



LEGISLATIVE FISCAL OFFICE
Fiscal Note

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

Date: April 19, 2022	4:36 PM	Author: PRESSLY
Dept./Agy.: Department of Economic Development		
Subject: Small Business Innovation Recruitment Fund		Analyst: Monique Appeaning

FUNDS/FUNDING EG 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 incentives to recruit out-of-state small businesses that have received Phase II Small Business Innovation Research (SBIR) or Small Business Technology Transfer (STTR) federal grants to move to LA. Proposed law provides for the LA Department of Economic Development (LED) 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 the department to establish a criteria for grant eligibility, provide for an application process, and select eligible LA business applicants to receive monies from the fund based upon nominations of eligible small businesses recommended by the Regional Economic Alliance of LA, which represents 64 parishes of the state. Proposed law provides specific disbursement guidelines whereby up to \$500,000 shall annually 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 sales and 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 within 6 months of approval by the department, an applicant selected to received grant monies shall provide documentation that the applicant business has relocated to LA, if not, the grant shall be forfeited, and money shall be disbursed to another applicant.

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 used as an economic development incentive to recruit out-of-state small businesses. While the bill provides for up to \$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.

Proposed law creates a workload impact for the LED 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. Proposed law increases the SGF expenditures for 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 out-of-state small businesses to receive monies from the fund. This same position will support the needs outlined in House Bill 786.

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 up to \$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.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Evan Brasseaux

Evan Brasseaux
 Interim Deputy Fiscal Officer