

2022 Regular Session

HOUSE BILL NO. 724

BY REPRESENTATIVES BAGLEY, COX, DAVIS, FISHER, FONTENOT, GOUDEAU,
HILFERTY, NEWELL, PRESSLY, ST. BLANC, AND THOMAS

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

1 AN ACT

2 To enact Chapter 15-B of Subtitle III of Title 39 of the Louisiana Revised Statutes of 1950,
3 to be comprised of R.S. 39:1481 through 1490, relative to economic development;
4 to provide for intent; to provide for definitions; to provide for an economic
5 development program; to create a special treasury fund for economic development;
6 to provide for qualified expenditures; to provide form requirements; to provide for
7 deposit and allocation of funds; to provide relative to the powers and duties of the
8 Department of Economic Development, the Department of Revenue, and the state
9 treasurer; to provide relative to the promulgation of rules; to provide for procedure;
10 to provide for cooperative endeavor agreements; to provide for application of law;
11 and to provide for related matters.

12 Be it enacted by the Legislature of Louisiana:

13 Section 1. Chapter 15-B of Subtitle III of Title 39 of the Louisiana Revised Statutes
14 of 1950, comprised of R.S. 39:1481 through 1490, is hereby enacted to read as follows:

15 CHAPTER 15-B. LOUISIANA COMPETES REGIONAL ECONOMIC
16 DEVELOPMENT PROGRAM

17 §1481. Legislative intent

18 The legislature recognizes the strong competition among states to attract new
19 business and industry and to grow existing business and industry. It is further
20 recognized that different regions of this state have different characteristics and

1 attributes which are advantageous to specific sectors of the economy. As a result,
2 these regions each have unique challenges and opportunities relative to economic
3 development. The legislature believes that local citizens working through regional
4 economic development organizations are uniquely positioned to support the state's
5 overall economic development efforts by identifying and directing how certain
6 resources are best utilized to take advantage of a region's distinctive economic
7 potential. It is the intent of the legislature to authorize and direct the execution of
8 cooperative endeavor agreements, in accordance with this Chapter and R.S.
9 33:9029.2, by and between the state and each of the eight regional economic
10 development organizations where the state will provide economic support to the
11 regional economic development organizations in exchange for the regional economic
12 development organizations providing locally developed and tailored services directly
13 related to attracting new business and industry and growing existing business and
14 industry within their respective regions through the use of funds awarded through the
15 Louisiana Competes Regional Economic Development Program, as provided for in
16 this Chapter. It is further the intent of the legislature to minimize red tape and grant
17 regional economic development organizations the maximum flexibility to utilize
18 grant funds in furtherance of the intent of this Section. The legislature finds and
19 determines that the use of funds are in furtherance of a public purpose.

20 §1482. Definitions

21 For purposes of this Chapter, the following words have the following
22 meanings:

23 (1) "Commissioner of administration" means the commissioner of the
24 division of administration.

25 (2) "Louisiana Competes Fund" means the Louisiana Competes Regional
26 Economic Development Fund.

27 (3) "Louisiana Competes Program" means the Louisiana Competes Regional
28 Economic Development Program.

1 (4) "Grant" means an award from the Louisiana Competes Economic
2 Development Program to a regional economic development organization.

3 (5) "Qualified expenditure" shall having the meaning set forth in R.S.
4 39:1485.

5 (6) "Regional economic development organization" means any of the
6 following: the Baton Rouge Area Chamber, or its successor; the Central Louisiana
7 Economic Development Alliance, or its successor; Greater New Orleans, Inc., or its
8 successor; the Northeast Louisiana Economic Alliance, or its successor; the North
9 Louisiana Economic Partnership, or its successor; One Acadiana, or its successor;
10 the South Louisiana Economic Council, or its successor; or the Southwest Louisiana
11 Economic Development Alliance, or its successor.

12 (7) "Secretary" means the secretary of the Department of Economic
13 Development.

14 §1483. Louisiana Competes Regional Economic Development Program

15 A. There is hereby created the Louisiana Competes Regional Economic
16 Development Program to be administered by the Department of Economic
17 Development, to provide grants to regional economic development organizations
18 pursuant to the Louisiana Competes Regional Economic Development Program as
19 established in this Chapter.

20 B. Each regional economic development organization shall be entitled to an
21 initial grant in the amount of one-eighth of the initial funds deposited into the
22 Louisiana Competes Fund.

23 §1484. Louisiana Competes Regional Economic Development Fund; appropriation;
24 allocation

25 A. There is hereby created and established in the state treasury, a special
26 fund titled the Louisiana Competes Regional Economic Development Fund.

27 B. Within the Louisiana Competes Fund there are hereby created the
28 following subfunds:

1 (1) The Baton Rouge Area Chamber Subfund, to be used solely to provide
2 grants to the Baton Rouge Area Chamber, or its successor.

3 (2) The Central Louisiana Economic Development Alliance Subfund, to be
4 used solely to provide grants to the Central Louisiana Economic Development
5 Alliance, or its successor.

6 (3) The Greater New Orleans, Inc., Subfund, to be used solely to provide
7 grants to Greater New Orleans, Inc., or its successor.

8 (4) The Northeast Louisiana Economic Alliance Subfund, to be used solely
9 to provide grants to the Northeast Louisiana Economic Alliance, or its successor.

10 (5) The North Louisiana Economic Partnership Subfund, to be used solely
11 to provide grants to the North Louisiana Economic Partnership, or its successor.

12 (6) The One Acadiana Subfund, to be used solely to provide grants to One
13 Acadiana, or its successor.

14 (7) The South Louisiana Economic Council Subfund, to be used solely to
15 provide grants to the South Louisiana Economic Council, or its successor.

16 (8) The Southwest Louisiana Economic Development Alliance Subfund, to
17 be used solely to provide grants to the Southwest Louisiana Economic Development
18 Alliance, or its successor.

19 C. Monies in the Louisiana Competes Fund and subfunds shall be invested
20 in the same manner as monies in the state general fund. Interest earned on the
21 investment of monies in the Louisiana Competes Fund and subfunds shall be credited
22 to the Louisiana Competes Fund and subfunds for which the interest was earned.
23 Unexpended and unencumbered monies in the Louisiana Competes Fund and
24 subfunds at the end of the fiscal year shall remain in the Louisiana Competes Fund
25 or subfund to which they are credited.

26 §1485. Qualified expenditures

27 A. A regional economic development organization shall only utilize grant
28 funds to pay for qualified expenditures related to the furtherance of economic
29 development within the region it represents. Qualified expenditures are limited to

1 site development costs and economic development marketing of the region
2 represented by the regional economic development organization.

3 B.(1) Site development costs include but are not limited to costs incurred for
4 the following:

5 (a) Studies.

6 (b) Surveys.

7 (c) Development of plans and specifications.

8 (d) Entering into option agreements.

9 (e) Infrastructure improvements.

10 (f) Due diligence.

11 (g) Remediation.

12 (h) Wetland delineation.

13 (i) Professional services for architectural, engineering, legal, construction,
14 and financial services related to site development.

15 (2) Economic development marketing costs include costs which are usual
16 and customary in the economic development sector. The costs shall be tailored to
17 the regional assets and attributes of the region represented by the regional economic
18 development organization. Economic development marketing cost includes cost
19 incurred for any of the following:

20 (a) Print, digital, or video marketing.

21 (b) Preparation, development, or implementation of an economic
22 development marketing plan.

23 (c) Competitive research.

24 (d) Expenses related to hosting professional site selectors or business
25 prospects traveling to the region to explore or review possible sites.

26 C. Without limiting the provisions of Subsections A and B of this Section,
27 a regional economic development organization shall not utilize any monies from the
28 Louisiana Competes Fund for any of the following:

29 (1) Salaries, wages, or benefits.

1 (2) Travel expenses incurred by the regional economic development
2 organization's officers, employees, or contractors.

3 (3) Alcohol.

4 (4) Land, buildings, offices, equipment, or vehicles used primarily for the
5 administrative operations of the regional economic development organization.

6 §1486. Form requirements

7 The secretary shall develop a form to be used by the regional economic
8 development organizations to request grant funding. The secretary shall develop the
9 form to solicit all of the following information and nothing further:

10 (1) The legal name and tax identification number of the regional economic
11 development organization.

12 (2) The legal name and contact information of the person serving as chief
13 executive of the regional economic development organization or other such person
14 authorized by the governing board of the regional economic development
15 organization to act on its behalf and having the legal capacity to enter into binding
16 agreements on behalf of the organization.

17 (3) The signature of the chief executive of the regional economic
18 development organization or other such person authorized by the governing board
19 of the regional economic development organization to act on its behalf. The
20 signature certifies that the regional economic development organization has
21 reviewed, understands, and will comply with the requirements contained in this
22 Chapter.

23 (4) The date the form was signed.

24 §1487. Grant approval

25 Within five calendar days of receiving a completed grant request form as
26 provided for in R.S. 39:1486, the secretary shall notify the commissioner that a grant
27 is approved pursuant to this Chapter.

1 §1488. Cooperative endeavor agreement; term; public fund matching

2 A. Within thirty calendar days of grant approval, the regional economic
3 development organization and the state shall enter into a cooperative endeavor
4 agreement as provided for in R.S. 33:9029.2. The objectives and intent of each
5 cooperative endeavor agreement shall be in conformity with the objectives and intent
6 of this Chapter. Accordingly, the obligations of the regional economic development
7 organization set forth in the cooperative endeavor agreement shall be limited to the
8 following:

9 (1) Identifying high-priority sites for the purpose of attracting economic
10 development projects.

11 (2) Developing high-priority sites for the purpose of attracting economic
12 development projects.

13 (3) Marketing of the regional economic development organization's
14 particular region for the purpose of attracting economic development projects.

15 (4) Developing and subsequently providing a report of all activities related
16 to the objectives of the cooperative endeavor agreement undertaken in the previous
17 year.

18 (5) Maintaining records and an accurate accounting of all expenditures.

19 (6) Adhering to state and federal non-discrimination laws.

20 (7) Adhering to the provisions of R.S 39:1602.1.

21 (8) Applying a ten percent local match as provided for in Subsection C of
22 this Section.

23 B. The initial cooperative endeavor agreement with each regional economic
24 development organization shall have an initial term of two years. Thereafter the
25 initial cooperative endeavor agreement with a regional economic development
26 organization shall automatically renew for successive one-year periods until such
27 time as all initial funds provided in the agreement have been expended.

28 C. A regional economic development organization shall not expend any
29 grant funds without simultaneously applying local matching funds equaling ten

1 percent of the cost being paid. Funds originating from any lawful source other than
2 the state shall constitute local matching funds.

3 D.(1) After entering into a cooperative endeavor agreement pursuant to this
4 Chapter, the commissioner shall notify the treasurer of such action within five
5 business days of execution of the agreement.

6 (2) After receiving the notification required by Paragraph (1) of this
7 Subsection, within five business days, the treasurer shall disburse the funds to the
8 regional economic development organization.

9 §1489. Sales tax increment; determination; dedication; deposit

10 A. For the purposes of this Section, the following terms shall have the
11 following meanings, unless the context clearly indicates otherwise:

12 (1) "Project" means a business that expands or commences operations in a
13 regional economic development organization's area because of qualified
14 expenditures made by the regional economic development organization pursuant to
15 the provisions of this Chapter.

16 (2) "Sales tax" means the sales tax on the sale at retail, the use, the lease or
17 rental, the consumption and storage for use or consumption of tangible personal
18 property, and on sales of services, all as defined in R.S. 47:301 et seq.

19 (3) "Sales tax baseline" means the total collected sales tax from taxpayers
20 located within the tax increment boundaries of a project in the year immediately
21 prior to the year in which the project's tax increment boundaries were established.

22 B. The Department of Economic Development shall establish appropriate
23 sales tax increment boundaries for each project and determine, in conjunction with
24 the Department of Revenue, the sales tax baseline for each such project. In no event
25 shall the tax increment boundaries of any project in an area overlap with those of
26 another. The secretary of the Department of Revenue shall transfer to the state
27 treasurer for deposit into the appropriate subfund established pursuant to the
28 provisions of this Chapter an amount equal to five percent of any sales tax collected
29 above the sales tax baseline within a project's tax increment boundaries.

1 C. The Department of Economic Development shall promulgate emergency
 2 rules pursuant to the Administrative Procedure Act for the initial implementation of
 3 the provisions of this Chapter. Notwithstanding any provision of the Administrative
 4 Procedure Act to the contrary, the following committees shall have oversight over
 5 such emergency rules: the House Committee on Commerce, the House Committee
 6 on Appropriations, the Senate Committee on Finance, and the Senate Committee on
 7 Commerce, Consumer Protection and International Affairs.

8 §1490. Application of law

9 The provisions of this Chapter shall be liberally construed to accomplish the
 10 intent of this Chapter.

11 Section 2. The provisions of Section 1 of this Act shall become effective when an
 12 Act of the Louisiana Legislature containing a specific appropriation of monies for the
 13 implementation of the provisions of this Act becomes effective.

14 Section 3. The provisions of Sections 2 and 3 of this Act shall become effective
 15 upon signature by the governor or, if not signed by the governor, upon expiration of the time
 16 for bills to become law without signature by the governor, as provided by Article III, Section
 17 18 of the Constitution of Louisiana. If vetoed by the governor and subsequently approved
 18 by the legislature, the provisions of Sections 2 and 3 of this Act shall become effective on
 19 the day following such approval.

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)]

HB 724 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 provides a declaration of legislative intent relative to the policies addressed in proposed law.

Proposed law defines "commissioner of administration", "Louisiana Competes Fund", "Louisiana Competes Program", "grant", "qualified expenditure", "regional economic development organization", and "secretary".

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 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 expenditure: 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 is to require 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 requires the Dept. of Economic Development to establish tax increment boundaries for each "project" in a regional economic development organization's area. Defines "project" to mean a business that expands or commences operations in the regional economic development district organization's area because of qualified expenditures made by the regional economic development organization pursuant to proposed law. For each such project, the Dept. of Economic Development, working in conjunction with the Dept. of Revenue, shall establish a sales tax baseline for each such project. The baseline shall be the total collected state sales tax within the tax increment boundaries in the year immediately prior to the year the project's boundaries were established. Thereafter, dedicates to the regional economic development organization's subfund 5% of the state sales tax increment collected within the project's tax increment boundaries that are above the baseline. Further requires the Dept. of Economic Development to promulgate emergency rules for the initial implementation of the provisions of proposed law. Provides that the House Committees on Commerce and Appropriations and the Senate Committees on Finance and Commerce, Consumer Protection and International Affairs shall have oversight over such emergency rules.

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. 39:1481-1490)

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.