

Title 8: Education - Institutions of Higher Learning

Part 13: Strengthening Mississippi Academic Research Through Business Act (Smart Business Act) Rebate Guidelines

Chapter 1

1301 Funding Opportunity Title

Strengthening Mississippi Academic Research Through Business Act (SMART Business Act) Rebate.

1302 Funding Opportunity Purpose/Description

The Strengthening Mississippi Academic Research Through Business Act (SMART Business Act), as established by Mississippi law, is intended to meet the following goals: stimulate private investment in research and development through partnerships with Mississippi public colleges/universities; increase the competitiveness of Mississippi companies; and improve the economy of the State of Mississippi.

1303 Eligibility Requirements

Any natural person, partnership, limited liability company, association, corporation, business trust or other business entity not formed for the specific purpose of acquiring the rebate offered, and which is subject to Mississippi income or franchise tax is eligible to apply (the “Applicant”).

1304 Application and Submission Information

1. Requesting an Application Package

Application information is available online at the Mississippi Institutions of Higher Learning’s (IHL) website (www.ihl.state.ms.us).

2. Content and Form of Application Submission

Application packages will be accepted online at www.ihl.state.ms.us and will at a minimum include the items listed below.

- a. Name, address and tax ID number for the Applicant (to document eligibility of the Applicant/Investor).
- b. A copy of a Research Agreement between the Applicant and a College or Research Corporation stating their intent to enter into a Research Agreement for Qualified Research with an attached research plan and budget approved by the College or Research corporation. The research agreement must also include an estimated date of completion.
- c. A statement/assurance that funds from the Applicant/Investor do not originate from any grant, contract or otherwise by another person or governmental entity.
- d. A letter from the Mississippi Department of Revenue stating that the applicant is subject to Mississippi income tax or franchise tax.

1305 Application Review Information

Applications will be reviewed for compliance with Miss. Code Ann. § 37-148-1 through 37-148-9 and IHL Board Policy by the Office of the Commissioner of Higher Education or his designee.

1306 Award Information

1. Funding Instrument

Rebate: An Investor (Applicant) incurring qualified research costs subject to a research agreement approved under this act is eligible for a rebate equal to twenty-five percent (25%) of the investor's qualified research costs.

2. Funds Available and Anticipated Number of Awards

The total funding support from the State of Mississippi is \$5,000,000 per fiscal year. Each investor incurring research costs approved under this act is limited to a rebate of twenty-five percent (25%) of the investor's qualified research costs not to exceed \$1,000,000 during any fiscal year.

1307 Award Administration Information

A formal notification in the form of a SMART Business Certificate (SBC) will be issued by the IHL to awarded/approved investors within 60 days of the receipt of an application. If approval is denied, formal notification including reason(s) for such action will be sent to an investor within the same 60 day period.

1308 Rebate Redemption

To claim a rebate, the investor must submit a rebate allocation claim to the Mississippi Department of Revenue. The rebate allocation claim must include, at a minimum, the SMART Business certificate issued by the Mississippi Institutions of Higher Learning and proof of payment to the college or research corporation for qualified research conducted according to the research agreement. The IHL may set an expiration date for redemption of rebates with the Mississippi Department of Revenue.

1309 Definitions

"**College**" means the state institutions of higher learning in Mississippi which are accredited by the Southern Association of Colleges and Schools.

"**Investor**" means a natural person, partnership, limited liability company, association, corporation, business trust or other business entity, not formed for the specific purpose of acquiring the rebate offered, which is subject to Mississippi income tax or franchise tax.

"**Qualified research**" means the systematic investigative process that is undertaken for the purpose of discovering information. The term "qualified research" does not include research conducted outside the State of Mississippi or research to the extent funded by any grant, contract or otherwise by another person or governmental entity.

"Research agreement" means a new written contract, grant or cooperative agreement entered into between a person and a college or research corporation for the performance of qualified research; however, all qualified research costs generating a rebate must be spent by the college or research corporation on qualified research undertaken according to a research agreement.

"Research corporation" means any research corporation formed under Section 37-147-15 if the corporation is wholly owned by a college and all income and profits of the corporation inure to the benefit of the college.

"Qualified research costs" means costs paid or incurred by an investor to a college or research corporation for qualified research undertaken according to a research agreement.

"State" means the State of Mississippi or a governmental entity of the State of Mississippi.

"IHL" means the Board of Trustees of State Institutions of Higher Learning in Mississippi.

"SMART Business Act" means Strengthening Mississippi Academic Research Through Business Act.

(Mississippi House Bill 826, which was passed during the 2013 legislative session)

Chapter 2

1301 Funding Opportunity Title

SMART Business Accelerate Initiative Application.

1302 Funding Opportunity Purpose/Description

The SMART Business Accelerate Initiative, as established by Mississippi law, is intended to promote the development of state-owned intellectual property into products and services.

1303 Eligibility Requirements

A state institution of higher learning or its affiliated research corporation is eligible to apply for SMART Business Accelerate Initiative funds to develop state-owned intellectual property into products and services.

1304 Application and Submission Information

3. Application Package

The application information will be published online at the Mississippi Institutions of Higher Learning (IHL) website, www.mississippi.edu.

4. Content and Form of Application Submission

Application packages will be accepted online at www.mississippi.edu and will, at a minimum, include the following:

- Name, address and contact information for the Applicant.
- A description of the research validation to be conducted by the college or research corporation.
- A proposed budget of qualified validation expenses.
- A certified determination from the Applicant that the proposed research validation is necessary to develop state-owned intellectual property into products and services.
- Any additional information requested by IHL.

5. Submission Dates and Times

IHL shall open at least one solicitation to accept applications per fiscal year. Additional rounds of applications may be held subject to availability of funding.

1305 Application Review

Applications will be reviewed for compliance with the legislation by the Commissioner of Higher Education or his designee.

1306 Award Information

3. Funding Instrument

A grant of funds to support research validation will be issued as a disbursement from the Department of Revenue to selected applicants.

4. Funds Available and Amount of Awards

The total funding available from the State of Mississippi for the SMART Business Accelerate Initiative is \$1,500,000 per fiscal year. Grants up to \$150,000 each may be awarded to selected applicants.

1307 Award Administration Information

IHL will submit a formal notification of applicants selected to receive a disbursement under this Act to the Department of Revenue. The Department of Revenue will issue disbursements from current year tax collections.

1308 Annual Reporting

Before December 1 each year, IHL shall file a report with the Governor, Secretary of the Senate and Clerk of the House of Representatives on the implementation of the SMART Business Act. For each SMART Business Rebate issued during that year, the report must include, but not necessarily be limited to, the name of the investor and the amount of the rebate the investor was eligible to claim. For each SMART Business Accelerator Initiative Disbursement, the report must include, but not necessarily be limited to, the name of the applicant, a description of the research validation, and the amount of the disbursement.

1309 Definitions

The SMART Business Act establishes the following definitions with regard to the Act.

“College” means the state institutions of higher learning in Mississippi which are accredited by the Southern Association of Colleges and Schools.

“Investor” means a natural person, partnership limited liability company, association, corporation, business trust or other business entity, not formed for the specific purpose of acquiring the rebate offered, which is subject to Mississippi income tax.

“Qualified research” means the systematic investigative process that is undertaken for the purpose of discovering information. The term “qualified research” does not include research conducted outside the State of Mississippi or research expenses that are already being funded by any grant, contract or otherwise by another person or governmental entity.

“Research agreement” means a written contract, grant or cooperative agreement entered into between a person and a college or research corporation for the performance of qualified research. All qualified research costs generating a SMART Business Rebate must be spent by the college or research corporation on qualified research undertaken according to a research agreement.

“Research corporation” means any research corporation formed under Section 37-147-15 if the corporation is wholly owned by or affiliated with a college and all income and profits of the corporation inure to the benefit of the college.

“Qualified research costs” means costs paid or incurred by an investor to a college or research corporation for qualified research undertaken according to a research agreement.

“State” means the State of Mississippi or a governmental entity of the State of Mississippi.

“IHL” means the Board of Trustees of State Institutions of Higher Learning in Mississippi.

“SMART Business” means the Strengthening Mississippi Academic Research Through Business.

“Applicant” means a college or research corporation applying for SMART Business Accelerator Initiative funds to develop state-owned intellectual property into products and services.

“Qualified validation expense” includes, but is not limited to, services that accelerate the development of early product concepts, conducting proof-of-concept studies, and manufacturing prototypes to perform research validation. Qualified validation expense does not include salaries or wages associated with a licensee of state-owned intellectual property, legal fees or any payment in conflict with state law.

“Research validation” means research intended to validate the commercial viability of state-owned intellectual property.

“Disbursement” means a grant of funds to support research validation.