

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 795** HLS 22RS 1042

Bill Text Version: **RE-REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 15, 2022	1:17 PM	Author: PRESSLY
Dept./Agy.: Department of Economic Development		Analyst: Monique Appeaning
Subject: Small Business Innovation Recruitment Fund		

FUNDS/FUNDING RR INCREASE GF EX See Note Page 1 of 1
Establishes the Small Business Innovation Recruitment Fund

Proposed law creates 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 Phase II Small Business Technology Transfer (STTR) federal grants to move to LA. It also directs LED 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 SIBR 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 LED, 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. Proposed law provides in FY 26, in addition to any monies in the fund pursuant to proposed law, an amount up to \$105,000 of fund monies shall be allocated to LED for administrative costs.

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 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 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. Subject to appropriation, proposed law directs the LA Department of Economic Development (LED) the use of the funds to award grants to selected applicants. 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 Recruitment 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 \$500,000 to be disbursed from the fund 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 \$500,000 from the Louisiana Rescue Plan Fund into the Small Business Innovation Recruitment Fund contingent upon the Act that originated as House Bill 795 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}

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