

ANALYSIS

Oregon Business Development Department State Trade Expansion Program

Analyst: Matt Stayner

Request: The Oregon Business Development Department requests permission to apply for a federal grant from the Small Business Administration through State Trade Expansion Program.

Analysis: The U.S. Small Business Administration provided notice of grant funding availability under the State Trade Expansion Program for federal fiscal year 2023 on February 27, 2023. The Oregon Business Development Department (OBDD) intends on applying for a program grant in the amount of \$600,000. Applications must be submitted by May 19, 2023. Initial grant awards are anticipated to be announced by mid-September, 2023. If awarded, this would be the eleventh grant awarded to OBDD through the federal program.

OBDD uses the federal funds to make grants to eligible small businesses to pay up to 50 percent of a company's expenses related to participating in international and domestic tradeshows, trade missions, translation services, trade education, export workshops, and other trade development related activities. Federal grant funding requires a 25 percent state match, of which, OBDD will provide \$75,000 of in-kind staff time and \$75,000 cash.

Additional federal funds expenditure limitation may be required by the agency depending on the final grant award. No adjustments to personal services are anticipated.

Legislative Fiscal Office Recommendation: The Legislative Fiscal Office recommends approval of the request.

Oregon Business Development Department Brickman

Request: Authorization to apply for a grant of \$600,00 for round 11 of the State Trade Expansion Program (STEP) from the U.S. Small Business Administration (SBA).

Recommendation: Approve the request.

Discussion: The STEP grant provides financial awards to state and territory governments to assist small businesses with export development. The Oregon Business Development (OBDD) has applied for and received 10 STEP grant awards over the last 10 years, amounting to the receipt and expenditure of approximately \$3.9 million. OBDD recently received notification for an 11th round of the STEP grants. The use of STEP grant funding has generated approximately \$119 million in total export sales for Oregon small businesses seeking to increase foreign trade. OBDD received notice of the grant availability in March, the application is due to the SBA by May 19, 2023, and OBDD anticipates being notified in September regarding its success in applying for the grant.

These grants reimburse up to 50 percent of a company's eligible expenses (up to \$10,000) for participating in international trade shows and trade missions. An eligible applicant may receive up to two grants per federal fiscal year. The ability for businesses to participate in international trade shows is one of the most effective means for companies to expand internationally. The SBA requires a 25 percent match from OBDD to receive the award. OBDD's application will include \$75,000 of in-kind staff time and \$75,000 in cash match from the Industry Competitiveness Fund.



April 28, 2023

The Honorable Senator Elizabeth Steiner
The Honorable Representative Tawna Sanchez
Joint Committee on Ways and Means
900 Court Street, NE
H-178 State Capitol
Salem, OR 97301-4048

Dear Co-chairs Steiner and Sanchez:

The Oregon Business Development Department (Department) respectfully requests authority to apply to the Small Business Administration (SBA) for a State Trade Expansion Program (STEP) grant in the amount of \$600,000.

Background

The Department has successfully received ten STEP grant awards from the SBA to date. The Department uses this funding to in turn provide grants to Oregon small businesses to begin or grow international sales. Since the original STEP award, our department has expended \$3.9M in awards, which has generated \$119M in total export sales for Oregon small businesses using the program.

Grants are awarded to eligible small businesses, generally defined as those with 500 or fewer employees. Most export training and development activities can be supported by the grant, including but not limited to international and domestic tradeshows (including virtual), international trade missions, E-commerce setup, compliance fees, website translation into a foreign language, search engine optimization, consulting fees, and website localization services.

Participating in international trade shows and trade missions is among the most effective ways for companies to enter into new international markets or expand their visibility in existing markets. Trade shows offer the opportunity to meet potential buyers, test market interest, and evaluate the competition. A trade mission can be a cost-effective way to meet potential distributors and buyers, secure licensing agreements, and explore joint venture opportunities.

These grants reimburse up to 50% of a company's eligible expenses up to \$10,000, and eligible applicants may apply to receive up to two grants per federal fiscal year.

The SBA requires a 25% match to receive grant funds. The Department's application will pledge \$75,000 of in-kind staff time, and \$75,000 in cash match, funded with available Industry Competitiveness Funds (ICF). The application deadline for this grant application term is May 19, 2023.

Action Requested

The Department respectfully requests authority to apply to the Small Business Administration (SBA) for a State Trade Expansion Program (STEP) grant in the amount of \$600,000.

Legislation Affected

The request to apply for this grant does not affect current legislation.

Sincerely,

A handwritten signature in black ink that reads "Sophorn Cheang". The signature is written in a cursive style with a large, sweeping flourish at the end.

Sophorn Cheang
Director