Administered by the California Governor’s Office of Business and Economic Development (GO-Biz)

Note: The terms and conditions of the California State Trade Expansion Program (STEP) are subject to change without notice based on funding availability and changes in federal and state procedures and laws.
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GENERAL INFORMATION

California State Trade Expansion Program (STEP) Overview

The California State Trade Expansion Program (STEP) seeks to increase the number of eligible small business exporters, as well as to increase the volume of goods and services they export. The STEP program offers support to small businesses through a series of efforts centered around the organization of STEP event which included (but not limited to) exhibition under state pavilions at pre-selected domestic and international trade shows, virtual and in-person trade missions, and the STEP Export Voucher program.

Eligible California businesses can receive up to $10,000 to offset 75% of approved expenses for the Export Voucher Program and participate in up to two (2) STEP Events within the federal fiscal period of October 1, 2022, through September 30, 2023. Participation in additional events will be considered pending space and funding availability.

STEP Event Quick Facts & Application Process

1. Eligible small businesses may view a list of the STEP supported events at export.business.ca.gov/step-events. This list is evolving so we encourage you to frequent our site often and subscribe to our newsletter here to receive the latest news.
2. Eligible small businesses may apply to participate in our STEP supported programming at step.business.ca.gov by the registration deadline. Submission of an application does not guarantee participation.
3. Upon receipt of application, the STEP team will review the submitted application to verify basic eligibility. If basic eligibility is met, your application will be forwarded to the respective Trade and Investment Representative managing the event for further review and consideration.
4. An official decision notice will be sent to STEP applicants via the grant portal.
5. Selected applicants will participate in the STEP event(s) at a significantly reduced cost.

Export Voucher Program Quick Facts & Application Process

1. The Export Voucher program reimburses qualified California small businesses up to $10,000 to offset 75% of approved expenses per federal fiscal year for eligible expenses related to export promotion.
2. Applications for the Export Voucher program must be submitted prior to the planned activity and within the appropriate application round. Requests for retroactive activities will NOT be considered for reimbursement.
3. Upon receipt of the application, the STEP team will review the submitted application to verify basic eligibility. If basic eligibility is met, your application will be forwarded to the review committee for further review and consideration.
4. An official decision notice will be sent to STEP applicants via the grant portal.
5. Once the business is notified of pre-approval for activities, the business will execute activities as agreed upon.
6. Upon completion of the approved export promotion activity(ies), the business must submit receipts, invoices, and any other required documentation for reimbursement within 14 days of completion of the export activity. Reimbursement of approved expenses will be issued within 30-45 business days of approved documents.
Participation Eligibility

1. Organized as a for-profit enterprise.
2. Organized, registered, and operating in California.
   a. If registered outside of California the company must be able to demonstrate significant business operations in California (e.g., manufacturing, warehousing, number of employees, packaging/handling, distribution, R&D, etc.)
3. Exporting goods or services of U.S. origin or that have at least 51% U.S. content.
4. Meet U.S. Small Business Administration (SBA) size standards “small” definition. All employees of affiliates, such as parent companies, subsidiaries, etc., are included in employee and annual receipts totals to determine size eligibility (see how SBA determines affiliation).
5. Registered to do business in the State of California and in good standing. GO-Biz will assess the operating status of a company based on the business type:
   a. Corporations or Limited Liability Companies (LLCs) must be in good standing with the California Secretary of State. Corporations or LLCs can verify their entity status at bizfileonline.sos.ca.gov/search/business
   b. Sole Proprietors must provide proof of registration or status by uploading relevant documentation to the STEP grant portal. Documentation may include:
      i. Fictitious Business Name filing with the Registrar-Recorder/County Clerk’s office in the county where the business is located; or
      ii. Permit/license issued by local government per www.calgold.ca.gov
6. In business for at least one year at the time the approved export promotion activity takes place.
7. Have sufficient resources to defray the costs associated with trade, including packing, shipping, freight, and customs brokerage costs.
8. Agree to provide information on export sales data resulting from participation in the STEP Event or Export Voucher Program and respond to all subsequent STEP surveys on a timely basis. Surveys can be sent every six months for up to 3 years. By requesting funds, you agree to respond to these surveys with information on export sales data.

Note: the above eligibility requirements apply to all companies in a group of companies that are affiliated through having the same controlling owners. Owners of multiple businesses will only be considered for one grant.
EXPORT VOUCHER PROGRAM

Summary of the Export Voucher Reimbursement Process

1. Eligible applicants must complete and submit the STEP application electronically prior to the planned activity through the application portal, accessible through export.business.ca.gov.
2. The STEP Export Voucher Review Committee will review complete applications submitted during the selection period.
3. A decision notice will be sent to STEP applicants from the grant portal.
4. Applicants will be required to complete the preliminary documentation to establish themselves as a “payable vendor” with the State of California.
5. Companies approved for an Export Voucher will execute the approved export promotion activity(ies) and incur expenses.
6. Upon completion of the approved export promotion activity(ies), the company must submit receipts, invoices, and any other required documentation within 14 days of activity.
7. Once all criteria have been met, GO-Biz will issue a check for approved expenditures. Companies can expect to receive the check within 30-45 days.

Funding Criteria

Eligible California companies can receive up to $10,000 to offset 75% of approved expenses for the Export Voucher Program and participate in up to two (2) STEP Events within the federal fiscal period of October 1, 2022, through September 30, 2023. Applications must be submitted during open application periods, which are listed found at export.business.ca.gov/program-details/#application-period.

- Application submission is not a guarantee of funding. If a business decides to expend funds before receiving confirmation of a STEP Export Voucher, they may not be reimbursed.
- STEP may award a small business with an Export Voucher reimbursement of a lesser amount than requested in the application, based on strength of the application, the number of applicants, and the availability of funding.
- Program reimbursement ends when all funds have been disbursed, or when the Export Voucher application has closed, whichever comes first.
- Export Voucher reimbursements will be paid in full up to the awarded amount unless the California small business does not fulfill its obligations with regard to completing the approved activity(ies) or submitting required receipts and summaries.

Selection Criteria

- Evaluation of the application will be based on the following criteria:
  - Applicant’s responses are complete and thorough. Applicant demonstrates an excellent understanding of the question, and the response is well formulated;
  - Export readiness of the business; and
  - Proposed export promotion activity(ies).
- Preference will be given to the following Export Voucher applications:
  - First-time eligible applicants to the California STEP Export Voucher program, previously
known as the Individual Company Export Promotion (ICEP).
  - Eligible participants that are “new to export,” as defined in the application.
- Funding will be granted based on availability, the number of applications submitted, and the merits of those applications. Applications that are submitted after the deadline, are incomplete, or that request funding for ineligible activities will not be considered.

Disqualification

STEP administrators may disqualify applications or deny applications for the following reasons:
- Incomplete and/or late application;
- Ineligible for STEP funding (see page 5 for eligibility criteria); or
- Failure to comply with the guidance as set forth in these guidelines.

Summary of Allowable Expenses

- International trade shows or missions
- Domestic trade shows or missions – capped at $5,000
- U.S. Commercial Service products
- Website Globalization & E-Commerce – capped at $5,000
- Compliance testing & product registration – capped at $5,000
- Sample shipping – capped at $5,000
- Intellectual property – capped at $2,500
- International marketing material – capped at $5,000
- Export research tools – capped at $2,500
- EXIM Insurance policy premiums

See page 8 and page 9 for a more detailed breakdown of eligible and ineligible costs.

Export Voucher Reimbursement Claim

Businesses will submit complete reimbursement claims for eligible activities no later than 14 days after the activity has ended. Each individual expense requires the submission of three items:
1. Invoices – all invoices submitted for reimbursement needs to contain the following information: date; name, address, and contact information of vendor; all itemized charges (summary invoices are not eligible).
2. Proof of Payment – proof of payment is required for all expenses. The following forms of payment and proof are acceptable: credit card/bank statement; check; cash receipt; credit/debit memo.
3. Proof of Activity – Information and documents that show that an activity took place. For a complete list of requirements per specific activity, please reach out to the STEP Administrator.
ALLOWABLE EXPENSES

International Trade Shows or Missions

**Eligible Costs:**
- Exhibition fees/booth space rental
- Rental of temporary booth displays
- Exhibitor’s guide/directory listing an advertisement
- Shipping samples and equipment to and from an eligible promotional activity

**Ineligible Costs:**
- Travel expenses (e.g., lodging, meals, or transportation)
- Purchase of custom booth displays constructed of permanent materials
- Membership/Association fees

Domestic Trade Shows or Missions *Capped at $5,000*

**Eligible Costs:**
- Same as ‘International Trade Shows or Missions’ if able to demonstrate that the event will have a significant international presence

**Ineligible Costs:**
- Same as ‘International Trade Shows or Missions’

U.S. Commercial Service Products

**Eligible Costs:**
- Gold Key Service
- Initial Market Check
- Featured U.S. Exporter Listing
- International Company Profile
- Other services

**Ineligible Costs:**
- Other direct costs not included in the service

Website Globalization & E-Commerce *Capped at $5,000*

**Eligible Costs:**
- Website design, translations, and content updates clearly targeting a foreign market (performed by a third-party vendor)
- E-Commerce platform hosting or maintenance fees that are clearly targeting a foreign market

**Ineligible Costs:**
- Website hosting and domain purchase fees
- Costs associated with your company’s domestic website
- E-Commerce that only targets U.S. audience

Compliance Testing & Product Registration *Capped at $5,000*

**Eligible Costs:**
- Cost of compliance testing of an existing product for entry into a foreign market
- Registering product in a foreign market

**Ineligible Costs:**
- Domestic compliance testing

Sample Shipping *Capped at $5,000*

**Eligible Costs:**
- Shipping costs related to exhibiting products at export promotion event (trade shows, trade missions, and business meetings)
- Shipping samples and promotional materials to potential international customers

**Ineligible Costs:**
- Shipping of product orders

The Program Guidelines were last updated on August 10, 2022
**Intellectual Property Capped at $2,500**

**Eligible Costs:**
- Fees associated with international intellectual property protections

**Ineligible Costs:**
- Intellectual property targeting the domestic market

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**International Marketing Material Capped at $5,000**

**Eligible Costs:**
- Online ads on a third-party website that clearly targets a foreign audience
- Temporary labor expenses for ad design, translation, etc.
- Social media ads must clearly target an international market, proven through dated screenshots and analytical data reflecting your specific social media campaign

**Ineligible Costs:**
- Printing costs
- Domestic social media marketing
- Sponsorships
- QR Codes registration/production cost
- General company advertisement

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**Export Research Tools Capped at $2,500**

**Eligible Costs:**
- Subscription/fees for an online database that provides international market analysis

**Ineligible Costs:**
- Research tools solely with a domestic focus
- In-house market analysis

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**EXIM Insurance Policy Premiums**

**Eligible Costs:**
- Up to one year of premiums on an Export Credit Insurance Policy from the Export-Import Bank of the United States

**Ineligible Costs:**
- Wire transfer fees

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**NOTE:** Ineligible costs may apply to multiple categories. This list not exhaustive but documents the most reoccurring activity costs. Please reach out to the STEP Admin for specific costs not mentioned above.

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**Public Records Act**

By submitting an application, the applicant acknowledges that GO-Biz is subject to the California Public Records Act (PRA) (Government Code section 6250 et. seq.). Consequently, materials submitted by an applicant to GO-Biz may be subject to a PRA request. In such an event, GO-Biz will notify the applicant, as soon as practicable, that a PRA request for the applicant’s information has been received, but not less than five (5) business days prior to the release of the requested information to allow the applicant to seek an injunction. GO-Biz will work in good faith with the applicant to protect the information to the extent an exemption is provided by law, including but not limited to notes, drafts, proprietary information, financial information, and trade secret information.
PROGRAM ADMINISTRATION

The State Trade Expansion Program (STEP) is managed by California Governor’s Office of Business and Economic Development (GO-Biz) at the State level, and the U.S Small Business Administration’s Office of International Trade (SBA-OIT) manages STEP at the national level.

Contact Information

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**Definitions:**

**Annual receipts**
This is the “total income” (or “gross income”) plus the “cost of goods sold.” These numbers can normally be found on the business’ IRS tax return forms. Receipts are averaged over a business’ latest three complete fiscal years to determine the average annual receipts. If a business hasn’t been in business for three years, multiply its average weekly revenue by 52 to determine its average annual receipts.

**Opportunity Zone**
An opportunity zone is an economically distressed community were new investments, under certain conditions, may be eligible for preferential tax treatment. Localities qualify as opportunity zones if they have been nominated for that designation by the state and that nomination has been certified by the Secretary of the U.S. Treasury via his delegation of authority to the Internal Revenue Service. The most current list of designated Qualified Opportunity Zones is available on the U.S. Treasury’s website at [https://www.cdfifund.gov/pages/opportunity-zones.aspx](https://www.cdfifund.gov/pages/opportunity-zones.aspx)

**Rural concern**
An eligible small business concern located in a rural area, as defined at 26 USC 1393(2), Rural area. This includes any area that is outside of a metropolitan statistical area (MSA). MSAs have at least one urbanized area of 50,000 or more population, plus adjacent territory that has a high degree of social and economic integration as measured by commuting ties. See OMB Bulletin No. 15-01 for a complete list of MSAs.

**Socially and economically disadvantaged individuals**
Set forth in 13 C.F.R 124.103 and 104. Those who have been subjected to racial or ethnic prejudice or cultural bias within American society because of their identities as members of groups and without regard to their individual qualities; whose ability to compete in the free enterprise system has been impaired due to diminished capital and credit opportunities as compared to others in the same or similar line of business who are not socially disadvantaged. The socially and economically disadvantaged individual must own not less than 51 percent of the firm. These include Black Americans; Hispanic Americans; Native Americans (Alaska Natives, Native Hawaiians, or enrolled members of a Federally or State recognized Indian Tribe); Asian Pacific Americans (The complete list is available at 13 C.F.R 103); and Subcontinent Asian Americans (persons with origins from India, Pakistan, Bangladesh, Sri Lanka, Bhutan, the Maldives Islands or Nepal).

**Veterans and/or service-connected disabled veterans:**
As defined at 38 CFR 3.1(d) and 13 CFR 125.8(g), SBC owned and controlled by service-disabled veterans, is a person who served in the active military, naval, or air service and who was discharged or released under conditions other than dishonorable, which is demonstrated on the DD Form 214 and who is: not less than 51 percent unconditionally and directly owned and controlled by one or more veterans who are United States citizens.

**Woman-Owned**
Not less than 51 percent unconditionally and directly owned and controlled by one or more women who are United States citizens.