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Department of Economic Development Office of the Secretary

Small Business Innovation Retention Fund Program (LAC 13:I.Chapter 49)

The Department of Economic Development published a Notice of Intent in the December 2022 issue of the *Louisiana Register* (LR 48:12, 2999-3001). A public hearing was held on January 25, 2023 and interested parties were invited to provide comment. While the feedback overall was positive, concerns were raised over §4905.A.3.b which sought to address LED's role in administering both this SBIR Innovation Retention Fund Program and the Research and Development Tax Credit Program, which are both based on the same criteria of securing a federal research award. After a thorough review and careful consideration of the comments and testimony received, the department therefore proposes to revise §4905.A.3 and delete §4905.A.3.b. No fiscal or economic impact will result from the amendments proposed in this notice.

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 49:

§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 49:

§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 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 separate applications are submitted per program.

B. Program Issuance Cap

LED may issue no more than \$1,000,000 per fiscal year from the Retention Fund as follows:

a. up to \$500,000 shall be allocated for Phase I SBIR or STTR federal grant recipients;

b. up to \$500,000 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 percent of the Phase I SBIR or STTR federal grant the applicant has received, not to exceed \$50,000 per applicant;

2. Each selected applicant shall receive an amount equal to 20 percent of the Phase II SBIR or STTR federal grant the applicant has received, not to exceed \$100,000 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 49:

§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 49:

§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 49:

§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 49:

§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 percent of the federal grant received, not to exceed \$50,000 per applicant;
2. Phase II SBIR or STTR applicants shall receive 20 percent 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 49:

Public Comments

Interested persons should submit written comments on the proposed Rules to Stephanie Le Grange through the close of business on Monday, March 27, 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 11:00 a.m. on Tuesday, March 28, 2023 in the Griffon Conference Room at the LaSalle Building, 617 North Third Street, Baton Rouge, LA 70802.

Brenda Guess
Assistant Secretary

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**Department of Economic Development
Office of Business Development**

Quality Jobs Program (LAC 13:I.Chapter 11)

Editor's Note: This Rule may be viewed in this edition of the *Louisiana Register*.

The Department of Economic Development, Office of Business Development, amended the rules for the Quality Jobs Program, pursuant to the provisions of the Administrative Procedure Act, R.S. 49:950 et seq. The Rules were submitted to and approved by the House Committee on Ways and Means and the Senate Committee on Revenue and Fiscal Affairs, in a joint committee meeting on January 31, 2023, pursuant to the provisions of La. R.S. 51:2459.

Anne G. Villa
Undersecretary

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**Office of the Governor
Division of Administration
Office of Broadband Development and Connectivity**

Public Hearing for Substantive Change—Granting Unserved Municipalities Broadband Opportunities (GUMBO) (LAC 4:XXI.Chapters 1-7)

The Office of the Governor, Division of Administration, Office of Broadband Development and Connectivity proposes to amend LAC 4:XXI.Chapters 1-7 as authorized