

2022 Regular Session

HOUSE BILL NO. 795

BY REPRESENTATIVES PRESSLY, BACALA, DAVIS, FREEMAN, NELSON, AND  
WILLARD

FUNDS/FUNDING: Establishes the Small Business Innovation Recruitment Fund

1 AN ACT

2 To amend and reenact R.S. 51:2312(A)(1) and to enact R.S. 51:2401, relative to certain  
3 small business grants; to provide for the authority of the Department of Economic  
4 Development; to create the Small Business Innovation Recruitment Fund; to provide  
5 for uses of monies in the fund; to provide for limitations on appropriations from the  
6 fund; to provide for the administration of grants; to provide for eligibility of  
7 applicants; and to provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 51:2312(A)(1) is hereby amended and reenacted and R.S. 51:2401  
10 is hereby enacted to read as follows:

11 §2312. Powers and authority; duties

12 A. The corporation shall serve as the single review board for all financial  
13 assistance, loans, incentives or inducements, customized workforce training,  
14 investment programs, and any related appropriations, grants, or joint ventures  
15 administered by the Department of Economic Development, excluding those  
16 financial incentive programs administered by the State Board of Commerce and  
17 Industry. The corporation shall formulate and implement the policies for the  
18 delivery of services to obtain the following effects:

19 (1) The support of innovative private sector research and development  
20 activities by Louisiana businesses intended to generate commercial products,

1 processes, or services by providing ~~matching~~ funds to ~~those~~ Louisiana small  
2 businesses that will apply for or have received federal Small Business Innovative  
3 Innovation Research (SBIR) ~~Phase I~~ or Small Business Technology Transfer (STTR)  
4 grant funds.

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6 §2401. Small Business Innovation Recruitment Fund; purpose; program  
7 administration

8 A. There is hereby created in the state treasury, as a special fund, the "Small  
9 Business Innovation Recruitment Fund", hereinafter referred to as the "fund".

10 B.(1) The monies in the fund shall be used as an economic development  
11 incentive to recruit out-of-state small businesses that have received Phase II Small  
12 Business Innovation Research, hereinafter referred to as "SBIR", or Phase II Small  
13 Business Technology Transfer, hereinafter referred to as "STTR", federal grants to  
14 move to Louisiana.

15 (2) In order for a business to be considered a "small business" for purposes  
16 of this Section, the business shall qualify as small according to the United States  
17 Small Business Administration's industry size standards.

18 C. After compliance with the requirements of Article VII, Section 9(B) of  
19 the Constitution of Louisiana relative to the Bond Security and Redemption Fund,  
20 all monies received for the purpose of the fund shall be deposited into the fund.

21 D. Monies in the fund shall be invested in the same manner as monies in the  
22 general fund. Interest earned on investment of monies in the fund shall be credited  
23 to the fund. Unexpended and unencumbered monies in the fund at the end of the  
24 fiscal year shall remain in the fund.

25 E. The Department of Economic Development, hereinafter referred to as the  
26 "department", shall administer the fund and provide for the disbursement of monies  
27 from the fund to selected applicants in the form of grants. The department shall  
28 establish criteria for grant eligibility, provide for an application process, and select  
29 eligible business applicants to receive monies from the fund, based upon nominations

1 of eligible small businesses recommended by the Regional Economic Alliance of  
2 Louisiana, which represents sixty-four parishes of the state.

3 F. Up to five hundred thousand dollars shall be annually disbursed from the  
4 fund to eligible applicants in the form of grants. Any grant received pursuant to this  
5 Section shall not exceed one hundred thousand dollars per applicant. The grant  
6 awards provided pursuant to this Section shall be divided into three equal amounts  
7 and disbursed to the selected applicants over a period of three consecutive years.

8 G. Only applicants that meet all of the following criteria shall be eligible for  
9 the grants provided for in this Section:

10 (1) The applicant shall have received Phase II SIBR or STTR grant funding  
11 within the two years immediately preceding submission of the application.

12 (2) The applicant shall have generated sales and revenue and shall provide  
13 documentation proving such.

14 (3) The applicant shall have produced commercial products or conducted  
15 commercial services and shall provide documentation proving such.

16 H. Within six months of approval by the department, an applicant selected  
17 to receive grant monies shall provide documentation that the applicant business has  
18 relocated to Louisiana. If the selected applicant fails to relocate or provide  
19 documentation of such, the grant shall be forfeited, and the money shall be disbursed  
20 to another applicant.

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DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

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HB 795 Engrossed

2022 Regular Session

Pressly

**Abstract:** Creates the Small Business Innovation Recruitment Fund for the purpose of recruiting certain businesses to relocate to La.

Present law provides for the La. Economic Development Corporation (corporation) within the Dept. of Economic Development (department) and provides for the powers and authority of the corporation.

Present law provides that the corporation shall serve as the review board for certain financial assistance programs for La. small businesses. Further provides that the corporation shall

provide support for certain activities by La. businesses to generate commercial products or services by providing matching funds to businesses that received federal Small Business Innovative Research Phase I grant funds.

Proposed law changes present law and provides that the corporation shall provide support for activities by La. businesses to generate commercial products or services by providing funds to businesses that applied for or received federal Small Business Innovation Research (SBIR) or Small Business Technology Transfer (STTR) grant funds.

Proposed law creates the "Small Business Innovation Fund"(fund) as a special fund in the state treasury. Further provides that monies in the fund shall be used to grant funding to provide financial resources to certain La. businesses in pursuit of SBIR or STTR federal research grants.

Proposed law requires all monies within the fund to comply with Article VII, Section 9(B) of the Constitution of Louisiana relative to the Bond Security and Redemption Fund.

Proposed law requires monies in the fund to be invested in the same manner as monies in the general fund. Further requires interest earned on investment of monies to credited to the fund. Unexpended and unencumbered monies in the fund at the end of the fiscal year shall remain in the fund.

Proposed law provides a definition for "small business".

Proposed law provides that the department shall administer the fund and provide for the disbursement of monies in the fund to eligible applicants in the form of grants. Further provides that the department shall establish criteria for grant eligibility, provide for an application process, and select eligible applicants.

Proposed law provides for the selection of grant recipients to be based upon nominations of eligible small businesses recommended by the Regional Economic Alliance of La.

Proposed law provides that up to \$500,000 shall be annually disbursed from the fund to selected eligible applicants. Any grant received pursuant to proposed law shall not exceed \$100,000 per applicant.

Proposed law provides that the money shall be disbursed in equal amounts to the selected applicants over a period of 3 consecutive years.

Proposed law provides that only applicants that meet all of the following criteria shall be eligible for the grant:

- (1) The applicant shall have received Phase II SIBR or STTR grant funding within the two years immediately preceding the submission of an application.
- (2) The applicant shall have generated sales and revenue and must provide documentation proving such.
- (3) The applicant shall have produced commercial products or conducted commercial services.

Proposed law provides that within six months of grant approval, the applicant shall provide documentation of relocation. Further provides that if an applicant fails to provide such information the monies shall go to another eligible applicant.

(Amends R.S. 51:2312(A)(1); Adds R.S. 51:2401)

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Commerce to the original bill:

1. Change certain references from the La. Economic Development Corporation to the Department of Economic Development.
2. Provide a definition for "small business".
3. Move the duty of administering the fund from the La. Economic Development Corporation and the La. Technology Transfer Office to the Department of Economic Development.
4. Provide a mechanism for a small business to be nominated.
5. Modify the disbursement amounts to allow for a lesser grant than the previously mandated disbursement amounts.
6. Provide that the disbursement of funds is to occur annually.
7. Add an eligibility requirement that the federal funding provided for in present law is received within the two years preceding the submission of the application.
8. Require an applicant to provide proof of sales in addition to revenue.
9. Make technical changes.