



**Empire State
Development**



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Small Manufacturers Modernization Program

5/13/2024

Small Manufacturers Modernization Program

**\$10 Million in Capital Grant Funding to Support
Small Manufacturers**

Available in Round 14

Eligible Applicants

- For-profit businesses and not-for-profit corporations* who are primarily engaged in manufacturing to support a tradeable sector and meet the following criteria:
 - The applicant is a NYS small manufacturing business operating in NY for at least 10 years and manufactures a product within one of the targeted industries below.
 - Agribusiness and Food Production (including Craft Beverage)
 - Biotech and Life Sciences
 - Cleantech and Renewable Energy
 - Defense Systems (including Aerospace)
 - Industrial Machinery and Systems
 - Materials Processing
 - Optics, Photonics, and Imaging
 - Semiconductors
 - Tech and Electronics
 - Transportation Equipment
 - The applicant is committing to retaining the current level of all existing full-time permanent employees for a period of at least 2 years following the execution of a Grant Disbursement Agreement.

**If awarded funding, prior to ESD Directors' approval and execution of a contract with ESD, a not-for-profit corporation must be registered and up-to-date with filings with the New York State Office of the Attorney General's Charities Bureau and the New York State Office of the State Comptroller's VendRep System and must be prequalified in the New York State Financial System (SFS).*

Program Objectives and Requirements

- \$10 Million of capital grant funding is available to support existing New York State small manufacturers investing in capital projects that will improve competitiveness and productivity through modernization and integration of advanced technology.
- Only grant requests of \$50,000 or more will be considered. The maximum award amount is \$250,000.
- Funding is available through CFA Round 14 only with a deadline for applications on July 31, 2024, before 4pm.
- Projects are expected to be complete within 2 years of the project award date.
- Applicants should demonstrate how the investments resulting from the award will increase their outputs and competitiveness in the market.
- Applicants should demonstrate how the investments resulting from the award will support the state's efforts to reduce greenhouse gas emissions as required by the Climate Leadership and Community Protection Act (CLCPA).

Program Objectives and Requirements

- Prioritization will be given to applicants who export their product outside of NYS and applicants with a higher percentage of their product sales made outside of NYS over the last two calendar years will be looked upon more favorably than those who predominantly sell their product within NYS.
 1. Considerations will be made for companies who manufacture a product supporting one of the targeted industries above whose product is part of the supply chain for a NYS company that then uses their product which is exported outside of NYS (subject to ESD review and consideration on a case-by-case basis).
 2. Consideration will also be made for companies who manufacture a product that provides a vital piece of the NYS supply chain to support one of the target industries included in the program guidelines that would otherwise need to be sourced from outside of New York State. (subject to ESD review and consideration on a case-by-case basis).
- Projects that incorporate the following will also be viewed more favorably:
 - projects that undertake electrification and energy efficiency measures, including the installation of more energy efficient equipment that utilize advanced technologies.
 - projects that will also result in the creation of new full-time permanent employees.

Eligible Project Costs

Costs must be directly related to an eligible project. These eligible costs include:

- Acquisition of machinery and/or equipment, land, buildings;
- Demolition and environmental remediation;
- New construction, renovation or leasehold improvements;
- Acquisition of furniture and fixtures; and
- Other costs / expenditures deemed eligible by ESD.

Ineligible Project Costs

Ineligible Activities Include:

- In-kind costs;
- Overhead and indirect costs associated with the day-to-day operations of the eligible entity, including but not limited to:
 - Salaries and wages;
 - Fringe benefits;
 - Rent/lease costs;
 - Website maintenance;
 - App maintenance;
 - Communication;
- Developer fees;
- Marketing or advertising media costs;
- Events;
- Training;
- Soft costs;
- Costs associated with completing an application;
- Costs incurred prior to the submission and award of a grant, actual or anticipated; and
- Other costs / expenditures deemed ineligible by ESD.

Other Information

- A commitment to undertake the project should not be made, and expenses should not be incurred, prior to award announcement.
- Applicants should apply for the necessary amount of funding needed to incentivize the project to occur and request the amount of funding needed to complete their project vs. the maximum amount they may be eligible for. The likelihood of receiving an award improves as the percentage of ESD assistance is reduced and private investment or other sources are better leveraged. A strong emphasis will be placed on project readiness along with the applicant having the capacity to complete the project if awarded.
- Applicants applying for funding will generally not be considered for more than twenty percent of the financing for any particular project based on the eligible total project cost. While projects may be eligible for up to a certain percentage of funding, the likelihood of an award increases based on the strength of the project, economic benefits of the project in relation to similar projects and leveraging other sources vs. ESD assistance.
- ESD requires that the Applicant contribute a minimum of ten percent (10%) of the total project cost in the form of equity contributed after the Applicant's acceptance of ESD's incentive proposal.
 - Equity is defined as cash injected into the project by the Applicant or by investors and should be auditable through the Applicant's financial statements or accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project or grants from a government source.

Other Information

- The Applicant must always disclose whether it is pursuing or intends to pursue multiple ESD funding sources, including grants, loans and tax incentives.
- Notice of a funding award will be given initially in an award letter, which is followed by an incentive proposal outlining the terms of the award. The award is subject to approval of the ESD Directors and compliance with applicable laws and regulations.
- All Applicants will be requested to certify and agree that any decrease in the scope of work described in the Applicant's final CFA submission including, but not limited to, total project costs, jobs retained, and jobs created, may result in ESD's reduction of the award, in ESD's sole discretion, in an amount proportionate to any such decrease.
- All Applicants will be requested to certify and agree that any expansion of the scope of work described in the Applicant's final CFA submission including, but not limited to, total project costs, jobs retained, and jobs created, will not result in the increase of the award by ESD.
- Please note that awarded grants are transferable at the sole discretion of ESD.
- A \$250 application fee (due when incentive proposal is signed) and one percent (1%) commitment fee based on the grant amount awarded (due after ESD Directors' approval, which usually occurs at project completion) will be assessed to all awardees.

Other Information

- Although funding is offered prior to project commencement as an inducement to undertake the project, funds are disbursed in arrears, as reimbursement for expenses undertaken.
- Grantees will have 2 years (730 days) from date of award letter to produce necessary paperwork indicating that equipment has been purchased and installed and that upgrades have been completed.
- Please note that ESD's agency-wide MWBE utilization goal is 30%. Each project will be assigned an individual contract-specific goal, which may be higher or lower than 30%.
- In 2014, the Service-Disabled Veteran-Owned Business Act was signed into law. The new law created the Division of Service-Disabled Veterans' Business Development in Office of General Services to certify, promote and encourage economic development among disabled veterans throughout the state. Project Applicants are urged to work with Service-Disabled Veteran-Owned Businesses (SDVOBs) and a directory can be found at <https://ogs.ny.gov/Veterans>.
- A public hearing is required if the project involves the acquisition, construction, reconstruction, rehabilitation, alteration or improvement of any property.
- The Awardee will be obligated to pay for out-of-pocket expenses incurred by ESD in connection with the project, including, but not limited to, expenses related to attorney fees, appraisals, surveys, title insurance, credit searches, filing fees, public hearing expenses and other requirements deemed appropriate by ESD.

Other Information

- Grant funds will be subject to pro rata recapture if property is sold within 5 years of disbursement of funds.
- Projects generally are presented to the ESD Directors once all project expenditures have been undertaken and disbursement of ESD assistance is sought.
- All required public approvals must be in place prior to the start of construction and approval by the ESD Directors, including State Environmental Quality Review (SEQR) and consultation with the State Historic Preservation Office, if applicable.
- For projects with job creation and/or retention, job numbers will be verified using the employer's NY-45 and NY-45 ATT and/or payroll reports prior to disbursement of funds and annually thereafter through the required reporting period.

Small Manufacturers Modernization Program

For more information, eligible Applicants should contact their local Empire State Development Regional Office.

A complete list of the ESD Regional Offices can be found at:

<http://esd.ny.gov/RegionalOverviews.html>