

# Alabama Research and Development Enhancement Fund (ARDEF) Program Guide

Revised February 2024



Website: <https://adeca.alabama.gov/ardef/>

Email Address: [ardef@adeca.alabama.gov](mailto:ardef@adeca.alabama.gov)

Street Address: 401 Adams Avenue, Suite 560  
Montgomery, Alabama 36104-4325

Mailing Address: Post Office Box 5690  
Montgomery, Alabama 36103-5690

# Alabama Research and Development Enhancement Fund (ARDEF) Program Guide

## **Creation and Authority**

Act 2019-404, the Alabama Innovation Act (AIA), established the Alabama Research and Development Enhancement Fund (ARDEF) Program, and became effective June 6, 2019. The Act designated the Alabama Department of Economic and Community Affairs (ADECA) as the state agency to establish and administer the ARDEF Program. An amendment to the AIA became effective on May 27, 2021.

## **Purpose**

The purpose of the ARDEF Program is to encourage new and continuing efforts to conduct research and development activities within the state. The Fund is designated to receive appropriations from the legislature, or from the receipt of gifts, grants, or federal funds to be expended for the purpose of increasing employment opportunities and products and services available to the citizens of Alabama.

## **Administration Oversight Committee**

A seven (7) member Alabama Research and Development Enhancement Oversight Committee is tasked with providing general oversight of implementation of the AIA and grant awards determinations. The committee includes: the Chair of the House Ways and Means Education Committee or designee; the Chair of the Senate Finance and Taxation Education Committee or designee; two members appointed by the Speaker of the House of Representatives; two members appointed by the President Pro Tempore of the Senate, and the Director of ADECA or his or her designee. The Committee must meet at least annually and reflect the racial, gender, geographic, urban/rural, and economic diversity of the state.

## **Application Guidelines**

The first annual commencement date to submit grant applications shall be within 90 days of the effective date of this Act (September 4, 2019) and shall be March 1 in each subsequent year. ADECA shall accept applications within a 150-day grant window after the annual commencement date. Applications for eligible expenses will be evaluated according to a scoring system developed by ADECA that incorporates the priorities of the AIA, with grant awards published within 90 days after expiration of the filing window.

## **Eligibility**

Eligible research entities must include one or more of the following:

- A public or private university in the state in partnership with a private sector applicant;
- A university research foundation affiliated with a public or private university in the state

- in partnership with a private sector applicant;
- A public two-year college in the state in partnership with a private sector applicant;
- A publicly-owned hospital in the state in partnership with a private sector applicant;
- An entity duly formed, domiciled or qualified to do business in the state in partnership with a private sector applicant that meets each of the following criteria:
  - Is exempt from federal income tax under section 501 (c)(3) of the Internal Revenue Code of 1986, as amended;
  - Is predominantly engaged in research and non-commercial development activities undertaken for the purpose of discovering information that is technological or biotechnological in nature, involves a process of experimentation, and the application of which is intended to be used in the development of a new or improved product, service or treatment;
  - Has its headquarters and principal place of business in the state; and
  - Has, or is anticipated to have, at least 75 percent of its property and payroll in Alabama, using the property and payroll factor calculations found in Title 40.

### **Approved Activities**

The conduct of an activity that is predominantly any one or more of the following:

- Described by North American Industry Classification System (NAICS) Code 1133, 115111, 2121, 22111, 221330, 31 (other than 311811), 32, 33, 423, 424, 482, 4862, 48691, 48699, 48819, 4882, 4883 (other than 48833), 493, 511, 5121 (other than 51213), 51221, 517, 518 (without regard to the premise that data processing and related services be performed in conjunction with a third party), 51913, 52232, 54133 (if predominantly in furtherance of another activity described in the Act), 54134 (if predominantly in furtherance of another activity described in the Act), 54138, 5415, 541614, 5417, 55 (if not for the production of electricity), 561422 (other than establishments that originate telephone calls), 562213, 56291, 56292, 611512, 927 or 92811.
- The production of biofuel as the term is defined in Ala. Code § 2-2-90 (c)(2).
- A target of the state's economic development efforts pursuant to either of the following:
  - The Accelerate Alabama Strategic Economic Development Plan adopted in January 2012 by the Alabama Economic Development Alliance, created by Executive Order Number 21 of the Governor on July 18, 2011, or any amended version or successor document thereto, or
  - A type listed in a regulation adopted by the Department of Commerce.

### **Funding**

Individual grants awarded by ADECA may not exceed the lesser of:

1. Twenty percent (20%) of the total grant funds awarded in a single fiscal year, or

2. Fifty percent (50%) of the budgeted project costs.

Indirect costs and administrative costs may not exceed ten percent (10%) of the grant amount awarded. Although the eligible research entity may have an indirect cost rate higher than ten percent (10%), the ARDEF grant funds cannot cover more than ten percent (10%) of the eligible research entity's indirect costs and administrative costs.

The grants shall be allocated among eligible applicants using a competitive scoring system. Criteria to be considered include the following:

1. New research;
2. The amount of financial commitment of an industry partner;
3. Research to benefit Alabama business and industry;
4. Research to benefit small- and medium-sized business and industry;
5. New and continuing efforts to conduct new or expanded research and development activities within Alabama;
6. Research to improve the employment opportunities available to the residents of the state;
7. Research to improve the products and services available to the residents of the state; and
8. Other criteria, as appropriate.

If grant funds for the corresponding fiscal year are returned for any reason or if additional grant funds become available, ADECA may continue to award grants based on the competitive scoring system. Partial awards may be made at the discretion of ADECA's Director if funds do not allow a full award to be made.

### **Match**

Ineligible sources of match include state funds and in-kind cost share. Examples of in-kind cost share include, but are not limited to, the value of the use of research facilities or equipment and cost of utility bills at research facilities. Additionally, match may be used to pay indirect costs and administrative costs in excess of ten percent (10%) of the ARDEF grant provided that the match is not from state funds.

### **Reporting**

ADECA shall produce a quarterly report on the awarded grants and the status of grants under the program to the Oversight Committee, including progress toward increased research and development activities in Alabama. The report will be published on ADECA's website provided that the details of any specific research project will not be published without the express written permission of the research entity applying for or receiving the grant.