

2022 Regular Session

HOUSE BILL NO. 786

BY REPRESENTATIVES WILLARD, ADAMS, BACALA, CARRIER, DAVIS, DUBUISSON, DUPLESSIS, FREEMAN, HILFERTY, ILLG, JORDAN, KERNER, LYONS, MARCELLE, NELSON, NEWELL, PRESSLY, THOMAS, AND THOMPSON

FUNDS/FUNDING: Establishes the Small Business Innovation Retention Fund

1 AN ACT

2 To amend and reenact R.S. 51:2312(A)(1) and to enact R.S. 51:2401, relative to certain  
3 small business grants; to provide for the authority of the Department of Economic  
4 Development; to create the Small Business Innovation Retention Fund; to provide  
5 for uses of monies in the fund; to provide for eligibility of applicants; and to provide  
6 for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 51:2312(A)(1) is hereby amended and reenacted and R.S. 51:2401  
9 is hereby enacted to read as follows:

10 §2312. Powers and authority; duties

11 A. The corporation shall serve as the single review board for all financial  
12 assistance, loans, incentives or inducements, customized workforce training,  
13 investment programs, and any related appropriations, grants, or joint ventures  
14 administered by the Department of Economic Development, excluding those  
15 financial incentive programs administered by the State Board of Commerce and  
16 Industry. The corporation shall formulate and implement the policies for the  
17 delivery of services to obtain the following effects:

18 (1) The support of innovative private sector research and development  
19 activities by Louisiana businesses intended to generate commercial products,

1 processes, or services by providing ~~matching~~ funds to ~~those~~ Louisiana small  
2 businesses that will apply for or have received federal Small Business ~~Innovative~~  
3 Innovation Research (SBIR) Phase I or Small Business Technology Transfer (STTR)  
4 grant funds, for such federal applications submitted or received after January 1,  
5 2023.

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7 §2401. Small Business Innovation Retention Fund; purpose; program administration

8 A. There is hereby created in the state treasury, as a special fund, the "Small  
9 Business Innovation Retention Fund", hereinafter referred to as the "fund".

10 B. The monies in the fund shall be used to provide financial assistance to  
11 certain Louisiana businesses that have received certain Small Business Innovation  
12 Research, hereinafter referred to as "SBIR", or Small Business Technology Transfer,  
13 hereinafter referred to as "STTR", federal grants.

14 C. After compliance with the requirements of Article VII, Section 9(B) of  
15 the Constitution of Louisiana relative to the Bond Security and Redemption Fund,  
16 all monies received for the purpose of the fund shall be deposited into the fund.

17 D. Monies in the fund shall be invested in the same manner as monies in the  
18 general fund. Interest earned on investment of monies in the fund shall be credited  
19 to the fund. Unexpended and unencumbered monies in the fund at the end of the  
20 fiscal year shall remain in the fund.

21 E. Subject to appropriation and the provisions of this Section, monies in the  
22 fund shall be used by the Department of Economic Development, hereinafter referred  
23 to in this Section as the "department", for awarding grants to selected applicants. The  
24 department shall establish criteria for grant eligibility, provide for an application  
25 process, and select eligible Louisiana business applicants to receive monies from the  
26 fund.

27 F. Up to one million one hundred five thousand dollars shall be annually  
28 disbursed from the fund as follows:

29 (1) Up to five hundred thousand dollars shall be allocated for Phase I SBIR  
30 or STTR federal grant recipients. Each selected applicant shall receive an amount

1 equal to twenty-five percent of the Phase I SBIR or STTR federal grant the applicant  
2 has received, not to exceed fifty thousand dollars per applicant.

3 (2) Up to five hundred thousand dollars shall be allocated for Phase II SBIR  
4 or STTR federal recipients. Each selected applicant shall receive an amount equal  
5 to twenty percent of the Phase II SBIR or STTR federal grant the applicant has  
6 received, not to exceed one hundred thousand dollars per applicant.

7 (3) Up to one hundred five thousand dollars per year shall be allocated for  
8 the department for as long as the department administers grants from the fund.

9 (4) Each grant awarded pursuant to this Section shall be divided into two  
10 equal amounts and shall be disbursed to the selected applicant over a period of two  
11 consecutive years.

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

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

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#### 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)]

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HB 786 Reengrossed

2022 Regular Session

Willard

**Abstract:** Creates the Small Business Innovation Retention Fund for the purpose of providing funds to certain La. business that have received certain federal grants.

Present law provides for the La. Economic Development Corporation (corporation) within the Dept. of Economic Development (department) and provides for the powers and authority of the corporation.

Present law provides that the corporation shall serve as the review board for certain financial assistance programs for La. small businesses. Further provides that the corporation shall

provide support for certain activities by La. businesses to generate commercial products or services by providing matching funds to businesses that received federal Small Business Innovative Research Phase I grant funds.

Proposed law changes present law and provides that the corporation shall provide support for activities by La. businesses to generate commercial products or services by providing funds to businesses that applied for or received federal Small Business Innovation Research (SBIR) or Small Business Technology Transfer Funds (STTR) grant funds for applications submitted or received after Jan. 1, 2023.

Proposed law creates the "Small Business Innovation Retention Fund" (fund), as a special fund in the state treasury. Further provides that monies in the fund shall be used to provide financial assistance to certain La. businesses that have received SBIR or STTR federal grants.

Proposed law requires all monies within the fund to comply with Article VII, Section 9(B) of the Constitution of La. relative to the Bond Security and Redemption Fund.

Proposed law requires monies in the fund to be invested in the same manner as monies in the general fund. Further provides interest earned on investment of monies be credited to the fund. Unexpended and unencumbered monies in the fund at the end of the fiscal year shall remain in the fund.

Proposed law provides that the department shall administer the fund and provide for the disbursement of monies in the fund to eligible applicants in the form of grants. Further provides the department shall establish criteria for grant eligibility, provide for an application process, and select eligible applicants to receive the grants.

Proposed law provides up to \$1,105,000 million shall be annually disbursed from the fund as follows:

- (1) Up to \$500,000 per year shall be allocated for Phase I SBIR or STTR recipients. Each selected applicant shall receive an amount equal to 25% of the applicant's Phase I SBIR or STTR grant. These grants shall not exceed \$50,000, per applicant.
- (2) Up to \$500,000 per year shall be allocated for Phase II SBIR or STTR recipients. Each selected applicant shall receive an amount equal to 20% of the applicant's Phase II SBIR or STTR grant. These grants shall not exceed \$100,000 per applicant.
- (3) Up to \$105,000 per year for administrative expenses.

Proposed law provides that each grant shall be disbursed in equal amounts to the selected applicants over a period of two consecutive years.

Effective upon appropriation of funds by the legislature.

(Amends R.S. 51:2312(A)(1); Adds R.S. 51:2401)

#### Summary of Amendments Adopted by House

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

1. Change certain references from the La. Economic Development Corporation to the Department of Economic Development.
2. Add an eligibility requirement that the federal application provided for in present law is to be submitted or received prior to Jan. 1, 2023.

3. Move the duty of administering the fund from the La. Economic Development Corporation and the La. Technology Transfer Office to the Department of Economic Development.
4. Modify the disbursement amounts to allow for a lesser grant than the previously mandated disbursement amounts.
5. Provide that the disbursement of funds is to occur annually.
6. Change the disbursement period from three years to two years.
7. Make technical changes.

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

1. Make technical changes.
2. Add provision requiring the Dept. of Economic Development to use monies in the fund for awarding grants pursuant to proposed law.
3. Lower administrative cost allowed to be paid from the fund from \$115,000 per year to \$105,000 per year.
4. Make effectiveness of proposed law subject to appropriation.