundred thousand dollars.

10 (b) In the second year of the program, ten small businesses shall be
11 chosen from the companies that were awarded a grant in the first year,
12 to receive grants in the amount of two hundred thousand dollars.

13 (c) In the third year of the program, four small businesses shall be
14 chosen from the companies that were awarded a grant in the second year,
15 to receive grants or equity, depending on the situation, in the amount
16 of five hundred thousand dollars.

17 4. (a) Such funds awarded pursuant to this section shall be used to
18 expedite commercialization and generally used to cover expenses not
19 allowed under the federal small business innovation research program or
20 the small business technology transfer program, including but not limit-
21 ed to business planning, commercialization, patents and marketing
22 studies in sales efforts.

23 (b) Companies applying to the federal programs named herein shall
24 receive a commitment letter from the corporation that may be included
25 in their applications to the small business innovation research program
26 or the small business technology transfer program or to be used to
27 secure grants from other funding sources. Such commitment letter shall
28 demonstrate contingent state support, and therefore increasing their
29 likelihood of receiving federal funding. State matching grants shall
30 only be provided to small businesses that are selected for an award
31 through the federal small business innovation research program or the
32 small business technology transfer program.

33 5. Such funds shall be awarded on condition that the small business
34 recipient remains headquartered and operates or manufactures in the
35 state for at least five years following the successful commercialization
36 of the business's product or products. Any small business that has
37 received funding under this program that is not headquartered and oper-
38 ates or manufactures in the state for at least five years following the
39 successful commercialization of the business's product or products shall
40 return all grant awards to the state. If the small business ceases oper-
41 ations before five years after the commercialization of its product or
42 products, such business shall be eligible for a waiver of this clawback
43 provision, as determined by the corporation, in consultation with the
44 department of economic development's division of small business.

45 6. The corporation, in consultation with the department of economic
46 development's division for small business, shall establish the form and
47 manner in which applications for grant awards shall be submitted and
48 shall establish guidelines for the grant program. Preference for grant
49 awards shall be for applicants that can demonstrate to the satisfaction
50 of the corporation that: (a) green and sustainable development is a
51 priority in their business planning, operations or manufacturing. For
52 the purposes of this section, "green and sustainable development" shall
53 mean a business model that promotes the use of products or product
54 components, manufactures, develops technologies or processes that are
55 primarily targeted at reducing greenhouse gas emissions or supporting
56 the use of clean energy in a socially equitable manner;

1 (b) such grant awardees' business headquarters and operations or manu-
2 facturing shall be located in New York state; and

3 (c) grant awardees shall certify to the corporation that future
4 research and development shall be performed principally in this state.

5 The corporation shall review each application for compliance with the
6 eligibility criteria and other requirements set forth in the program
7 guidelines established by the commissioner. The corporation may approve
8 or reject each application or may return an application for modifica-
9 tions, if necessary.

10 7. The corporation, beginning on June first, two thousand twenty-four,
11 and annually thereafter, provided program funds remain, shall submit a
12 report to the governor, the temporary president of the senate, and the
13 speaker of the assembly. Such annual report shall include, but need not
14 be limited to: the number of applicants by stage; the number of appli-
15 cants approved to receive grants; the total amount of grants awarded and
16 the average amount of such grants awarded; and such other information as
17 the corporation determines necessary and appropriate. Such report shall
18 be included on the corporation's website and any other publicly accessi-
19 ble state databases that list economic development programs, as deter-
20 mined by the corporation.

21 § 2. This act shall take effect one year after it shall have become a
22 law. Effective immediately, the addition, amendment and/or repeal of any
23 rule or regulation necessary for the implementation of this act on its
24 effective date are authorized to be made and completed on or before such
25 effective date.