

GREEN SHEET REDIGEST

HB 724

2022 Regular Session

Bagley

ECONOMIC DEVELOPMENT: Establishes a grant program for site development and improvement

DIGEST

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 requires one-eighth of the initial appropriation and any subsequent appropriation 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 that qualified expenditures are limited to site development and provides nonexclusive examples such as:

- (1) Studies.
- (2) Surveys.
- (3) Development of plans and specifications.
- (4) Entering into option agreements.
- (5) Infrastructure improvements.
- (6) Due diligence.
- (7) Remediation.
- (8) Wetland delineation.
- (9) Certain professional services related to site development.

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.

Within 30 calendar days of the promulgation of administrative rules, 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) Developing and subsequently providing a report of all activities related to the objectives of the cooperative endeavor agreement undertaken in the previous year.
- (4) Maintaining records and an accurate accounting of all expenditures.
- (5) Adhering to state and federal nondiscrimination laws.
- (6) Adhering to provisions of present law which prohibit discriminatory boycotts of Israel in state procurement.
- (7) 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.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Adds R.S. 39:1481-1485)

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.

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Finance to the re-engrossed bill

1. Remove provisions creating the Louisiana Competes Fund and provisions addressing administration and disbursement of the fund by the state treasurer.
2. Add provision that grants under the program will be made from monies appropriated to the program by the legislature.
3. Remove marketing costs from the list of qualified expenditures of grant funds.
4. Remove requirement regarding the development of a grant form by the Dept. of Economic Development.
5. Change deadline for entering into a cooperative endeavor agreement from 30 days from grant approval to 30 days from the adoption of administrative rules by the Dept. of Economic Development.
6. Change effective date from upon appropriation to the signature of the governor.
7. Make technical changes.