

May 10, 2023

RE: Small Business Innovation Recruitment Fund Program – Summary Report

To Whom It May Concern:

The Department of Economic Development hereby announces its plan to proceed with rule-making by finalizing the Small Business Innovation Recruitment Fund Program (“SBIR- Recruitment”) Rules, published as a Notice of Intent in the March 20, 2023 *Louisiana Register* on pages 531-533.

A public hearing was held on April 27, 2023. No members of the public attended and no written comments were received.

LED appreciates the knowledgeable input from all interested parties and now proposes to proceed as is with no further changes. Subject to legislative oversight by the House or Senate Committees on Commerce the Department intends to submit for final publication as a Rule in the June 2023 *Louisiana Register*.

As always, we welcome your consideration and I can be reached at ph.# 342-5406 with any questions.

Sincerely,



Stephanie Le Grange
Interim Deputy General Counsel

cc: Senate, Committee on Commerce, Consumer Protection, and International Affairs
House of Representatives, Committee on Commerce

**FISCAL AND ECONOMIC IMPACT STATEMENT
FOR ADMINISTRATIVE RULES
RULE TITLE: Spousal Income Disclosure Statement**

I. ESTIMATED IMPLEMENTATION COSTS (SAVINGS) TO STATE OR LOCAL GOVERNMENT UNITS (Summary)

The proposed rule facilitates disclosure requirements and codifies the Board of Ethics rules to recent changes in statute. Act 272 of the 2021 Regular Session added R.S. 42:1111(C)(5), which allows a public servant's spouse to maintain their employment with a person that has a contractual, business or financial relationship with the public servant's agency provided certain stipulations are met. The proposed rule enables these provisions and filing requirements to comply with statute. The only estimated cost to implement the proposed rule is \$320 in FY 22-23, which includes the cost to publish the Notice of Intent and the proposed rule in the State Register.

II. ESTIMATED EFFECT ON REVENUE COLLECTIONS OF STATE OR LOCAL GOVERNMENTAL UNITS (Summary)

The proposed rule will have no anticipated effect on revenue collections of state or local governmental units.

III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS, SMALL BUSINESSES, OR NONGOVERNMENTAL GROUPS (Summary)

The proposed rule will require directly affected persons to file a disclosure form with the Board of Ethics.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

The proposed rule will have no anticipated effect on competition and employment.

Kristy Gary
Deputy Administrator
2303#043

Evan Brasseaux
Interim Deputy Fiscal Officer
Legislative Fiscal Officer

~~NOTICE OF INTENT~~ **RULE**

**Department of Economic Development
Office of the Secretary**

**Small Business Innovation Recruitment Fund Program
(LAC 13:I.Chapter 51)**

Under the authority of R.S. 51:2402 and R.S. 36:104, and in accordance with the provisions of the Administrative Procedure Act, R.S. 49:950 et seq., the Department of Economic Development hereby ~~give notice of their intent to adopt~~ ^{amends} rules for the Small Business Innovation Recruitment Fund Program.

Title 13

ECONOMIC DEVELOPMENT

Part I. Financial Incentive Programs

Chapter 51. Small Business Innovation Recruitment Fund Program

§5101. Purpose

A. The purpose of this Chapter is to implement the Small Business Innovation Recruitment Fund Program as established by R.S. 51:2402.

B. This Chapter shall be administered to achieve the following purposes:

1. to recruit out of state small businesses that have received Phase II Small Business Innovation Research (SBIR) or Phase II Small Business Technology Transfer (STTR) federal grant funds to move to Louisiana.

AUTHORITY NOTE: Promulgated in accordance with R.S. 36:104 and 51:2402.

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of the Secretary, LR 49:

§5103. Definitions.

A. Terms not otherwise defined in this Chapter shall have the same meaning given to them in R.S. 51:2402, unless the context clearly requires otherwise.

B. In this Chapter, the following terms shall have the meanings provided herein, unless the context clearly indicates otherwise.

Applicant—a person requesting a grant award from LED under this program.

Business Operations—the location where significant administrative or managerial activities of a business are conducted and research and development work is performed.

Department—Louisiana Department of Economic Development.

Federal Notice of Award—a document issued by a federal agency evidencing approval of a Phase II SBIR or Phase II STTR application, including but not limited to amount of funding awarded, agreement number and topic number.

LED—Louisiana Department of Economic Development.

LED Grant Letter—a letter issued by LED to a person for a particular calendar year, setting forth the amount, terms and conditions of the grant.

Out of State Small Business—a business domiciled outside of Louisiana that qualifies as a small business according to the United States Small Business Administration's size standards.

Person—any natural person or legal entity including an individual, corporation, partnership, or limited liability company.

REAL—Regional Economic Alliance of Louisiana.

Recruitment Fund—Small Business Innovation Recruitment Fund.

Relocate—relocate business operations from an out of state location to Louisiana. The company shall be required to maintain a physical location in this state, be licensed to conduct business in this state and shall be required to file a Louisiana income tax return.

Secretary—Secretary of the Louisiana Department of Economic Development.

AUTHORITY NOTE: Promulgated in accordance with R.S. 36:104 and 51:2402.

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of the Secretary, LR 49:

§5105. General Principles

A. The following general principles will direct the administration of the program.

1. Awards are not to be considered as an entitlement for companies, and the secretary has the final authority to determine whether or not each particular applicant is eligible and meets the criteria of the award, and in all such circumstances, the exercise of that discretion shall be deemed to be a final determination of the applicant's award status.

2. Applications shall be accepted on a year round basis, subject to availability of funding in any given year, or as otherwise determined by LED.

3. Applicants may apply for more than one program administered by LED, provided that:

a. separate applications are submitted per program; and

b. to the extent allowable under federal and state laws and regulations.

B. Program Issuance Cap

1. LED may issue no more than \$500,000 (five hundred thousand dollars) per fiscal year from the Recruitment Fund;

2. Unexpended and unencumbered monies in the fund at the end of the fiscal year shall remain in the fund.

C. Applicant issuance cap.

1. LED may issue no more than \$100,000 (one hundred thousand dollars) total per applicant.

AUTHORITY NOTE: Promulgated in accordance with R.S. 36:104 and 51:2402.

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of the Secretary, LR 49:

§5107. Eligibility Criteria

A. Applicants for the benefits of this program shall meet the following criteria:

1. the applicant shall be an out of state small business that has received a Phase II SBIR or Phase II STTR Federal Notice of Award within the two years immediately preceding submission of an application to this program;

2. the applicant shall have generated sales and revenue and shall provide documentation proving such;

3. the applicant shall have produced commercial products or conducted commercial services, and shall provide documentation proving such.

AUTHORITY NOTE: Promulgated in accordance with R.S. 36:104 and 51:2402.

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of the Secretary, LR 49:

§5109. Application Procedure

A. LED will provide a standard application form which applicants will be required to use to apply for assistance under this program. The application form will contain, but not be limited to, the following:

1. out of state small business name;
2. contact person and their title;
3. out of state business physical address;
4. business phone number and email address;
5. brief description of the nature of the business;
6. number of existing employees and estimated jobs to be created or relocated in Louisiana;

7. out of state evidence of business registration;

8. information evidencing Phase II SBIR or Phase II STTR award, including name of issuing federal agency;

9. proposed Louisiana business location;

10. proposed relocation timeframe;

11. any additional information requested by LED.

AUTHORITY NOTE: Promulgated in accordance with R.S. 36:104 and 51:2402.

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of the Secretary, LR 49:

§5111. Selection Criteria

A. LED will consider various factors when determining which applications will be funded. Among the factors which may be taken into consideration are the following:

1. nominations of eligible small businesses recommended by REAL;

2. disbursing of funding statewide;
3. number of employees to be relocated to Louisiana;
4. nature of industry;
5. nature of business entity created in Louisiana, i.e. whether original out of state entity is dissolved, or reorganized and merged into a new Louisiana entity, or whether registering as a foreign entity authorized to do business in Louisiana.
6. availability of funding; and
7. best interests of the state.

AUTHORITY NOTE: Promulgated in accordance with R.S. 36:104 and 51:2402.

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of the Secretary, LR 49:

§5113. LED Action—Grant Approval or Denial Provisions

A. In the event LED determines that an applicant is eligible, funding is available and a grant would be appropriate, a grant letter will be issued, specifying the amount, the terms and conditions of the grant.

B. Each grant awarded shall be divided into three equal amounts and disbursed over a period of three consecutive years as follows:

a. year one funding may be awarded based upon the application information provided but will not be disbursed until documentation has been provided that the applicant business has relocated to Louisiana. If the selected applicant fails to relocate or to provide evidence of such, the grant shall be forfeited, and the money shall be disbursed to another applicant;

b. year two funding shall be awarded contingent upon evidence of continued business operation;

c. year three funding shall be awarded contingent upon evidence of continued business operation;

d. if an applicant fails to continue business operations in the state in any given year, it may retain funding already disbursed, but the department reserves the right to withhold previously reserved, but not yet disbursed funding.

C. In the event LED determines that an applicant is not selected for an award, a denial letter will be issued by the secretary, specifying the basis for denial.

AUTHORITY NOTE: Promulgated in accordance with R.S. 36:104 and 51:2402.

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of the Secretary, LR 49:

Family Impact Statement

The proposed Rule changes have no impact on family formation, stability or autonomy, as described in R.S. 49:972.

Poverty Statement

The proposed Rule is not anticipated to have an impact on poverty as described in R.S. 49:973.

Provider Impact Statement

The proposed Rule is not anticipated to have an impact on providers of services as described in HCR 170 of the 2014 Regular Legislative Session.

Small Business Analysis

The proposed Rule is not anticipated to have an adverse impact on small businesses as defined in the Regulatory Flexibility Act. The agency, consistent with health, safety, environmental and economic factors has considered and, where possible, utilized regulatory methods in drafting the

proposed Rule to accomplish the objectives of applicable statutes while minimizing any anticipated adverse impact on small businesses.

Public Comments

Interested persons should submit written comments on the proposed Rules to Stephanie Le Grange through the close of business on April 26, 2023 at Department of Economic Development, 617 North Third Street, 11th Floor, Baton Rouge, LA 70802 or via email to Stephanie.LeGrange@la.gov.

Public Hearing

A meeting for the purpose of receiving the presentation of oral comments will be held at 10 a.m. on April 27, 2023 in the Griffon Conference Room at the LaSalle Building, 617 North Third Street, Baton Rouge, LA 70802.

Brenda C. Guess
Assistant Secretary

**FISCAL AND ECONOMIC IMPACT STATEMENT
FOR ADMINISTRATIVE RULES**

**RULE TITLE: Small Business Innovation Recruitment
Fund Program**

**I. ESTIMATED IMPLEMENTATION COSTS (SAVINGS) TO
STATE OR LOCAL GOVERNMENT UNITS (Summary)**

The proposed rule establishes program guidelines for the Small Business Innovation Recruitment (SBIR) Program authorized by Act 477 of the 2022 Regular Session.

Beginning in FY 26, the Department of Economic Development (LED) expects to receive up to \$105,000 per year to administer the program. These funds should be sufficient to administer the program as outlined in law and proposed rules.

**II. ESTIMATED EFFECT ON REVENUE COLLECTIONS OF STATE
OR LOCAL GOVERNMENTAL UNITS (Summary)**

The program is expected to have a negligible impact on future revenue collections at both the state and local levels.

**III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO
DIRECTLY AFFECTED PERSONS, SMALL BUSINESSES, OR
NONGOVERNMENTAL GROUPS (Summary)**

The program will directly benefit out of state businesses that are recipients of federal Phase II SBIR or Small Business Technology Transfer (STTR) grants who receive awards from the Louisiana Small Business Innovation Recruitment Fund Program, by providing them with additional grant funding from the State as a result of relocation to the state of Louisiana. These businesses will be subject to additional application and compliance requirements, but these requirements should not be significant and should be outweighed by the benefits received.

There is also an expectation that small businesses near the relocation would benefit from additional sales and services to those employed by the business.

**IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT
(Summary)**

Program award recipients may enjoy competitive benefits over any competitors who do not receive awards, due to having additional funding. Employment may increase negligibly if award recipients hire additional personnel due to receiving award funding.

Anne G. Villa
Undersecretary
2303#046

Evan Brasseaux
Interim Deputy Fiscal Officer
Legislative Fiscal Office

NOTICE OF INTENT

**Office of the Governor
Division of Administration
Racing Commission**

Horses Disqualified for a Foul (LAC 35:V.7907)

In accordance with the provisions of the Administrative Procedure Act, R.S. 49:950 et seq., and through the authority granted in R.S. 4:148, notice is hereby given that the Racing Commission proposes to amend LAC 35:V.7907. The proposed amendment, along with the proposed amendment to LAC 35:V.6335, loosens the restrictions on entries by allowing the uncoupling of same owner entries in order to help increase field sizes in Louisiana horse races and to help Louisiana racing compete with multiple state racing jurisdictions that already allow uncoupling of same owner entries.

Title 35

HORSE RACING

Part V. Racing Procedures

Chapter 79. Post to Finish

§7907. Horses Disqualified for a Foul

A. If a horse is disqualified for a foul, any horse or horses of the same ownership or interest, whether coupled as an entry or not, may also be disqualified.

AUTHORITY NOTE: Promulgated in accordance with R.S. 4:148.

HISTORICAL NOTE: Adopted by the Racing Commission in 1971, promulgated by the Department of Commerce, Racing Commission, LR 2:445 (December 1976), amended LR 3:41 (January 1977), LR 4:285 (August 1978), LR 49:

Family Impact Statement

This proposed Rule has no known impact on family formation, stability, and/or autonomy as described in R.S. 49:972.

Poverty Impact Statement

This proposed Rule has no known impact on poverty as described in R.S. 49:973.

Small Business Analysis

This proposed Rule has no known measurable impact on small businesses as described in R.S. 49:965.6.

Provider Impact Statement

This proposed Rule has no known impact on providers of services for individuals with developmental disabilities.

Public Comments

The domicile office of the Louisiana State Racing Commission is open from 8:00 a.m. to 4:30 p.m. Monday - Friday, and interested parties may submit oral or written comments, data, views, or arguments relative to this proposed rule for a period up to 20 days (exclusive of weekends and state holidays) from the date of this publication to Brett Bonin, Assistant Attorney General, 320 North Carrollton Avenue, Suite 2-B, New Orleans, LA 70119-5100.

Charles A. Gardiner III
Executive Director