



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 795** HLS 22RS 1042
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: March 30, 2022 1:02 PM	Author: PRESSLY
Dept./Agy.: Department of Economic Development and LSU	
Subject: Small Business Innovation Recruitment Fund	Analyst: Monique Appeaning

FUNDS/FUNDING OR INCREASE GF EX See Note Page 1 of 1
 Establishes the Small Business Innovation Recruitment Fund

Proposed law creates a special fund in state treasury, the Small Business Innovation Recruitment Fund to provide economic development incentive to recruit out-of-state businesses that have received Phase II Small Business Innovation Research (SBIR) or Small Business Technology Transfer (STTR) federal grants to move to Louisiana. Proposed law provides for the LA Economic Development Corporation and LA State University A & M College, LA Technology Transfer Office (LTTO) to administer the SBIR Fund and to provide for the disbursement of monies from the fund to selected applicants in the form of grants. Proposed law directs LTTO to establish criteria for grant eligibility, provide for an application process, and select eligible LA business applicants to receive monies from the fund. Proposed law provides specific disbursement guidelines whereby \$500,000 shall be disbursed from the fund to eligible applicants in the form of grants not to exceed \$100,000 per applicant. Proposed law provides that grants awarded shall be divided into 3 equal amounts and be disbursed to selected applicants over a period of 3 consecutive years. Proposed law provides only applicants who a) received Phase II SBIR or STTR grant funding, b) generated revenue and shall provide documentation proving such, and c) produced commercial products or conducted commercial services and provide documentation are eligible applicants. Proposed law provides for a 6 month deadline for related matters.

EXPENDITURES	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						

REVENUES	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						

EXPENDITURE EXPLANATION

Proposed law may result in a significant increase in expenditures to create the Small Business Innovation and Recruitment Fund which will provide financial assistance to certain Louisiana businesses. While the bill provides for \$500,000 to be disbursed from the fund, it does not identify a recurring or one-time source of revenue for deposit into the fund. For purposes of this fiscal note, the Legislative Fiscal Office assumes that the source is SGF.

To the extent a funding source is identified for this purpose, the proposed law will increase expenditures of LA State University A & M College (LSU) to administer the Small Business Innovation Recruitment Fund and to provide for the disbursement of monies from the fund to selected applicants in the form of grants. LSU has indicated it would require one additional staff person to implement the requirements of this bill as well as the requirements of both HB 786 and HB 796, if all were to be enrolled. A portion of the cost of the additional position would be attributed to each of these bills.

Proposed law will create a workload impact for the LA Department of Economic Development Corporation to administer the Small Business Innovation Recruitment Fund and to provide for the disbursement of monies from the SBIR fund to selected applicants in the form of grants. The LA Department of Economic Development (LED) anticipates using existing departmental resources. LED anticipates using existing departmental resources and to establish criteria for grant eligibility, provide for an application process, and select eligible Louisiana business applicants to receive monies from the fund.

Proposed law creates within the state treasury a marginal workload increase for the Department of Treasury, which can generally be absorbed with existing resources. However, to the extent other legislative instruments create additional workload, there may be material additional costs associated with the aggregate effort to administer these funds. The Treasury performs fund accounting, financial reporting, banking and custodial functions for 436 special funds. When unable to absorb additional workload with existing resources, the Treasury may need to add one T.O. position at a total personnel services cost of approximately \$73,000, plus approximately \$2,450 for a one-time purchase of office equipment. These expenditures are assumed to be SGF in this fiscal note.

REVENUE EXPLANATION

Proposed law creates the Small Business Innovation Recruitment Fund but does not provide a recurring source of revenues. Monies deposited into the fund will be contingent upon transfers, donations, or appropriations into the fund by the legislature. While the bill provides for \$500,000 to be disbursed from the fund, it does not identify a recurring or one-time source of revenue for deposit into the fund. For purposes of this fiscal note, the Legislative Fiscal Office assumes that the source is SGF.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Evan Brasseaux

Evan Brasseaux
 Interim Deputy Fiscal Officer