

**New Mexico Small Business Innovation
Research Grant**

**NM SBIR/STTR
Grant**



POLICY MANUAL

Fiscal Year 2022

(July 1, 2021 – June 30, 2022)

PROGRAM OVERVIEW

Introduction

Federal Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) grants are competitive federal grants that support small businesses engaged in research and development (R&D) with potential for commercialization. SBIR grants cover costs associated with R&D, but do not cover expenses related to business development. Ineligible costs under an SBIR include marketing and salaries for employees related to business operations.

The New Mexico SBIR/STTR Grant provides recipients additional resources to commercialize the technology developed with federal funding. This program leverages the Federal funding that SBIR/STTR recipients, whose technologies have been vetted by national experts and have been awarded for proof-of-concept and R&D activities. State-level matching programs nationwide are found to lead to follow-on funding, stimulate business growth and expansion, generate wealth, increase tax revenue and commercial viability of the receiving firms.

Program Objectives

The funding provided through the NM SBIR/STTR grants is intended to accelerate commercialization of technologies developed with federal SBIR/STTR grant awards. These awards will fund New Mexico headquartered technology companies with the goal of market entry, customer acquisition, business expansion, and job creation. **Every eligible NM SBIR/STTR application will be evaluated based on these objectives.**

Recruitment, retention and expansion, or creation of jobs in economic-base businesses.

An economic-base business is one that manufactures a product in New Mexico (example: manufacture wire harnesses in New Mexico for sale in California). A business that provides a non-retail service with a minimum of 50% of its revenue coming from a customer base outside of New Mexico is also included (example: payroll company in New Mexico providing services to clients throughout the USA). Economic-base businesses bringing new money into the local economy from outside of the area - generally considered to be out of state.

Develop the tax base.

More jobs in a community leads to more revenue for the community as employees spend money in local businesses. The businesses and the employees pay property and sales taxes. This will result in more money to enhance government-funded community services that contribute to the quality of life – everything from libraries to roads.

Developing the tax base does not require increasing taxes. On the contrary, developing the tax base is about creating more assets on the tax rolls (e.g., new or improved business properties, more properties generating tax revenue) to spread the cost of operations across more entities.

Encourage Business Development

Most jobs and investment come from expanding an existing business, but every business starts small – sometimes as just one person with an idea. Business growth involves providing advice, support, and resources to enable new businesses to start up; small businesses to grow; medium businesses to expand; large businesses to diversify; and all businesses to succeed. Incubators, business accelerators, and shared workspaces help business get off the ground. Programs that provide network development, technology assistance, training and marketing are used to encourage business development.

Program Administration

The NM SBIR/STTR Grant Program is administered by the New Mexico Economic Development Department (EDD) Office of Science & Technology. Eligible businesses will submit applications online.

Applications will be evaluated by EDD staff, and the Technology Research Collaborative (TRC) board and final approvals will be determined by the EDD Office of the Secretary.

Funding Opportunity

The NM SBIR/STTR grant is a competitive grant opportunity. Projects may be awarded up to \$100,000 for businesses with an active SBIR/STTR Phase II grant and up to \$25,000 for businesses with an active SBIR/STTR Phase I. Funding will be awarded through a cost reimbursement grant agreement. EDD will reimburse the Project applicant for work performed and/or costs incurred by the applicant up to the total amount specified in the grant. Reimbursement will be made upon completion of the Project and submittal of a Project report.

Eligible Applicants

Businesses that may apply to participate in the NM SBIR/STTR Grant:

- Must have an **Active federal SBIR/STTR Phase I or Phase II award**.
- Eligible applicants must attend the SBIR Grant Kick-Off webinar
- Must be headquartered in New Mexico
- Must have a NM CRS Tax ID, a physical NM address, EIN number, and NAICS code. (The business' staff must be physically present in the state and occupy a physical space).
Businesses with a Virtual headquarters in New Mexico or a business with more than 40% of their staff outside the state will not be considered.
- Must be a for-profit technology business (A technology business creates a technology-based device, software, etc.)
 - Technology-enabled companies will not be considered. (i.e. a company that uses technology to sell a service or product that is not a device/software.)
 - Examples of technology enabled companies (ineligible) include, but are not limited to the following:
 - *Business A is a small New Mexico business that has received technical assistance from a national laboratory to improve the process of compacting wood chips to build a dining table. Business A sells products like dining tables derived from wood using their improved process developed with assistance from the New Mexico Small Business Assistance Program.*
 - *Business B is a small New Mexico business that consults with private sector technology companies and universities to connect employees with job opportunities.*
 - *Business C is a small New Mexico business that is technically a home builder/construction company but builds LEED-(Leadership in Energy and Environmental Design) certified homes.*
- Must provide a screenshot/printout of New Mexico Business Tax ID Status Verification via the New Mexico Taxation and Revenue Taxpayer Access Point (TAP).
 1. Go to https://tap.state.nm.us/TAP/_/#1
 2. Scroll down to "Businesses"
 3. Select "Check New Mexico Business Tax ID Status"
- Must certify they do not have overdue tax debt or are not a party to any claim or lawsuit.

- Must certify that at least fifty-one percent (51%) of the activities conducted under the federal SBIR award grant and thirty-one percent (31%) of the state level funds will be performed in New Mexico.
- Must agree to all reporting and claw-back requirements.
- Applicants having been awarded NM SBIR awards will not be eligible to reapply until they have successfully completed and implemented the project funded by previous awards.

Application

The link to the online application for New Mexico SBIR/STTR grant will be posted via EDD's social media pages and the EDD's Office of Science & Technology's webpage (gonm.biz/OST)

- Applications must be submitted electronically.
- Instructions and guidelines will be available within the online application.
- Portions of the application uploading documentation (i.e NM Business Tax ID Status Verification)
- Applications must be submitted no later than Friday October 29, 2021 at 5:00 pm.

Eligible Funding Use

- Funds can be used for expenses such as intellectual property assessment, patent filing, outside lab testing and validation, regulatory assessment and certifications, meeting with customers, partners, investors, attend trade shows (no more than 10% of total awarded funds), market research and data acquisition.

Ineligible Funding Use

- Payroll expenses
- Research & Development
- Materials or supplies over \$100
- Alcohol, drugs, food, etc.
- Laboratory or Business Equipment

Evaluation

- All submissions will be evaluated on a competitive criterion. This includes but is not limited to criteria that evaluates the business eligibility, proposal (work plan, feasibility, etc.), technology and market readiness (market need, technology impact, etc), and the business' long-term success (qualified management team, proposed use of state funding, business exit strategy, ability to attract follow-on investment funding, create new jobs, etc.)

Application Review Process

- EDD's Office of Science & Technology will review all applications to verify eligibility for NM SBIR Grant funding.
- Eligible applicants must attend the SBIR Grant Kick-Off webinar
- Eligible applications will be evaluated by EDD's Technology Research Collaborative (TRC) Board.
- Selected applicants may be asked to give a 10-minute presentation held either in person or virtually and board members will have the opportunity to ask the applicants questions.
- Upon completion of applicant presentations, the TRC Board will make grant award recommendations.
- The EDD Office of the Secretary will make final award decisions subject to available funding.

Award

- Awardees must submit a State of New Mexico W-9 to become a vendor with the State of New Mexico EDD to receive grant payments. EDD will send out W-9 form to all awardees via email.
- Awardees interested in setting up direct deposit will also need to provide a VOIDed check.
- Awardees will receive payment on a cost-reimbursement basis. No more than 3 payments will be issued during a fiscal year. Awarded businesses must submit receipts along with their invoices for activities/milestones met and approved in the grant agreement.

All applicants will be notified by the EDD Office of Science & Technology on the final award decisions. The number of businesses that may receive NM SBIR grants will vary based on funding availability.

Grant Agreement

- EDD will prepare the grant agreement and deliver electronically to applicants for signature. Electronic signatures are acceptable.
- The signed grant agreement must be returned to EDD for execution by EDD authorities. The agreement is effective as of the date signed by EDD's Cabinet Secretary. A fully executed copy of the Agreement will be delivered to the applicant electronically. The applicant should not begin work on the Project prior to the effective date.
- Applicants with NM SBIR grants awarded in the prior fiscal years must be in good standing with EDD to be considered for additional funding. Failure to successfully complete and implement the project funded by the previous award and to submit the final report and invoice may negatively impact future participation.
- Applicants must agree to use EDD's logo on their website and marketing materials for funds used to attend conferences, build websites, presentations, etc., and provide a link to EDD's website on the company website.

Project Reporting

- Applicants must submit a short update on milestones completed, in progress, and pending at the same time invoices and receipts are submitted.
- Upon completion of the Scope of Work, the applicant must submit a final report to the Economic Development Department's Office of Science & Technology. Final reports must be received on or before **June 30, 2022**. The final report will include project costs, the use of NM SBIR funds; measures of project outcomes; and a description of project impact on the state. If all milestones are completed prior to June 30, 2022, then the final report must also be submitted at that time. The final report will be submitted electronically.
- Grantees will provide EDD with documentation to support the costs and outcomes identified in the scope of work.
- EDD may request informal interim progress reports. Grantees are required to respond within the deadline indicated in the request.

Project Reimbursement and Closeout

- Grantees may request payment for the grant award by submitting an invoice for reimbursement electronically. Grantees will provide EDD with documentation to support the costs and outcomes identified in the invoice. Up to three (3) reimbursements may be requested during the project period. Invoices must be received on or before **June 30, 2022**. If the final invoice is submitted before June 30, 2022, then the final report must also be submitted at that time.

Key Dates

October 5, 2021: SBIR FY22 Kick-Off Webinar, 1:00- 1:30pm- attendance required for all applicants applying.

October 6, 2021: Online applications open—The link to online application will be made available and the link will be posted to OST website and advertised via EDD’s social media pages.

October 29, 2021, 5:00 pm: Online Applications due

November (early-mid): Project Presentations for selected companies (virtual)

November 2021: Funding recommendations will be submitted to EDD for consideration and final decision.

Last week of November- early December:

- Notices of award or denial, grant agreements and award packets will be sent out via the EDD Office of Science & Technology.
- Awarded applicants must submit a SoNM W-9 and ACH information
- Awarded projects may begin work as soon as grant agreement is fully executed.

June 30, 2022: Awarded projects must be completed—

- Final invoices and end of year reports due.