

Department of Business, Economic Development and Tourism

# HiSTEP Guide to Eligible Activities and Expenses



11-10-2023

**GUIDE INFORMATION**

This guide will provide HiSTEP-Company Assistance awardees a listing of STEP eligible activities and expenses. The intention of this guide is to illustrate all eligible activity and expense categories; however, it may not be an exhaustive listing. Therefore, it is important for awardees to always consult with the HiSTEP staff at DBEDT to ascertain eligibility of activities and expenses not contained herein. Additionally, awardees should always consult the relevant HiSTEP-CA Request for Proposal (RFP) and their award documents to assure adherence to the HiSTEP-CA requirements.

Note this guide uses the term ESBC or “Eligible Small Business Concern,” a term used by the SBA for a qualified small business that participates in the State Trade Expansion Program (STEP). In the context of this guide, the term is the same as a company awarded HiSTEP Company Assistance funds.

Table of Contents

PARTICIPATION IN FOREIGN TRADE MISSIONS.....2

SUBSCRIPTION TO SERVICES PROVIDED BY THE U.S. DEPARTMENT OF COMMERCE.....3

PAYMENT OF WEBSITE FEES.....5

DESIGN OF MARKETING MEDIA.....6

TRADE SHOW EXHIBITION.....7

PROCUREMENT OF CONSULTANCY SERVICES.....8

OTHER EXPORT INITIATIVES.....9

*FUNDED IN PART THROUGH A GRANT WITH THE U.S. SMALL BUSINESS ADMINISTRATION*

## **PARTICIPATION IN FOREIGN TRADE MISSIONS**

- A. STEP Definition of Activity: For the purposes of STEP, a foreign trade mission is defined as travel to a foreign country or participation in a virtual event by ESBCs that will enable them to explore or expand international business opportunities. It can be organized by your state or an outside service provider. As a result of ESBCs participating in foreign trade missions with STEP funds, they are expected to yield tangible outcomes, such as, seeking out potential buyers and increasing export sales volume.
  
- B. Eligible Expense Categories:
  - a. Airfare costs for up to 2 people (economy only on U.S. carriers) - *airfare must be in compliance with the [Fly America Act](#), which requires a U.S. flagship carrier for all travel unless there is no service to that destination*
  - b. Baggage fees
  - c. Trade mission registration fees
  - d. Design of marketing material fees
  - e. Development of market research materials
  - f. Fees for shipping sample products
  - g. Language interpretation services
  
- C. Ineligible Expense Categories:
  - a. Expenses related to entertainment of current or prospective clients or government officials
  - b. Passport and visa fees
  - c. Immunizations
  - d. International cell phone charges
  - e. Printing of marketing materials

## SUBSCRIPTION TO SERVICES PROVIDED BY THE U.S. DEPARTMENT OF COMMERCE

- A. STEP Definition of Activity: HiSTEP awardees may elect to utilize the services available from the U.S. Commercial Service, the trade promotion arm of the U.S. Department of Commerce's International Trade Administration, to assist with entering or expanding their markets, such as, choosing the best market for their products or services; evaluating prospective foreign business partners; increasing market potential; and gold key matchmaking services.
- B. Eligible Service Categories\*:
- a. **Customized Market Research (i.e. the RAISE Market Research program)** – this provides U.S. companies with answers to questions specific to the client's products/services in a market.
  - b. **Initial Market Check (IMC)** – this provides an analysis of companies' product/service for potential targeted market(s) through their connections with key industry participants.
  - c. **International Company Profile (ICP)** – this provides a full background check / partial background check on potential overseas business contacts.
  - d. **International Partner Search (IPS)** – this provides pre-screened business contacts.
  - e. **International Partner Search + Virtual Introductions (IPS +)** – this provides the same as the International Partner Search service listed above, but also includes virtual introductions via conference calls with up to five of the contacts identified.
  - f. **Gold Key Service (GKS)** – this provides pre-screened matchmaking appointments.
  - g. **Hosting a trade event** – this includes trade missions and educational seminars, providing matching or export counseling services at trade shows, and recruiting buyer delegations to U.S. trade shows.
  - h. **Participate in/attend a certified trade mission** – this includes overseas events planned, organized, recruited, and led by private and public sector export-oriented groups outside of the U.S. Department of Commerce. Certified trade missions are hosted by the U.S. Department of Commerce's overseas Commercial Service offices.
  - i. **Participate in/attend certified virtual fairs** – this provides a group of U.S. entities with an opportunity to promote their products/services to potential partners in a foreign market live via a webinar platform.
  - j. **Participate in/attend a Dept. of Commerce seminar or webinar** – this provides webinars and seminars tailored to the interests of local exporting communities.
  - k. **Website globalization support** – this provides a Website Globalization Review (WGR) Gap Analysis service to provide technical and strategic assessment of a business's eCommerce sales channel efforts.
- C. Eligible Expense Categories:
- a. Airfare costs for up to 2 people (economy only on U.S. carriers) - *airfare must be in compliance with the [Fly America Act](#), which requires a U.S. flagship carrier for all travel unless there is no service to that destination*
  - b. Baggage fees
  - c. Trade mission registration fees
  - d. Design of marketing material fees
  - e. Fees for shipping sample products
- D. Ineligible Expense Categories:
- a. Service fees charged for medium businesses or large businesses (businesses that do not meet SBA's definition of a small business)

*\*Note: Please ensure that there is a B2B matchmaking component within any of the subscription services you reimburse through the U.S. Department of Commerce. That is the main requirement for these to be eligible under STEP. The U.S. Department of Commerce offers other services for ESBCs, but they do not have a B2B component, so they would not be eligible for reimbursement. Please check with HiSTEP Staff if you have questions on any subscription service that is not on this list.*

## **PAYMENT OF WEBSITE FEES**

- A. STEP Definition of Activity: This activity pertains to translation of websites into foreign languages, localization for foreign markets, and search engine optimization for ESBCs.
  
- B. Eligible Service Categories:
  - a. All expenses associated with projects to internationalize a company's website
  
- C. Eligible Expense Categories:
  - a. Develop localized webpages for specific markets
  - b. Translate pages of one's website for specific markets
  - c. Conduct a search engine optimization (SEO) project for one's website in a specific market
  - d. Create a mobile app integration, creation, and updates to support ESBC in selling their product(s) in a specific market
  - e. Develop a webstore setup and/or maintenance costs
  - f. Set up to receive and/or process online payments and orders
  - g. Create a platform to sell online using, but not limited to: Amazon Services, Walmart Marketplace, Alibaba Inc., FlipKart, and Rakuten
  - h. Develop cybersecurity protection to support exports
  
- D. Ineligible Expense Categories:
  - a. Design of a company's website

## **DESIGN OF MARKETING MEDIA**

- A. STEP Definition of Activity: STEP defines marketing media as the ability to promote an eligible small business concern's product or service to strengthen their export sales potential, ability to reach target audiences, and/or expand export market opportunities.
  
- B. Eligible Service Categories:
  - a. All vendor fees associated with designing, creating, and producing international marketing material
  
- C. Eligible Expense Categories:
  - a. Design of marketing brochures for specific markets
  - b. Design of social media platforms for specific markets
  - c. Design of websites for a specific market
  - d. Design of billboards for a specific market
  - e. Design of newspaper ads with an international focus
  - f. Design of advertisements in international magazines
  - g. Design of posters for a specific market
  - h. Design of product labeling for a specific market
  - i. Translation of items a-h above
  - j. Other media may be approved in advance by HiSTEP Staff as consistent with its definition of marketing media.
  
- D. Ineligible Expense Categories:
  - a. Printing costs for any of the above activities

## **TRADE SHOW EXHIBITION**

- A. STEP Definition of Activity: A STEP trade show is defined by STEP as an exhibition for ESBCs to showcase and demonstrate their products and services. This includes foreign trade shows appropriate for ESBC export development, and domestic trade shows\*
- B. Eligible Expense Categories:
- a. All registration fees for an in-person trade show booth
  - b. All registration fees for an in-person a virtual trade show booth
  - c. Raw booth space (*can be purchased and reimbursed up to 1 year prior to trade show*)
  - d. Design costs of the booth – this may include or is limited to:
    - i. Signage
    - ii. Furniture costs
    - iii. Graphics
  - e. Trade show catalog listing fees
  - f. Trade show advertising fees
  - g. Airfare costs for up to 2 people (economy only on U.S. carriers) - *airfare must be in compliance with the [Fly America Act](#), which requires a U.S. flagship carrier for all travel unless there is no service to that destination*
  - h. Baggage fees
  - i. Fees for shipping sample products
  - j. Design of marketing material fees to bring to show
- C. Ineligible Expense Categories:
- a. Expenses related to entertainment of current or prospective clients or government officials
  - b. Passport and visa fees
  - c. Immunizations
  - d. International cell phone charges
  - e. Printing of marketing materials

*\* The domestic trade show must meet at least one of these eligibility requirements: 1) have a significant foreign buyer presence based upon prior years' attendance data published by the trade show organizer; 2) have a known foreign buyer delegation attending the show which is specifically relevant to the ESBC's export development; or 3) serve as the premier international exhibition for ESBC's industry.*



## **PROCUREMENT OF CONSULTANCY SERVICES**

- A. STEP Definition of Activity: This activity is only allowable after the ESBC consultation with the U.S. Department of Commerce to avoid duplication of services.
  
- B. Eligible Expense Categories:
  - a. Consultant fees
  - b. Market research fees
  - c. Certification and compliance testing fees
  - d. Licensing fees
  
- C. Eligible Activity Examples:
  - a. Design a market entry strategy for an eligible small business
  - b. Provide customized, market research for an eligible small business
  - c. Provide long-term market entry growth strategies for an eligible small business
  - d. Assist with compliance testing for products to enter a foreign market. This can include, but not limited to:
    - a. CE Mark certification
    - b. ISO certification
    - c. RoHS certification
    - d. ITAR certification by the DDTC, State Dept.
    - e. EAR licensing and certification fees by the BIS, U.S. Dept. of Commerce
  
- D. Ineligible Expense Categories:
  - a. Consultant fees that duplicate U.S. Department of Commerce's services

## OTHER EXPORT INITIATIVES

- A. STEP Definition of Activity: The 'other' export initiatives must be determined appropriate by SBA's Associate Administrator (or the Deputy Associate Administrator) of the Office of International Trade and cannot duplicate the services available from SBA, SBA resource partners, or other applicable Federal trade agencies.
  
- B. Eligible Activity Categories:
  - a. Fees incurred for export credit insurance policy (including EXIM Bank fees and private sector providers)
  - b. Intellectual property protection (IPP) fees
  - c. Foreign market sales trips
  - d. Interpretation fees (in-person and virtual meetings)
  
- C. Eligible Expense Categories:
  - a. Export credit insurance premiums including:
    - a. Monthly "pay-as-you-go" fees from EXIM Bank
    - b. Initial annual premium from private providers
    - c. Foreign buyer credit reports
  - b. Intellectual property protection service fees including:
    - a. U.S. Patent and Trade Office (USPTO) transmittal fees, up to \$120.00
    - b. USPTO Non-electronic filing fee, up to \$200.00
    - c. USPTO search fee, up to \$1,040.00
    - d. Hague International Design application transmittal fee, up to \$60.00
    - e. Trademark (Madrid protocol fees), up to \$250.00
  - c. Foreign market sales trip travel costs, including:
    - a. Airfare costs for up to 2 people (economy only on U.S. carriers) - *airfare must be in compliance with the [Fly America Act](#), which requires a U.S. flagship carrier for all travel unless there is no service to that destination*
    - b. Baggage fees
    - c. Fees for shipping sample products
    - d. Design of marketing material fees to bring on the sales trip