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This is your authority to publish in the (month) December, 2022 *Louisiana Register* the document indicated above.

Office of Business Development

Office/Board/Commission promulgating this document

Anne G. Villa Undersecretary

(name) (title)
 Name and title of person whose signature will appear in the publication (at the end of the document)

Department of Economic Development

Department under which office/board/commission is classified

Stephanie Le Grange (225) 342-5406

(name) (phone) (fax)
 Name, phone number, and FAX number of person to contact regarding this document

Stephanie.Legrange@la.gov

E-mail address of contact person

SBIR - Retention Program

Short descriptive listing for this document to be used in the *Louisiana Register's* TABLE OF CONTENTS/INDEX

Important: If submitting both an Emergency Rule (ER) and a Notice of Intent (NOI) to be published this month, AND if the rule text in the ER is identical to the rule text in the NOI, check here:

File name

Anne G. Villa

Signature of Agency Head or Designee

Anne G. Villa, Undersecretary

Print Name and Title of Agency Head or Designee

CERTIFICATION OF AVAILABLE FUNDS

DOCUMENT # _____

LAGOV AGENCY:

I certify the availability of fiscal year 23 appropriated funds for the payment of the above referenced publication and authorize the processing of an Interagency Billing with the following coding on the 30th of the month of the publication. Attach supplemental sheet for additional lines of coding.

<u>252</u>	<u>2521077000</u>	<u>2522141400</u>		<u>2520000000</u>			
Business Area	General Ledger	Cost Center	Grant	Fund	WBS	Internal Order	Functional

NON-LAGOV AGENCY:

I certify the availability of fiscal year 23 appropriated funds for the payment of the above referenced publication and agree to place corresponding invoice in line for payment upon receipt.

Billing Contact Information:

Department of Economic Development

Agency Name

Taylor Richard

Agency Contact Person for Billing

Taylor.Richard@la.gov

Agency E-Mail Address for Billing

Stephanie Le Grange
 Signature of Agency Head or Designee

342-9658
 Phone Number

Per Page Charge _____ + Revision Charge \$ _____ = TOTAL \$ _____

NOTICE OF INTENT

Department of Economic Development, Office of the Secretary **Small Business Innovation Retention Fund Program**

(LAC 13: Part I. Chapter 49)

Under the authority of R.S. 51:2401 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 Rules for the Small Business Innovation Retention Fund Program.

Title 13 Economic Development Part I. Financial Incentive Programs Chapter 49. **Small Business Innovation Retention Fund Program**

§4901. Purpose

A. The purpose of this Chapter is to implement the Small Business Innovation Retention Fund Program as established by R.S. 51:2401.

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

1. To support and retain Louisiana jobs in STEM and other high-tech industries; and
2. To retain Louisiana small innovative businesses by providing financial assistance to certain businesses that have received certain Small Business Innovation Research (SBIR) or Small Business Technology Transfer (STTR) grant funds.

AUTHORITY NOTE: Promulgated in accordance with R.S. 36:104 and 51:2401

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

§4903. Definitions.

A. Terms not otherwise defined in this Chapter shall have the same meaning given to them in R.S. 51:2401, 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

Department — Louisiana Department of Economic Development

Federal Notice of Award – a document issued by a federal agency evidencing approval of an SBIR or 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

Louisiana small business – a for profit, Louisiana domiciled business with fewer than 500 employees

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

Retention Fund – Small Business Innovation Retention Fund

Secretary — Secretary of the Louisiana Department of Economic Development

AUTHORITY NOTE: Promulgated in accordance with R.S. 36:104 and 51:2401

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

§4905. General Principles

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

1. Awards are not be considered as an entitlement for companies, and the secretary has the ~~sole discretion~~ 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. Program applicants do not receive a double benefit on the same state funding. Program applicants may therefore also apply for the Research and Development Program for any separate and distinguishable funding.

B. Program issuance cap.

1. LED may issue no more than \$1,000,000 (one million dollars) per fiscal year from the Retention Fund as follows:

a. Up to \$500,000 (five hundred thousand dollars) shall be allocated for Phase I SBIR or STTR federal grant recipients;

b. Up to \$500,000 (five hundred thousand dollars) shall be allocated for Phase II SBIR or STTR federal recipients.

C. Applicant issuance cap.

1. Each selected applicant shall receive an amount equal to 25% of the Phase I SBIR or STTR federal grant the applicant has received, not to exceed \$50,000 (fifty thousand dollars) per applicant;

2. Each selected applicant shall receive an amount equal to 20% of the Phase II SBIR or STTR federal grant the applicant has received, not to exceed \$100,000 (one hundred thousand dollars) per applicant.

AUTHORITY NOTE: Promulgated in accordance with R.S. 36:104 and 51:2401

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

§4907. Eligibility

A. Eligible applicants for the benefits of this program shall be Louisiana small businesses that receive a Federal Notice of Award on or after June 15, 2022.

AUTHORITY NOTE: Promulgated in accordance with R.S. 36:104 and 51:2401

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

§4909. 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. Business name;

2. Contact person and their title;
3. Business physical address;
4. Business phone number and email address;
5. Brief description of the nature of the business;
6. Number of employees;
7. Secretary of State registration;
8. Information evidencing SBIR or STTR award, including name of issuing federal agency;
9. Any additional information requested by LED.

AUTHORITY NOTE: Promulgated in accordance with R.S. 36:104 and 51:2401

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

§4911. 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. Disbursing of funding statewide;
2. Availability of funding; and
3. Best interests of the state.

AUTHORITY NOTE: Promulgated in accordance with R.S. 36:104 and 51:2401

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

§4913. 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. Grant funds will be disbursed to the approved applicants as follows;

1. Phase I SBIR or STTR applicants shall receive 25% of the federal grant received, not to exceed \$50,000 per applicant;

2. Phase II SBIR or STTR applicants shall receive 20% of the federal grant received, not to exceed \$100,000 per applicant;

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

a. Year 1 funding may be awarded based upon the amount stated in the Federal Notice of Award;

b. Year 2 funding shall be awarded contingent upon the actual federal grant funding received, as supported by reporting documentation of recipient and any other compliance information requested by LED. In the event of any deviation from the anticipated total federal grant funding, LED reserves the right to increase or decrease the Year 2 award to ensure compliance with the maximum award provisions.

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 51:2401

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

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 Statement

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 Tuesday, January 24, 2023 at Department of Economic Development, 617 North 3rd 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 11:00 a.m. on Wednesday, January 25, 2023 in the Griffon Conference Room at the LaSalle Building, 617 North 3rd Street, Baton Rouge, LA 70802.



Brenda Guess
Assistant Secretary

FISCAL AND ECONOMIC IMPACT STATEMENT
FOR ADMINISTRATIVE RULES

Person Preparing Statement: KARL SCHULTZ Dept.: Department of Economic Development
Phone: 225-803-7582 Office: Office of Business Development
Return Address: 617 North Third Street Rule Title: SMALL BUSINESS INNOVATION
Baton Rouge, LA 70802 RETENTION FUND PROGRAM
Date Rule Takes Effect: _____

SUMMARY
(Use complete sentences)

In accordance with Section 953 of Title 49 of the Louisiana Revised Statutes, there is hereby submitted a fiscal and economic impact statement on the rule proposed for adoption, repeal or amendment. THE FOLLOWING STATEMENTS SUMMARIZE ATTACHED WORKSHEETS, I THROUGH IV AND WILL BE PUBLISHED IN THE LOUISIANA REGISTER WITH THE PROPOSED AGENCY RULE.

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

The proposed rule establishes program guidelines for the Small Business Innovation Retention (SBIR) Program authorized by Act 476 of the 2022 Regular Session.

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/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 NON-GOVERNMENTAL GROUPS (Summary)

The program will directly benefit Louisiana businesses that are recipients of federal SBIR or Small Business Technology Transfer (STTR) grants who receive awards from the Louisiana Small Business Innovation Retention Fund Program, by providing them with additional grant funding from the State. 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.

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.


Signature of Agency Head or Designee
Anne G. Villa, Undersecretary

Typed Name & Title of Agency Head or Designee

12/8/22
Date of Signature


Legislative Fiscal Officer or Designee

12/9/22
Date of Signature

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

The following information is required in order to assist the Legislative Fiscal Office in its review of the fiscal and economic impact statement and to assist the appropriate legislative oversight subcommittee in its deliberation on the proposed rule.

- A. Provide a brief summary of the content of the rule (if proposed for adoption, or repeal) or a brief summary of the change in the rule (if proposed for amendment). Attach a copy of the notice of intent and a copy of the rule proposed for initial adoption or repeal (or, in the case of a rule change, copies of both the current and proposed rules with amended portions indicated).

Establishes program rules for the Small Business Innovation Retention Fund Program, a grant program for businesses that are recipients of federal SBIR or STTR grant awards.

- B. Summarize the circumstances, which require this action. If the Action is required by federal regulation, attach a copy of the applicable regulation.

Act 476 of the 2022 Legislative Session created the Small Business Innovation Retention Fund, to be administered by LED.

- C. Compliance with Act 11 of the 1986 First Extraordinary Session

- (1) Will the proposed rule change result in any increase in the expenditure of funds? If so, specify amount and source of funding.

The proposed rules should not result in any increase in expenditures, beyond what was already outlined and allocated with the passage of Act 476 (e.g., up to \$105,000 per year to LED to administer the program)

- (2) If the answer to (1) above is yes, has the Legislature specifically appropriated the funds necessary for the associated expenditure increase?

(a) _____ Yes. If yes, attach documentation.

(b) _____ NO. If no, provide justification as to why this rule change should be published at this time.

**FISCAL AND ECONOMIC IMPACT STATEMENT
WORKSHEET**

I. A. COSTS OR SAVINGS TO STATE AGENCIES RESULTING FROM THE ACTION PROPOSED

1. What is the anticipated increase (decrease) in costs to implement the proposed action?

See below.

COSTS	FY 23	FY 24	FY 25
Personal Services			
Operating Expenses			
Professional Services			
Other Charges			
Equipment			
Major Repairs & Constr.			
TOTAL			
POSITIONS (#)			

2. Provide a narrative explanation of the costs or savings shown in "A. 1.", including the increase or reduction in workload or additional paperwork (number of new forms, additional documentation, etc.) anticipated as a result of the implementation of the proposed action. Describe all data, assumptions, and methods used in calculating these costs.

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/proposed rules. Resources will be required to initially implement the program and for ongoing administration. The resources required for ongoing administration should be less substantial, so even if future funding for administration is less than \$105,000, this likely will not pose an issue. The program should be relatively simple to administer relative to other, much larger and complex programs that LED administers. This program is relatively small (in terms of both funding and number of awards) and simple to administer since it largely relies on federal processes and approval to establish award eligibility.

3. Sources of funding for implementing the proposed rule or rule change.

Act 476 provides for up to \$1,105,000, including up to \$105,000 to LED for program administration, to be disbursed from the fund for FY23. Based on LPO assumption stated in Act 476 fiscal note, funding source for FY24 and beyond is expected to be SGF.

SOURCE	FY 23	FY 24	FY 25
State General Fund		SEE ABOVE	SEE ABOVE
Agency Self-Generated			
Dedicated	SEE ABOVE		
Federal Funds			
Other (Specify)			
TOTAL			

4. Does your agency currently have sufficient funds to implement the proposed action? If not, how and when do you anticipate obtaining such funds?

Act 476 provides for up to \$1,105,000 to be disbursed from the fund for FY23. Based on LPO assumption stated in Act 476 fiscal note, funding source for FY24 and beyond is expected to be SGF.

B. COST OR SAVINGS TO LOCAL GOVERNMENTAL UNITS RESULTING FROM THE ACTION PROPOSED.

1. Provide an estimate of the anticipated impact of the proposed action on local governmental units, including adjustments in workload and paperwork requirements. Describe all data, assumptions and methods used in calculating this impact.

N/A

2. Indicate the sources of funding of the local governmental unit, which will be affected by these costs or savings.

N/A

**FISCAL AND ECONOMIC IMPACT STATEMENT
WORKSHEET**

II. EFFECT ON REVENUE COLLECTIONS OF STATE AND LOCAL GOVERNMENTAL UNITS

A. What increase (decrease) in revenues can be anticipated from the proposed action?

N/A

REVENUE INCREASE/DECREASE	FY 23	FY 24	FY 25
State General Fund			
Agency Self-Generated			
Dedicated Funds*			
Federal Funds			
Local Funds			
TOTAL			

*Specify the particular fund being impacted.

B. Provide a narrative explanation of each increase or decrease in revenues shown in "A." Describe all data, assumptions, and methods used in calculating these increases or decreases.

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

**FISCAL AND ECONOMIC IMPACT STATEMENT
WORKSHEET**

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

- A. What persons, small businesses, or non-governmental groups would be directly affected by the proposed action? For each, provide an estimate and a narrative description of any effect on costs, including workload adjustments and additional paperwork (number of new forms, additional documentation, etc.), they may have to incur as a result of the proposed action.

The program will directly benefit Louisiana businesses that are recipients of federal SBIR or STTR grants who receive awards from the Louisiana Small Business Innovation Retention Fund Program, by providing them with additional grant funding from the State. 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.

- B. Also provide an estimate and a narrative description of any impact on receipts and/or income resulting from this rule or rule change to these groups.

The program is not expected to directly impact receipts or income beyond the impact of the grant awards themselves, as described above. Indirectly, award recipients may experience future revenue increases, to the extent the award funding allows them to grow/improve their business and pursue additional opportunities.

IV. EFFECTS ON COMPETITION AND EMPLOYMENT

Identify and provide estimates of the impact of the proposed action on competition and employment in the public and private sectors. Include a summary of any data, assumptions and methods used in making these estimates.

Program award recipients may enjoy competitive benefits over any competitors who do not receive awards, due to having additional funding.

Employment may increase if award recipients hire additional personnel due to receiving award funding. However, any employment increase would be negligible due to the small size of individual awards, small number of awards, and the overall relatively small size of the program, in terms of total funding.