



# MONTGOMERY COUNTY EXECUTIVE REGULATION

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

<b>Subject</b> Small Business Innovation Research and Small Business Technology Transfer Matching Grant Program	<b>Number</b> 2-23
<b>Originating Department</b> Finance	<b>Effective Date</b> June 11, 2023

Montgomery County Regulation on:

## **SMALL BUSINESS INNOVATION RESEARCH AND SMALL BUSINESS TECHNOLOGY TRANSFER MATCHING GRANT PROGRAM**

Department of Finance

Issued By: County Executive

Regulation Number: 2-23

COMCOR 20.75 and 20.76E

Authority: Montgomery County Code, Sections 20.75 and 20.76E

Council Review: Method 2 Under Code Section 2A-15

Register Volume 39, Issue 5

Sunset Date: July 1, 2025

Effective Date: June 11, 2023

**SUMMARY:**

This regulation establishes policies and procedures for the administration of the Small Business Innovation Research and Small Business Technology Transfer (“SBIR/STTR”) Matching Grant Program.

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Rockville, Maryland 20850

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**BACKGROUND INFORMATION:** The Small Business Innovation Research and Small Business Technology Transfer Matching Grant Program has been created as a sub-program of the Economic Development Fund to assist certain businesses conducting research in medicine, biotechnology, or life sciences that are located in the County and have been awarded an SBIR or STTR Phase I or Phase II grant, or who require assistance in the preparation of an application for their initial Phase I SBIR or STTR grant award.

**Section 1. AUTHORITY**

In accordance with the procedures authorized in Section 20-76E of the Montgomery County Code 2014, as amended, the following Executive Regulation establishes an award process and criteria to administer the Small Business Innovation Research and Small Business Technology Transfer Matching Grant Program as a sub-program of the Economic Development Fund.

**Section 2. DEFINITIONS.** For purposes of this Regulation, the following words have the following meanings unless the context clearly indicates otherwise.

- A. Director means the Director of Finance or the Director's designee.
- B. Small Business Innovation Research Grant or SBIR means the congressionally-mandated set-aside program by that name for U.S. small businesses to engage in research and development that has a strong potential for commercialization.
- C. Small Business Technology Transfer Grant or STTR means the congressionally-mandated set-aside program by that name to foster technology transfer through cooperative research and development between U.S. small businesses and research institutions.
- D. Phase 0 Applicants means those County small businesses conducting research in medicine, biotechnology, or life sciences that are preparing to apply for their first SBIR or STTR Phase I award.
- E. Qualified Reimbursable Expenses means business expenditures related to the completion and filing of a SBIR or STTR Phase I or Fast Track grant application, including technical assistance as defined



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below.

- F. Technical Assistance means support services to train companies to write and submit successful SBIR/STTR grant applications.
- G. Investment Assistance means support to guide companies with fundraising, planning, and execution process (i.e., developing/validating the company's business model, financing plan, pitch decks, etc.
- H. Commercialization Assistance means support to guide companies from the idea/lab to market including developing a minimum viable product, regulatory and reimbursement planning if relevant, and path to market.

### Section 3. PROGRAM DESCRIPTION

Montgomery County companies that have been awarded a SBIR or STTR Phase I or Phase II grant, or that are seeking to apply for their first Phase I grant award may apply for a Small Business Innovation Research and Small Business Technology Transfer Matching Grant. These grants are in the form of conditional grants, the terms and conditions of which must be specified in a written agreement between the County and the grant recipient. The Director of Finance must pay, subject to appropriation, an SBIR or STTR Matching Grant to a business that meets certain eligibility standards.

### Section 4. ELIGIBILITY FOR THE SBIR OR STTR MATCHING GRANT

A business is eligible to receive the Phase I or Phase II matching grant if:

The Business is currently in Good Standing with the Maryland Department of Assessments and Taxation (SDAT).

The business has been awarded an SBIR or STTR Phase I or Phase II grant for the current calendar year.

The SBIR or STTR grant assists the business in conducting research in medicine, biotechnology, or life sciences.



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At least 51% of this research and development being conducted is located in Montgomery County.

The SBIR or STTR awardee meets the following eligibility criteria as applicable to the respective SBIR or STTR phase awarded:

SBIR/STTR Phase	Maximum Number of Employees	Years in Operation	Maximum Number of Prior SBIR/STTR Awards	County-Based Research and Development Operations
I	20	≤ 5 Years	Phase I – 2; Phase II - 0	≥ 51%
II	20	≤ 7 Years	Phase I – 4; Phase II - 1	≥ 51%

Section 5. ELIGIBILITY FOR THE PHASE 0 GRANT

A business is eligible to receive the Phase 0 grant if:

The business is in Good Standing with the SDAT.

The business has Qualified Reimbursable Expenses related to a submitted SBIR/STTR Phase 1 proposal.

The SBIR or STTR grant will assist the business in conducting research in medicine, biotechnology, or life sciences.

At least 51% of this research and development being conducted is located in Montgomery County

The Phase 0 applicant meets the following criteria:



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SBIR/STTR Phase	Maximum Number of Employees	Years in Operation	Maximum Number of Prior SBIR/STTR Awards	County-Based Research and Development Operations
0	20	≤ 5 Years	0	≥ 51%

**Section 6. MATCHING GRANT AMOUNTS AND ELIGIBLE USES OF MATCHING GRANT FUNDS**

- A. Eligible Phase 0 Applicants may receive a grant up to \$5,000 for Qualified Reimbursable Expenses incurred in the submission of a Phase I application. The Phase I application must be submitted to the relevant Federal department or agency for a Phase 0 applicant to be reimbursed for the Qualified Reimbursable Expenses. There is a limit of two (2) Phase 0 grants per company to pursue Phase I awards.
- B. Eligible SBIR or STTR Phase I Matching Grant applicants may receive a matching grant of \$25,000, Fifty percent (50%) of the matching grant amount may be used for reimbursement of the awardee’s incurred expenses attributable to technical assistance, investment assistance, or commercialization assistance as defined in Section 2 of this Executive Regulation. The applicant may not use the matching grant for any expenditures reimbursed by Federal or State funding sources.
- C. Eligible applicants of a SBIR or STTR Phase II grant may receive a matching grant of \$50,000, with Fifty percent (50%) of the matching grant amount may be used for reimbursement of the awardee’s incurred expenses attributable to technical assistance, investment assistance, or commercialization assistance as defined in Section 2 of this Executive Regulation. The applicant may not use the matching grant for any expenditures reimbursed by Federal or State funding sources.
- D. All Phase 0 Grants or SBIR or STTR Phase I or Phase II Matching Grants awarded are subject to annual appropriation and availability of funds for the Program.

**Section 7. PROCESS AND ADMINISTRATION**



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- A. A program manager will be designated by the Director of Finance to administer the SBIR/STTR Matching Grant Program.
- B. SBIR/STTR Matching Grant Program funds shall be allocated, subject to appropriation, as follows:
  - i. Program funds appropriated will be divided equally between each of the Program’s two application periods per calendar year as described below in Section 7.C. The initial allocation for each Matching Grant Phase will be:
    - 20% of the initial appropriation for Phase 0 Grants
    - 40% of the initial appropriation for Phase 1 Grants
    - 40% of the initial appropriation for Phase 2 Grants
  - ii. However, Program funds may be reallocated among each of the three Grant phases and different application periods due to applicant demand and/or the discretion of the Director.
- C. Application Submissions - There initially will be two application periods for the Program per calendar year, commencing August 11 and February 15. However, the number and date of annual application periods may be changed after adequate public notice due to applicant demand and/or the discretion of the Director.

Applications must be complete and submitted online via the County’s Business Center website at [www. MontgomeryCountyMD.gov/Business](http://www.MontgomeryCountyMD.gov/Business). Applications will be automatically date and time stamped in order of submission and awards will be made to qualified applicants within a given category on a first come-first served basis.

- D. Phase 0 Grant and SBIR or STTR Phase I or Phase II Matching Grant awardees will be sent a formal letter offering, subject to a formal agreement, County funds as a conditional grant and stipulating the performance conditions the awardee must satisfy for the conditional grant to be converted to a permanent grant. Performance conditions must include the following:



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- i. The awardee must use the County’s matching grant for purposes related to its SBIR or STTR grant and Phase I and Phase II awardees must provide the County with a proposed budget for how it plans to use the County’s conditional grant funds in relation to the SBIR or STTR grant it was awarded.
- ii. The awardee must continue to conduct at least 51% of its research and development operations within the County for a minimum of two years from the date of the disbursement of the County’s conditional matching grant.
- iii. The awardee must submit an annual report to the County, certified by an officer or director with appropriate authority, stating that the information provided is true and accurate. The annual report must also contain the following:
  - (a) Expenditures of County Matching grant funds received in relation to the SBIR or STTR grant awarded and identifying any changes to the use of County funds originally proposed by the awardee at disbursement of the County’s matching grant.
  - (b) A copy of the most recent lease payment or property tax bill to confirm occupancy within the County.
  - (c) A copy of any Progress Reports required by the issuer of the SBIR/STTR grant for the term of the County’s conditional grant.
  - (d) High level summary of basic information about the company including: Leadership team (names, titles), Business phone and email address, # of employees at the date of SBIR/STTR grant application and at the date of report submission; private or public funding received at the date of the grant application and date of report submission, summary of research focus (e.g. indication) progress and/or pipeline.

**Section 8. MATCHING GRANT FUNDING AND DISBURSEMENT**

- A. If a Matching Grant awardee’s matching grant amount exceeds the remaining appropriated funds for the Program for that fiscal year the awardee may receive an amount less than awarded. Should additional funds be appropriated during that fiscal year the Matching Grant awardee will receive the



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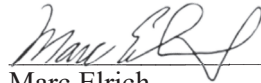
<b>Subject</b> Small Business Innovation Research and Small Business Technology Transfer Matching Grant Program	<b>Number</b> 2-23
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remaining amount of the Matching Grant that was previously unfunded.

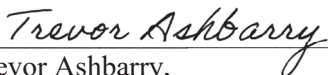
- B. If a Matching Grant awardee’s matching grant amount exceeds the remaining appropriated funds for the Program for that fiscal year, the awardee may receive the remaining unfunded balance of their Matching Grant from the Program’s appropriation for following fiscal year, irrespective of the appropriate SBIR/STTR grant phase. Unfunded Matching Grants for the prior fiscal year will be prioritized and funded before funds are awarded to current fiscal year awardees.

Section 9. EFFECTIVE DATE

This Executive Regulation takes effect upon approval by the County Council.

 4/11/2023  
 Marc Elrich  
 County Executive

Approved as to form and legality:

  
 Trevor Ashbarry,  
 Chief, Finance and Procurement

4/11/23  
 Date