
DIGEST

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HB 724 Re-Reengrossed

2022 Regular Session

Bagley

Abstract: Creates a grant program that provides economic development funding to eight regional economic development organizations in the state.

Proposed law creates the La. Competes Regional Economic Development Program, hereinafter, "program", which is to be administered by the La. Dept of Economic Development. The program is to provide grant funding to each of eight regional economic development organizations, hereinafter "organizations".

Proposed law creates the La. Competes Regional Economic Development Fund, hereinafter "fund", as a special fund in the state treasury. Further divides the fund into eight distinct subfunds, one for each regional economic development organization named in proposed law.

Proposed law requires monies in the fund and subfunds to be invested in the same way general fund monies are invested, with interest to be deposited back into the fund or subfund upon which the interest was earned. Further requires unexpended and unencumbered monies in the fund and subfunds to remain in the fund or subfund at the end of the fiscal year.

Proposed law authorizes and requires the treasurer to transfer \$8M from the state general fund into the fund.

Proposed law requires one-eighth of the initial deposit of monies into the fund be allocated to each of the organizations.

Proposed law restricts the use of grant monies awarded pursuant to proposed law to "qualified expenditures", hereinafter "expenditures", related to the furtherance of economic development within the region it represents.

Proposed law provides two categories of expenditures: site development and economic development marketing. Proposed law provides nonexclusive examples of each, such as:

- (1) Site development costs:
 - (a) Studies.
 - (b) Surveys.

- (c) Development of plans and specifications.
 - (d) Entering into option agreements.
 - (e) Infrastructure improvements.
 - (f) Due diligence.
 - (g) Remediation.
 - (h) Wetland delineation.
 - (i) Certain professional services related to site development.
- (2) Economic development marketing:
- (a) Print, digital, or video marketing.
 - (b) Preparation, development, or implementation of an economic development marketing plan.
 - (c) Competitive research.
 - (d) Expenses for hosting professional site selectors or business prospects traveling to the state to explore or review sites.

Proposed law prohibits organizations from using grant monies for any of the following, to the extent the use does not conflict with the approved purposes provided in proposed law:

- (1) Salaries, wages, benefits.
- (2) Travel expenses incurred by the organizations officers, employees, or contractors.
- (3) Alcohol.
- (4) Land, buildings, offices, equipment, or vehicles used primarily for the administrative operations of the organization.

Proposed law requires the secretary of economic development, hereinafter "secretary", to develop a grant request form to be used by the organizations to request funding. The form requires the following information:

- (1) Legal name and tax ID number of the organization.
- (2) Legal name and contact information for the person authorized to act on behalf of the

organization.

- (3) Signature of the person authorized to act on behalf of the organization.
- (4) Date of signature.

Proposed law requires the secretary to notify the commissioner of administration that a grant is approved pursuant to proposed law within five calendar days of receiving a completed grant request.

Within 30 calendar days of grant approval, proposed law requires the organization and the state to enter into a cooperative endeavor agreement as provided for in present law.

Proposed law requires the cooperative endeavor agreement to be in conformity with the intent and purpose of proposed law, and the organization's obligations pursuant to the agreement are to be limited to the following:

- (1) Identifying high-priority sites for the purpose of attracting economic development projects.
- (2) Developing high-priority sites for the purpose of attracting economic development projects.
- (3) Marketing of the regional economic development organization's particular region for the purpose of attracting economic development projects.
- (4) Developing and subsequently providing a report of all activities related to the objectives of the cooperative endeavor agreement undertaken in the previous year.
- (5) Maintaining records and an accurate accounting of all expenditures.
- (6) Adhering to state and federal non-discrimination laws.
- (7) Adhering to provisions of present law which prohibit discriminatory boycotts of Israel in state procurement.
- (8) Applying a 10% local match as provided for in proposed law.

Proposed law provides that the initial cooperative endeavor agreement is for an initial period of two years. Further provides that the initial agreement will automatically renew for successive year-long periods until all initial funds provided by the agreement are expended.

Proposed law requires each organization to apply local matching funds equaling 10% of the cost being paid.

Proposed law requires the commissioner to notify the treasurer of execution of the cooperative endeavor agreement within five days of execution and requires the treasurer to disburse the monies to the organization within five days of notification.

Proposed law is intended to be construed liberally in order to achieve the intent of proposed law.

Effective upon appropriation of funds by the legislature.

(Adds R.S. 39:1481-1489)

Summary of Amendments Adopted by House

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

1. Make technical changes.

The Committee Amendments Proposed by House Committee on Appropriations to the engrossed bill:

1. Remove use of surplus monies for proposed law.
2. Make effectiveness of proposed law subject to appropriation.
3. Divide fund established in proposed law into eight subfunds, one for each regional economic development district in proposed law.
4. Require Dept. of Economic Development to establish tax increment boundaries for each project under proposed law and establish a sales tax baseline for each project. Further dedicate 5% of state sales taxes collected above the baseline within the project boundaries and require deposit into the regional economic development organization's subfund.
5. Remove requirement that each regional economic development organization be awarded an initial grant of one million dollars and instead award each such organization an initial award in the amount of one-eighth of the initial deposit into the fund established in proposed law.
6. Remove requirement that a regional economic development organization obtain a 10% match for each project undertaken pursuant to proposed law and instead require each organization to apply a 10% match to each such project.
7. Remove requirement that each 10% local match payment be calculated as 10% of the funds spent during any calendar year and instead require the match to be calculated as 10% of the cost being paid.
8. Remove requirement that the treasurer, pursuant to legislative appropriation, deposit in and credit to the Louisiana Competes Fund \$8 million.
9. Make technical changes.

The House Floor Amendments to the reengrossed bill:

1. Remove requirement that Dept. of Economic Development establish tax increment boundaries for each project under proposed law and establish a sales tax baseline for each project.
2. Remove provisions dedicating 5% of state sales taxes collected above each baseline within the project boundaries established pursuant to proposed law and require deposit into the regional economic development organization's subfund.
3. Add provision requiring state treasurer to deposit \$8 million into the Louisiana Competes Fund.
4. Remove provisions designating the South Louisiana Economic Council as a regional economic development organization pursuant to proposed law.
5. Add the South Central Planning and Development Commission as a regional economic development organization pursuant to proposed law.
6. Make technical changes.