

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS**  
**RHODE ISLAND COMMERCE CORPORATION**  
**NOTICE OF RULE-MAKING**

Pursuant to the provisions of R.I. Gen. Laws § 42-35-3, as amended, the Rhode Island Commerce Corporation (the "Corporation") hereby gives notice of its intent to adopt rules and regulations, entitled **Rules and Regulations for the Innovation Network Matching Grant Program** (the "Rules").

The Rules implement the newly-enacted Innovation Network Matching Grant program, which is designed to provide grants to organizations for projects that offer technical assistance, space on flexible terms, and/or access to capital to Rhode Island small businesses in certain industries. Those industries are life sciences, health care, food and agriculture, clean technology, energy efficiency, cyber security, and other industries designated from time-to-time by the Corporation. The minimum grant amount is \$50,000, and an organization applying for a grant must commit other funding or in-kind contributions to the project to qualify.

The Rules are available for public inspection at [www.sos.ri.gov/ProposedRules/](http://www.sos.ri.gov/ProposedRules/), [www.commerceri.com](http://www.commerceri.com), in person at the Rhode Island Commerce Corporation, 315 Iron Horse Way, Suite 101, Providence, Rhode Island 02908, or by request by e-mail to [sherri.carrera@commerceri.com](mailto:sherri.carrera@commerceri.com), or by calling Sherri Carrera at (401) 278-9100.

In development of the proposed Rules consideration was given to: (1) alternative approaches; (2) overlap or duplication with other statutory and regulatory provisions; and (3) economic impact on small businesses. Based upon available information, the Corporation has determined that there is no alternative approach that would be as effective and less burdensome nor any overlap or duplication with any other state regulation.

All interested parties are invited to submit written or oral comments concerning the proposed regulation from September 9, 2015 through no later than 4:00pm on October 9, 2015 to Sherri Carrera, Rules Coordinator, Rhode Island Commerce Corporation 315 Iron Horse Way Ste. 101 Providence, RI 02908, 401-278-9174 or [sherri.carrera@commerceri.com](mailto:sherri.carrera@commerceri.com).

In accordance with R.I. Gen. Laws §42-35-3 an oral hearing will be granted if requested by twenty five (25) persons, or by an agency, or by an association having at least twenty-five (25) members. A request for an oral hearing must be made within thirty (30) days of this notice. Requests made must be made through Sherri Carrera, Rules Coordinator, Rhode Island Commerce Corporation 315 Iron Horse Way Ste. 101 Providence, RI 02908, 401-278-9174 or [sherri.carrera@commerceri.com](mailto:sherri.carrera@commerceri.com).



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**Rule 1. Purpose.**

These rules and regulations (the “Rules”) are promulgated to set forth the principles, policies, and practices of the Rhode Island Commerce Corporation (the “Corporation”) in implementing and administering the innovation network matching grant program created under Chapter 64.28 of Title 42 of the Rhode Island General Laws, the Innovation Initiative Act (the “Act”).

**Rule 2. Authority.**

These Rules are promulgated pursuant to Chapter 64.28 of Title 42 of the General Laws. These Rules have been prepared in accordance with the requirements of the Rhode Island Administrative Procedures Act, Chapter 35 of Title 42 of the General Laws.

**Rule 3. Scope.**

These Rules shall apply to any application received by the Corporation for a grant under the Act. Notwithstanding anything contained in these Rules to the contrary, the Corporation shall have and may exercise all general powers set forth in the Act that are necessary or convenient to effect its purposes and these Rules shall be liberally construed so as to permit the Corporation to effectuate the purposes of the Act and other applicable state laws and regulations. The Corporation may provide exemption from the application of such portion of these Rules as may be warranted by extenuating circumstances arising from such application.

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**Rule 4. Severability.**

If any provision of these Rules, or the application thereof to any person or circumstance, is held invalid by a court of competent jurisdiction, the validity of the remainder of the Rules shall not be affected thereby.

**Rule 5. Definitions.**

The following words and terms, when used in these Rules, shall have the following meanings, unless the context clearly indicates otherwise.

(1) “**Act**” means Chapter 64.28 of Title 42 of the General Laws, known as the Innovation Initiative act.

(2) “**Applicant**” means an entity that applies for a Grant under the Act and these Rules.

(3) “**Application**” means the application, promulgated by the Corporation, which must be completed and submitted by an Applicant pursuant to the requirements of the Act and these Rules.

(4) “**Corporation**” means the Rhode Island Commerce Corporation established pursuant to Chapter 64 of Title 42 of the General Laws.

(5) “**Employee**” means a natural person who is employed in the State by a business for consideration for at least thirty-five (35) hours a week, or who is employed in the State by a professional employer organization pursuant to an employee leasing agreement between the business and the professional employer organization for at least thirty-five (35) hours a week, and whose wages are subject to withholding.

(6) “**Grant**” means a monetary award to an Applicant from the Corporation granted under the Act and these Rules.

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- (7) **“Grant Agreement”** means a contract between the Applicant and the Corporation under which a Grant is awarded.
- (8) **“Match”** means a funding match, or in kind services provided by an Applicant or other third party.
- (9) **“Project”** means an initiative designed to assist Small Businesses through the provision of technical assistance, space on flexible terms, and/or access to capital, for which the Applicant seeks a Grant under the Act and these Rules.
- (10) **“Small Business”** means a business that is resident in the State, has a business facility within the state, and has five hundred (500) or fewer Employees.
- (11) **“State”** means the State of Rhode Island and Providence Plantations.
- (12) **“Targeted Industry”** means any advanced, promising or otherwise prioritized industry identified in the economic development vision and policy promulgated pursuant section 42-64.17-1 of the General Laws or, until such time as any such economic development vision and policy is promulgated, as identified by the Corporation from time to time and published on the Corporation’s website.

**Rule 6. Eligibility.**

The following conditions must be met for a Project to be eligible for a Grant under the Act:

- (a) the Applicant must offer technical assistance, space on flexible terms, and/or access to capital to Small Businesses located in the State;
- (b) the Applicant’s Project must be designed to assist Small Businesses in Targeted Industries, life sciences, health care, food and agriculture, clean technology, energy efficiency, cyber security, or any other industries designated from time-to-time by the Corporation;

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- (c) the minimum Grant amount shall be \$50,000; and
- (d) the Applicant must provide a Match.

**Rule 7. Application.**

(a) The Applicant shall file an Application in the form prescribed by the Corporation and available on the Corporation's website. The Application shall require, at a minimum, that the Applicant provide the following information:

- (1) the name of the Applicant and contact information for the individual(s) primarily responsible for oversight and management of the Application;
- (2) the Applicant's federal and State tax identification numbers;
- (3) the requested Grant amount;
- (4) a statement of work for the Applicant's Project, including a detailed description of the (i) services to be provided to Rhode Island Small Businesses; (ii) businesses to be served by growth stage and industry; (iii) anticipated outcomes; and (iv) the outreach and marketing approach to reach the intended audience;
- (5) a projected budget and budget narrative for the Project;
- (6) biographies of key staff members;
- (7) descriptions of any external organizations that the Applicant intends to partner with on the Project, including a description of the governance of any such organizations;
- (8) a description of the amount of the Match being contributed to the Project; for a Match of in-kind services, the Applicant shall include a valuation of the services to be provided together with a detailed explanation of the valuation method, and evidence appropriate to substantiate such valuation;
- (9) a description of the Applicant's previous outcomes and effectiveness in endeavors

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similar to the Project, which may include third-party evaluation, information tracked by the Applicant, testimonials, and other such information;

(10) a description of how the Applicant will monitor the effectiveness and impact of the Project;

(11) a delineation of any other federal, State or municipal incentives, grants, tax credits, or other aid that will or may be received or requested by the Applicant in relation to the Project;

(12) and such other information as the Corporation deems appropriate.

(b) An Applicant may be charged a one-time, non-refundable application fee by the Corporation. The Corporation shall annually publish a fee schedule on its website commencing on or before December 31, 2015.

**Rule 8. Application Review and Approval.**

(a) Each Application shall be reviewed to confirm compliance with the Act and these Rules, and the Corporation may reject any incomplete or deficient Application.

(b) The Corporation may require the submission of additional information in connection with any Application or the revision of an Application, and may permit the resubmission of an Application rejected as being incomplete or deficient.

(c) After submission of a complete Application and review by the Corporation in accordance with the requirements of the Act and these Rules, the Corporation will determine whether to award a Grant to the Applicant. In selecting Applicants to receive Grants, the Corporation will prioritize those Applicants with larger commitments of matching funds or in-kind services contributed to the Project. In determining whether to approve a Grant, factors the Corporation may consider, include, but are not limited to, the following:

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- (1) quality of the services to be provided by the Project;
  - (2) quality and feasibility of the Project design;
  - (3) whether the Project fills a gap in the Rhode Island innovation ecosystem by, for example, reaching underserved or high impact sectors or offering services that are difficult to obtain;
  - (4) the Applicant's demonstrated history of success in providing services of the type contemplated by the Project;
  - (5) qualifications and experience of the personnel implementing the Project;
  - (6) capacity for sustaining and/or growing the Project after exhaustion of the Grant and Match;
  - (7) the strength of the Applicant's methodology for evaluating impacts of the Project;
- and
- (8) the Project's potential for catalytic impact including the potential to increase the number of new full-time Employees in one or more industry sectors.
- (d) If the Corporation determines that it will not approve a Grant for an Applicant, it shall notify the Applicant in writing of such decision.
- (e) The Corporation may set periodic Application deadlines that will be published on the Corporation's web site from time to time.

**Rule 9. Grant Agreement.**

- (a) Upon approval of a Grant for an Applicant, the Corporation and the Applicant will enter into a Grant Agreement before any Grant amount can be provided to the Applicant. The Corporation, in its sole discretion, may cancel an approval if mutually agreeable terms cannot be met within 30 days of notification of the approval.

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(b) In order to safeguard the expenditure of public funds and ensure that the disbursement of funds further the objectives of the Act, the Grant Agreement shall include, among others, the following terms:

- (1) the maximum Grant amount;
- (2) a description of the Project and a requirement that the Grant can only be used for work outlined in that description;
- (3) a provision that Grant payments shall be made in installments upon the completion of specific milestones and the Corporation's receipt of evidence demonstrating that such milestones have been achieved and, if applicable, evidence of actual Project costs;
- (4) a requirement that the Project be completed within a specified timeframe;
- (5) an indemnification provision;
- (6) reporting and program evaluation requirements;
- (7) a provision prohibiting transfer of the Grant; and
- (8) any other provisions that the Corporation determines are appropriate.

**Rule 10. Revocation.**

(a) In the event that any information provided by the Applicant in its Application is found to be willfully false, the Corporation shall deny the issuance of or revoke any Grant in whole or in part, which revocation shall be in addition to any other criminal or civil penalties that the Applicant and/or the relevant officials of the Applicant may be subject to under applicable law.

(b) The Corporation shall deny the issuance of or revoke any Grant if an Applicant or its successor-in-interest is convicted of bribery, fraud, theft, embezzlement, misappropriation, and/or extortion involving the State, any state agency or political subdivision of the state.

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(c) The Corporation may provide for additional rights and remedies in any Grant Agreement, which will be in addition to the rights provided under this Rule.

**Rule 11. Discretion and Judicial Review.**

(a) The Corporation shall not have any obligation to issue any Grant or make any other award or grant any benefits under the Act or these Rules, and may decline to issue a Grant to any Applicant, including those who have submitted a completed Application that meets the eligibility requirements of Rule 6.

(b) A review of an Application shall not constitute a “contested case” under the Administrative Procedures Act, Section 42-35-9 of the General Laws, and no opportunity to object to an Application shall be afforded, nor shall judicial review be available from a decision rendered by the Corporation in connection with any Application.

**Rule 12. Administration and Examination of Records.**

The Corporation may examine any books, paper, records or memoranda bearing upon the approval of incentives awarded under the Act, and may require the attendance of any person executing any Application, report or other statement, or of any officer or employee of any taxpayer, or the attendance of any other person, and may examine such person under oath respecting any matter which the Corporation deems pertinent or material in determining eligibility for incentives claimed under the Act.

**Rule 13. Inspection Rights.**

The Corporation shall have the right at reasonable times to make an inspection and to enter upon any property that is the subject of an Application during the term of a Grant

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Agreement to verify compliance with the Act, the Rules and such other conditions imposed by the Corporation.