

October 9, 2017

RE: Direct Bonding Assistance Program – Summary Report

To Whom It May Concern:

The Department of Economic Development hereby announces its plan to proceed with rule-making by finalizing the Direct Bonding Assistance Program Rules published as a Notice of Intent in the August 2017 *Louisiana Register*.

A public hearing was held on September 27, 2017. Alison Pryor from the Louisiana House of Representatives attended for informational purposes only. No other members of the public attended and no comments were received.

Subject to legislative oversight by either the House or Senate Committees on Commerce, the Department intends to submit for final publication as a Rule in the November, 2017 *Louisiana Register*.

As always, we welcome your consideration and I can be reached at ph#342-5406 with any questions.

Sincerely,



Stephanie Le Grange  
Staff Attorney

cc: House of Representatives, Committee on Commerce  
Senate, Committee on Commerce

annually, roughly \$280 M in legacy credits in the pipeline prior to Act 309's effective date and rates at which new credit issuances are claimed will create some variation in the amount of SGF revenues lost to the program each year.

There is no impact to local governmental units.

**III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS OR NONGOVERNMENTAL GROUPS (Summary)**

Firms who are eligible for film tax credits may realize a reduction in tax liabilities to the extent they qualify for the credit. However, reductions in tax liabilities will be offset by certification requirements that compel applicants to provide one of a number of services, including paid internships; classroom workshops to students of secondary and postsecondary institutions, as well community-based learning programs; studio employment and professional skills tours to students of secondary and postsecondary institutions, as well community-based learning programs; continuing education for educators or faculty to observe set operations, post-production, or other specialized departments; or a financial contribution to a specific local educational agency or a postsecondary institution specializing in arts, media, or entertainment career-oriented programs that is equal to 0.25% of the estimated tax credit reservation.

**IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)**

Companies receiving benefits under this program will continue to gain competitively over companies that do not receive the program's benefits. Furthermore, allocations within the \$150 M cap for qualified entertainment companies (\$7.5 M), Louisiana screenplay productions (\$7.5 M), and independent film productions (\$15 M) block off portions of available credits for certain types of firms. As a result, firms not qualifying for credits under the aforementioned allocations will only be able to receive credits under the "general cap," potentially limiting the amount of credits they may receive. However, in the event one or more of the allocation caps within the \$150 M is not met by April 30 of a given year, the remaining portion will revert to the "general cap."

Anne G. Villa  
Undersecretary  
1704#040

Gregory V. Albrecht  
Chief Economist  
Legislative Fiscal Office

**RULE**

~~NOTICE OF INTENT~~

Department of Economic Development  
Office of the Secretary

Direct Bonding Assistance  
(LAC 19:11.903)

In accordance with the provisions of the Administrative Procedure Act, R.S. 49:950 et seq., ~~notice is hereby given that the Department of Economic Development proposes to amend the Rules for the Small Business Bonding Program to allow certain applicants up to an additional three years of access to the program.~~

Title 19  
CORPORATIONS AND BUSINESS  
Part II. Small and Emerging  
Business Development Program

Chapter 19. Small Business Bonding Program  
§903. Direct Bonding Assistance

A. Direct Bonding Assistance—Eligibility

1. All certified active small and emerging construction businesses, and all other certified SEBs (non-construction)

may be eligible for surety bond guarantee assistance not to exceed the lesser of 25 percent of contract or \$200,000 on any single project.

2. Beginning July 1, 2017, firms with previously approved SEBD certification status expiring after July 1, 2017 but prior to July 1, 2020, may be granted continued eligibility for the Direct Bonding Assistance Program for a period of up to three years, but no later than July 1, 2020.

3. All obligations, whether contractual or financial, will require the approval of the undersecretary.

B. - C.2. ...

AUTHORITY NOTE: Promulgated in accordance with R.S. 51:942

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of the Secretary, Division of Economically Disadvantaged Business Development, LR 24:430 (March 1998), amended by the Department of Economic Development, Office of Business Development, LR 29:547 (April 2003), LR 30:758 (April 2004), LR 36:52 (January 2010), LR 43:

**Family Impact Statement**

The proposed Rule is not anticipated to have an impact on family formation, stability, and autonomy as described in R.S. 49:972.

**Poverty Impact Statement**

The proposed Rule is not anticipated to have an impact on poverty as described in R.S. 49:973.

**Small Business Analysis**

The proposed Rule is anticipated to have a positive impact on small businesses as defined in the Regulatory Flexibility Act, by granting previously approved SEBD's continued eligibility for the Direct Bonding Assistance Program, for a period of up to three years.

**Provider Impact Statement**

The proposed Rule is not anticipated to have an impact on providers of services as described in HCR 170 of the 2014 Regular Legislative Session.

**Public Comments**

Interested persons should submit written comments on the proposed Rules to John Mathews through the close of business on Tuesday, September 26, 2017 at 617 North Third Street, 11th Floor, Baton Rouge, LA 70802 or via email to john.mathews@la.gov.

**Public Hearing**

A meeting for the purpose of receiving the presentation of oral comments will be held at 11 a.m. on Wednesday, September, 27, 2017 at the Department of Economic Development, 617 North Third Street, 11th Floor, Baton Rouge, LA 70802.

Mandi D. Mitchell  
Assistant Secretary

**FISCAL AND ECONOMIC IMPACT STATEMENT  
FOR ADMINISTRATIVE RULES  
RULE TITLE: Direct Bonding Assistance**

**I. ESTIMATED IMPLEMENTATION COSTS (SAVINGS) TO STATE OR LOCAL GOVERNMENT UNITS (Summary)**

The proposed rule change will result in SGR expenditure increases as a result of restarting a program that has been dormant since the end of FY 12. The proposed rule change amends rules associated with allowing non-construction firms certified as "small and emerging" to obtain bond guaranty assistance not to exceed 25% of a contract's value or \$200,000,

whichever is lesser. The LA Public Facilities Authority (LPFA) issued the LA Dept. of Economic Development (LED) a low-interest loan of \$2 M to restart the previously-dormant Direct Bonding Assistance Program for non-construction small and emerging businesses (SEBDs). The program allows LED to provide letters of credit or other forms of guarantee in order to defray a surety company's risk in providing bonds to the aforementioned types of firms. Under the auspices of the program, LED may back bid bonds, performance bonds, and payment bonds with the loan from the LPFA.

Expenditures associated with the proposed rule change are primarily due to payment of annual fees for the loan totaling 2% of the loan value, in addition to repayment of the principle. The fee schedule outlined in the cooperative endeavor agreement totals \$37,863 in FY 18 and \$40,000 in FYs 19 - 20, with repayment of the principle occurring in FY 20. LED will only be liable for repayment of the loan principle in the event an SEBD fails to perform under the terms of a bond issued with the department's assistance and surety companies collect on a letter of credit or other form of guarantee. In the event firms perform under the terms of an issued bond, the guarantee paid by the loan is released and goes back into the fund. While LED has a potential exposure equal to the loan value of \$2 M plus annual fees, the rate of firms failing has been low, with approximately 2% of firms failing to perform under the terms of bonds issued with LED's backing. LED anticipates a low failure rate when restarting the program, and will utilize existing personnel and budget authority to perform duties and fund expenditures associated with the proposed rule change. In the event a firm fails to perform under the terms of a bond agreement, LED anticipates repaying the portion of the debt principle collected by the surety company using its existing SGR appropriation.

II. ESTIMATED EFFECT ON REVENUE COLLECTIONS OF STATE OR LOCAL GOVERNMENTAL UNITS (Summary)

The proposed rule change will not affect revenue collections for state or local governmental units.

III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS OR NONGOVERNMENTAL GROUPS (Summary)

Firms qualifying for guarantee assistance under the Direct Bonding Assistance Program may have easier access to bonds necessary for contracts that they may not have otherwise been able to obtain without assistance. In the short and medium term, the program may allow participating firms to grow and add to their portfolios, which may lead to firms obtaining larger projects in the long term. However, any firm growth in the long term is speculative and cannot be predicted.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

Companies receiving benefits under this program will gain competitively over companies that do not receive the program's benefits.

Anne G. Villa  
Undersecretary  
1708#041

Evan Brasseaux  
Staff Director  
Legislative Fiscal Office

**NOTICE OF INTENT**

Board of Elementary and Secondary Education

Bulletin 102—Louisiana Physical Education  
Content Standards (LAC 28:LIII.Chapters 1-15)

In accordance with R.S. 49:958 et seq., the Administrative Procedure Act, notice is hereby given that the Board of Elementary and Secondary Education (BESE)

approved for advertisement revisions to *Bulletin 102—Louisiana Physical Education Content Standards*: §101. Introduction; §103. Louisiana Physical Education Standards to Promote Physical Literacy; §105. Definitions/Descriptions; §107. Louisiana Physical Education Standards; §301. Introduction; §303. Standard One; §305. Standard Two; §307. Standard Three; §309. Standard Four; §311. Standard Five; §501. Introduction; §503. Standard One; §505. Standard Two; §507. Standard Three; §509. Standard Four; §511. Standard Five; §513. Standard 7; §701. Introduction; §703. Standard One; §705. Standard Two; §707. Standard Three; §709. Standard Four; §711. Standard Five; §713. Standard 7; §901. Introduction; §903. Standard One; §905. Standard Two; §907. Standard Three; §909. Standard Four; §911. Standard Five; §913. Standard 7; §1101. Definitions; §1103. Standard 2; §1105. Standard 3; §1107. Standard 4; §1109. Standard 5; §1111. Standard 6; §1113. Standard 7; §1501. Kindergarten Grade-Level Expectations; §1503. Grade 1 Grade-Level Expectations; §1505. Grade 2 Grade-Level Expectations; §1507. Grade 3 Grade-Level Expectations; §1509. Grade 4 Grade-Level Expectations; §1511. Grade 5 Grade-Level Expectations; §1513. Grade 6 Grade-Level Expectations; §1515. Grade 7 Grade-Level Expectations; §1517. Grade 8 Grade-Level Expectations; and §1519. High School Grade-Level Expectations.

Louisiana state law RS 17:294 requires BESE to adopt academic content standards, which are defined in the law as statements that define what a student should know or be able to accomplish at the end of a specific time period, grade level or at the completion of a course. BESE Bulletin 741, §2301 states, "The Louisiana content standards shall be subject to review and revision to maintain rigor and high expectations for teaching and learning." Bulletin 102 contains the Louisiana Physical Education standards and was last revised in December 2009. In response to requests from physical education educators and stakeholders, the LDE assembled a work group to review and make recommendations for updating the current Louisiana Physical Education standards. The work group was comprised of practitioners and stakeholders with expertise in physical education including elementary, middle and high school physical education teachers, higher education physical education professionals, and representatives from the Louisiana Association of Health Physical Education, Recreation and Dance (LAHPERD) the Louisiana Department of Health, Alliance for a Healthier Generation, and Governor's Council on Physical Fitness. The proposed standards maintain current focus on motor skills, movement patterns, application of movement concepts, health-enhancing physical activity, responsible behavior and enjoyment of physical activity for health.

Title 28

EDUCATION

Part LIII. Bulletin 102—Louisiana Physical Education  
Content Standards

Chapter 1. General Provisions

§101. Introduction

A. The Louisiana K-12 physical education content standards were developed to provide physical education teachers, administrators and parents a guide to understanding and interpreting physical education for the future.