

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 786** HLS 22RS 1041

Bill Text Version: **ENROLLED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

| | | |
|--|---------|-----------------------------------|
| Date: June 2, 2022 | 3:50 PM | Author: WILLARD |
| Dept./Agy.: Department of Economic Development | | Analyst: Monique Appeaning |
| Subject: Small Business Innovation Retention Fund | | |

FUNDS/FUNDING EN INCREASE GF EX See Note
Establishes the Small Business Innovation Retention Fund

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Proposed law creates the Small Business Innovation Retention (SBIR) Fund to provide financial assistance to certain LA businesses that have received certain Small Business Innovation Research or Small Business Technology Transfer (STTR) federal grants for such applications submitted or received after January 1, 2023. Proposed law provides specific disbursement guidelines whereby a) up to \$500,000 shall be allocated for Phase I SBIR or STTR federal grant recipients where each selected applicant shall receive an amount equal to 25% of the Phase I SBIR or STTR federal grant the applicant received, not to exceed \$50,000 per applicant and b) up to \$500,000 shall be allocated for Phase II SBIR or STTR federal recipients where each applicant shall receive an amount equal to 20% of the Phase II SBIR or STTR federal grant the applicant received, 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 is **subject to appropriation**. Proposed law provides for the Department of Economic Development (LED) to administer the SBIR Fund and provide for the disbursement of monies from the fund to selected applicants in the form of grants. Proposed law directs the LED to establish criteria for grant eligibility, provide for an application process, and select eligible LA business applicants to receive monies from the fund.

| EXPENDITURES | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 5 -YEAR TOTAL |
|---------------------|------------|------------|------------|------------|------------|-------------------|
| State Gen. Fd. | SEE BELOW | INCREASE | INCREASE | INCREASE | INCREASE | |
| Agy. Self-Gen. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Ded./Other | INCREASE | \$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 | | | | | | |

| REVENUES | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 5 -YEAR TOTAL |
|---------------------|------------|------------|------------|------------|------------|-------------------|
| State Gen. Fd. | \$0 | DECREASE | DECREASE | DECREASE | DECREASE | \$0 |
| Agy. Self-Gen. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Ded./Other | SEE BELOW | \$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 Retention Fund which will provide financial assistance to certain Louisiana businesses. Proposed law creates a workload increase for the LED to administer the Small Business Innovation Retention Fund and to provide for the disbursement of up to \$1 M from the SBIR fund to selected applicants in the form of grants for FY 23. Proposed law will increase the expenditures for the LED for one position to implement the requirements of this bill to establish criteria for grant eligibility, provide for an application process, and select eligible Louisiana business applicants to receive monies from the fund. This same position will support the needs outlined in House Bill 795. Proposed law provides up to \$105,000 per year be allocated to the department for as long as the department administers grants from the fund. For purposes of this fiscal note, the Legislative Fiscal Office assumes that the source is SGF for out years beginning FY 24.

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 Retention Fund and is subject to appropriation and the provisions of proposed law. Monies deposited into the fund will be contingent upon transfers, donations, or appropriations into the fund by the legislature. Proposed law provides for up to \$1,105,000 to be disbursed from the fund for FY 23. For purposes of this fiscal note, the Legislative Fiscal Office assumes that the source is SGF for out years beginning FY 24.

NOTE: House Bill 406 authorizes and directs the state treasurer to transfer \$1,105,000 from the Louisiana Rescue Plan Fund into the Small Business Innovation Retention Fund contingent upon the Act that originated as House Bill 786 of this 2022 Regular Session of the Legislature becomes law.

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
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Interim Deputy Fiscal Officer