

# **New Mexico Science & Technology Business Start-up Grant**



**POLICY MANUAL**  
**Fiscal Year 2024**  
**(July 1, 2023 – June 30, 2024)**

## **PROGRAM OVERVIEW**

### **Introduction**

The New Mexico Science & Technology (S&T) Business Start-up grant is a competitive state funded grant that supports small businesses engaged in research and development (R&D) with the potential for commercialization of their technology. The S&T grants assist early-stage companies developing a unique product with strong growth potential. These funds may be used to cover expenses related to business development such as marketing, customer acquisition, patent filing fees, conference travel, etc. This grant provides recipients much needed resources to commercialize their technology in their company's early stage.

### **Program Objectives**

The funding provided through the NM S&T grants is intended to assist early-stage technology companies to commercialize their technologies and continue to do business in New Mexico. 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 S&T 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 S&T Grant Program is administered by the New Mexico Economic Development Department (EDD) Office of Strategy, Science, & Technology. Eligible businesses will submit applications online.

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

### **Funding Opportunity**

**The NM S&T grant** is a competitive grant opportunity. Projects may be awarded up to \$25,000. 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 S&T Business Start-up Grant:

- Must be headquartered in New Mexico.
- Must have a NM CRS Tax ID, a physical NM address, EIN number, and a valid NAICS code corresponding to a science/technology business. (The business's staff must be physical 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.) with a focus on aerospace, bioscience, cybersecurity, intelligent manufacturing, or sustainable and green energy.
  - 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 STEM graduates with STEM careers.*
    - *Business C is a small New Mexico business that is technically a home builder/construction company, but I build LEED-certified homes (Leadership in Energy and Environmental Design).*
- 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](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 agree to all reporting and claw-back requirements.

Past NM S&T grant awardees are eligible to reapply for the NM S&T grant after two years from the date their past grant agreement was fully executed.

### **Application**

The link to the online application for NM S&T grant will be posted via EDD's social media pages and the [EDD's Office of Strategy, Science & Technology's webpage](#).

- Applications must be submitted electronically.
- Instructions and guidelines will be available within the online application.
- Portions of the application include uploading documentation (i.e NM Business Tax ID Status Verification)
- Applications must be submitted no later than **September 4, 2023, 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 for employees
- Research & Development
- Materials or supplies over \$100
- Alcohol, drugs, food, etc.

### **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.), business funding from two or more sources (i.e. angel investment, venture capital investment, grants, sales, revenue etc.), proposed use of funds used for business development expenses only, and number of new hires within the last two years.

### **Application Review Process**

- EDD's Office of Strategy, Science, & Technology will review all applications to verify eligibility for NM S&T Grant funding.
- 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. Awarded businesses must submit receipts along with their invoice for activities/milestones met and approved in the grant agreement.

All applicants will be notified by the EDD Office of Strategy, Science, & Technology on the final award decisions. The number of businesses that may receive NM S&T 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 S&T grants awarded in the prior fiscal years must be in good standing with EDD to be considered for additional funding. Failure to successfully completed 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.

### **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 Strategy, Science, & Technology. Final reports must be received on or before **June 30, 2024**. The final report will include project costs, the use of NM S&T funds; measures of project outcomes; and a description of project impact on the state. If all milestones are completed prior to **June 30, 2024**, 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.
- EDD may request annual updates on follow-on funding received after completion of the grant. Grantees must respond within the deadline indicated in each request for a period of five years in order to remain in good standing with the department – failure to respond may negatively impact future participation in EDD programs.

### **Project Reimbursement and Closeout**

- Grantees may request payment for the grant award by submitting invoices for reimbursement electronically. Grantees will provide EDD with documentation to support the costs and outcomes identified in the invoices. Invoices must be received on or before **June 30, 2024**. If the final invoice is submitted before June 30, 2024, then the final report must also be submitted at that time.

### **Key Dates**

**August 14, 2023:** Online applications open – link to application will be available on OSST website and shared via EDD social media.

**September 4, 2023, 5:00 pm:** Online applications due

**September 2023:** Project Presentations (virtual) and funding recommendations will be submitted to EDD Cabinet Secretary for consideration and final decision.

**October 2023:**

- Notices of award or denial, grant agreements and award packets will be sent out via the EDD Office of Strategy, 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, 2024: Awarded projects must be completed –**

- Final invoices and end of year reports due.