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(SUBMIT A SEPARATE INSERTION ORDER PER DOCUMENT)

EMERGENCY RULE     NOTICE OF INTENT     RULE     POTPOURRI

REFER TO INSTRUCTIONS ON REVERSE SIDE

This is your authority to publish in the (month) March, 2023 *Louisiana Register* the document indicated above.

Office of Business Development  
 Office/Board/Commission promulgating this document

Brenda Guess                      Asst Secretary  
(name)                                      (title)  
 Name and title of person whose signature will appear in the publication (at the end of the document)

Department of Economic Development  
 Department under which office/board/commission is classified

Steph Le Grange 342-5406  
(name)                                      (phone)                                      (fax)  
 Name, phone number, and FAX number of person to contact regarding this document

Stephanie.LeGrange@la.gov  
 E-mail address of contact person

SBIR Recruitment  
 Short descriptive listing for this document to be used in the *Louisiana Register's* TABLE OF CONTENTS/INDEX

File name  
Anne G. Villa  
 Signature of Agency Head or Designee  
Anne G. Villa, Undersecretary  
 Print Name and Title of Agency Head or Designee

**Important:** If submitting both an Emergency Rule (ER) and a Notice of Intent (NOI) to be published this month, AND if the rule text in the ER is identical to the rule text in the NOI, check here:

CERTIFICATION OF AVAILABLE FUNDS                      DOCUMENT # \_\_\_\_\_

**LAGOV AGENCY:** I certify the availability of fiscal year \_\_\_\_\_ appropriated funds for the payment of the above referenced publication and authorize the processing of an Interagency Billing with the following coding on the 30th of the month of the publication. Attach supplemental sheet for additional lines of coding.

252		2521077000		2520000000			
<b>Business Area</b>	<b>General Ledger</b>	<b>Cost Center</b>	<b>Grant</b>	<b>Fund</b>	<b>WBS</b>	<b>Internal Order</b>	<b>Functional</b>

**NON-LAGOV AGENCY:** I certify the availability of fiscal year 23 appropriated funds for the payment of the above referenced publication and agree to place corresponding invoice in line for payment upon receipt.

**Billing Contact Information:**  
Department of Economic Developon  
 Agency Name  
Taylor Richard  
 Agency Contact Person for Billing  
Taylor.Richard@la.gov  
 Agency E-Mail Address for Billing

Randy B. Blankenship                      342 9658  
 Signature of Agency Head or Designee                      Phone #

**NOTE: Detailed billing information will be provided via a publishing invoice sent to the Billing Contact Information provided.**

## NOTICE OF INTENT

Department of Economic Development  
Office of the Secretary  
**Small Business Innovation Recruitment Fund Program**

(LAC 13:I. Chapter 51)

Under the authority of R.S. 51:2402 and R.S. 36:104, and in accordance with the provisions of the Administrative Procedure Act, R.S. 49:950 et seq., the Department of Economic Development hereby give notice of their intent to adopt Rules for the Small Business Innovation Recruitment Fund Program.

Title 13  
**ECONOMIC DEVELOPMENT**  
Part I. Financial Incentive Programs  
Chapter 51. **Small Business Innovation Recruitment Fund Program**

### **§5101. Purpose**

A. The purpose of this Chapter is to implement the Small Business Innovation Recruitment Fund Program as established by R.S. 51:2402.

B. This Chapter shall be administered to achieve the following purposes:

1. 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 grant funds to move to Louisiana.

AUTHORITY NOTE: Promulgated in accordance with R.S. 36:104 and 51:2402.

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of the Secretary, LR.

### **§5103. Definitions.**

A. Terms not otherwise defined in this Chapter shall have the same meaning given to them in R.S. 51:2402, unless the context clearly requires otherwise.

B. In this Chapter, the following terms shall have the meanings provided herein, unless the context clearly indicates otherwise.

*Applicant* – a person requesting a grant award from LED under this program.

*Business operations* – the location where significant administrative or managerial activities of a business are conducted and research and development work is performed.

*Department* — Louisiana Department of Economic Development.

*Federal Notice of Award* – a document issued by a federal agency evidencing approval of a Phase II SBIR or Phase II STTR application, including but not limited to amount of funding awarded, agreement number and topic number.

*LED* — Louisiana Department of Economic Development.

*LED Grant Letter* – a letter issued by LED to a person for a particular calendar year, setting forth the amount, terms and conditions of the grant.

*Out of state small business* – a business domiciled outside of Louisiana, that qualifies as a small business according to the United States Small Business Administration’s size standards.

*Person* – any natural person or legal entity including an individual, corporation, partnership, or limited liability company.

*REAL* – Regional Economic Alliance of Louisiana.

*Recruitment Fund* – Small Business Innovation Recruitment Fund.

*Relocate* – relocate business operations from an out of state location to Louisiana. The company shall be required to maintain a physical location in this state, be licensed to conduct business in this state and shall be required to file a Louisiana income tax return.

*Secretary* — Secretary of the Louisiana Department of Economic Development.

AUTHORITY NOTE: Promulgated in accordance with R.S. 36:104 and 51:2402.

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of the Secretary, LR.

### **§5105. General Principles**

A. The following general principles will direct the administration of the program.

1. Awards are not to be considered as an entitlement for companies, and the secretary has the final authority to determine whether or not each particular applicant is eligible and meets the criteria of the award, and in all such circumstances, the exercise of that discretion shall be deemed to be a final determination of the applicant’s award status.

2. Applications shall be accepted on a year round basis, subject to availability of funding in any given year, or as otherwise determined by LED.

3. Applicants may apply for more than one program administered by LED, provided that:

a. separate applications are submitted per program; and

b. to the extent allowable under federal and state laws and regulations.

B. Program issuance cap.

1. LED may issue no more than \$500,000 (five hundred thousand dollars) per fiscal year from the Recruitment Fund;

2. Unexpended and unencumbered monies in the fund at the end of the fiscal year shall remain in the fund.

C. Applicant issuance cap.

1. LED may issue no more than \$100,000 (one hundred thousand dollars) total per applicant.

AUTHORITY NOTE: Promulgated in accordance with R.S. 36:104 and 51:2402.

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of the Secretary, LR.

### **§5107. Eligibility Criteria**

A. Applicants for the benefits of this program shall meet the following criteria:

1. the applicant shall be an out of state small business that has received a Phase II SBIR or Phase II STTR Federal Notice of Award within the two years immediately preceding submission of an application to this program;

2. the applicant shall have generated sales and revenue and shall provide documentation proving such;

3. the applicant shall have produced commercial products or conducted commercial services, and shall provide documentation proving such.

AUTHORITY NOTE: Promulgated in accordance with R.S. 36:104 and 51:2402.

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of the Secretary. LR.

### **§5109. Application Procedure**

A. LED will provide a standard application form which applicants will be required to use to apply for assistance under this program. The application form will contain, but not be limited to, the following:

1. out of state small business name;
2. contact person and their title;
3. out of state business physical address;
4. business phone number and email address;
5. brief description of the nature of the business;
6. number of existing employees and estimated jobs to be created or relocated in Louisiana;
7. out of state evidence of business registration;
8. information evidencing Phase II SBIR or Phase II STTR award, including name of issuing federal agency;
9. proposed Louisiana business location;
10. proposed relocation timeframe;
11. any additional information requested by LED.

AUTHORITY NOTE: Promulgated in accordance with R.S. 36:104 and 51:2402.

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of the Secretary. LR.

### **§5111. Selection Criteria**

A. LED will consider various factors when determining which applications will be funded. Among the factors which may be taken into consideration are the following:

1. nominations of eligible small businesses recommended by REAL;
2. disbursing of funding statewide;
3. number of employees to be relocated to Louisiana;
4. nature of industry;
5. nature of business entity created in Louisiana, ie. whether original out of state entity is dissolved, or reorganized and merged into a new Louisiana entity, or whether registering as a foreign entity authorized to do business in Louisiana.
6. availability of funding; and
7. best interests of the state.

AUTHORITY NOTE: Promulgated in accordance with R.S. 36:104 and 51:2402.

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of the Secretary. LR.

### **§5113. LED Action – Grant Approval or Denial Provisions**

A. In the event LED determines that an applicant is eligible, funding is available and a grant would be appropriate, a Grant Letter will be issued, specifying the amount, the terms and conditions of the grant.

B. Each grant awarded shall be divided into three equal amounts and disbursed over a period of three consecutive years as follows:

a. Year 1 funding may be awarded based upon the application information provided but will not be disbursed until documentation has been provided that the applicant business has relocated to Louisiana. If the

selected applicant fails to relocate or to provide evidence of such, the grant shall be forfeited, and the money shall be disbursed to another applicant;

b. Year 2 funding shall be awarded contingent upon evidence of continued business operation;

c. Year 3 funding shall be awarded contingent upon evidence of continued business operation;

d. If an applicant fails to continue business operations in the state in any given year, it may retain funding already disbursed, but the department reserves the right to withhold previously reserved, but not yet disbursed funding.

C. In the event LED determines that an applicant is not selected for an award, a Denial Letter will be issued by the secretary, specifying the basis for denial.

AUTHORITY NOTE: Promulgated in accordance with R.S. 36:104 and 51:2402.

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of the Secretary, LR.

#### **Family Impact Statement**

The proposed Rule changes have no impact on family formation, stability or autonomy, as described in R.S. 49:972.

#### **Poverty Statement**

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

#### **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.

#### **Small Business Statement**

The proposed Rule is not anticipated to have an adverse impact on small businesses as defined in the Regulatory Flexibility Act. The agency, consistent with health, safety, environmental and economic factors has considered and, where possible, utilized regulatory methods in drafting the proposed Rule to accomplish the objectives of applicable statutes while minimizing any anticipated adverse impact on small businesses.

#### **Public Comments**

Interested persons should submit written comments on the proposed Rules to Stephanie Le Grange through the close of business on April 26, 2023 at Department of Economic Development, 617 North Third Street, 11<sup>th</sup> Floor, Baton Rouge, LA 70802 or via email to [Stephanie.LeGrange@la.gov](mailto:Stephanie.LeGrange@la.gov).

#### **Public Hearing**

A meeting for the purpose of receiving the presentation of oral comments will be held at 10:00 a.m. on April 27, 2023 in the Griffon Conference Room at the LaSalle Building, 617 North Third Street, Baton Rouge, LA 70802.



Brenda C. Guess  
Assistant Secretary

**FISCAL AND ECONOMIC IMPACT STATEMENT  
FOR ADMINISTRATIVE RULES**

Person Preparing Statement: Stephanie Le Grange Dept.: Department of Economic Development  
 Phone: 225-803-7582 Office: Office of Business Development  
 Return Address: 617 North Third Street Rule Title: SMALL BUSINESS INNOVATION  
Baton Rouge, LA 70802 RECRUITMENT FUND PROGRAM  
 Date Rule Takes Effect: \_\_\_\_\_

**SUMMARY  
(Use complete sentences)**

In accordance with Section 961 of Title 49 of the Louisiana Revised Statutes, there is hereby submitted a fiscal and economic impact statement on the rule proposed for adoption, repeal or amendment. THE FOLLOWING STATEMENTS SUMMARIZE ATTACHED WORKSHEETS, I THROUGH IV AND WILL BE PUBLISHED IN THE LOUISIANA REGISTER WITH THE PROPOSED AGENCY RULE.

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

The proposed rule establishes program guidelines for the Small Business Innovation Recruitment (SBIR) Program authorized by Act 477 of the 2022 Regular Session.

Beginning in FY 26, the Department of Economic Development (LED) expects to receive up to \$105,000 per year to administer the program. These funds should be sufficient to administer the program as outlined in law and proposed rules.

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

The program is expected to have a negligible impact on future revenue collections at both the state and local levels.

**III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS, SMALL BUSINESSES, OR NON-GOVERNMENTAL GROUPS (Summary)**

The program will directly benefit out of state businesses that are recipients of federal Phase II SBIR or Small Business Technology Transfer (STTR) grants who receive awards from the Louisiana Small Business Innovation Recruitment Fund Program, by providing them with additional grant funding from the State as a result of relocation to the state of Louisiana. These businesses will be subject to additional application and compliance requirements, but these requirements should not be significant and should be outweighed by the benefits received.

There is also an expectation that small businesses near the relocation would benefit from additional sales and services to those employed by the business.

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

Program award recipients may enjoy competitive benefits over any competitors who do not receive awards, due to having additional funding. Employment may increase negligibly if award recipients hire additional personnel due to receiving award funding.

Anne G. Villa  
 Signature of Agency Head or Designee  
 Anne G. Villa, Undersecretary

Typed Name & Title of Agency Head or Designee

3/8/23  
 Date of Signature

Evan Brasny, *Interim Deputy*  
 Legislative Fiscal Officer or Designee *fiscal officer*

3/8/23  
 Date of Signature

**FISCAL AND ECONOMIC IMPACT STATEMENT  
FOR ADMINISTRATIVE RULES**

The following information is required in order to assist the Legislative Fiscal Office in its review of the fiscal and economic impact statement and to assist the appropriate legislative oversight subcommittee in its deliberation on the proposed rule.

- A. Provide a brief summary of the content of the rule (if proposed for adoption, or repeal) or a brief summary of the change in the rule (if proposed for amendment). Attach a copy of the notice of intent and a copy of the rule proposed for initial adoption or repeal (or, in the case of a rule change, copies of both the current and proposed rules with amended portions indicated).

Establishes program rules for the Small Business Innovation Recruitment Fund Program, a grant program for businesses that are recipients of federal Phase II SBIR or STTR grant awards that relocate to Louisiana.

- B. Summarize the circumstances, which require this action. If the Action is required by federal regulation, attach a copy of the applicable regulation.

Act 477 of the 2022 Legislative Session created the Small Business Innovation Recruitment Fund, to be administered by LED.

- C. Compliance with Act 11 of the 1986 First Extraordinary Session

- (1) Will the proposed rule change result in any increase in the expenditure of funds? If so, specify amount and source of funding.

The proposed rules should not result in any increase in expenditures, beyond what was already outlined and allocated with the passage of Act 477 (e.g., up to \$105,000 per year to LED to administer the program).

- (2) If the answer to (1) above is yes, has the Legislature specifically appropriated the funds necessary for the associated expenditure increase?

(a) \_\_\_\_\_ Yes. If yes, attach documentation.

(b) \_\_\_\_\_ NO. If no, provide justification as to why this rule change should be published at this time

**FISCAL AND ECONOMIC IMPACT STATEMENT  
WORKSHEET**

**I. A. COSTS OR SAVINGS TO STATE AGENCIES RESULTING FROM THE ACTION PROPOSED**

1. What is the anticipated increase (decrease) in costs to implement the proposed action?

See below.

<b>COSTS</b>	<b>FY 23</b>	<b>FY 24</b>	<b>FY 25</b>
Personal Services			
Operating Expenses			
Professional Services			
Other Charges	\$500,000		
Equipment			
Major Repairs & Constr.			
<b>TOTAL</b>	<b>\$500,000</b>		

**POSITIONS (#)**

2. Provide a narrative explanation of the costs or savings shown in "A. 1.", including the increase or reduction in workload or additional paperwork (number of new forms, additional documentation, etc.) anticipated as a result of the implementation of the proposed action. Describe all data, assumptions, and methods used in calculating these costs.

Beginning in FY 26, LED expects to receive up to \$105,000 per year to administer the program. These funds should be sufficient to administer the program as outlined in law/proposed rules. Resources will be required to initially implement the program and for ongoing administration. The resources required for ongoing administration should be less substantial, so even if future funding for administration is less than \$105,000, this likely will not pose an issue. The program should be relatively simple to administer relative to other, much larger and complex programs that LED administers. This program is relatively small (in terms of both funding and number of awards) and simple to administer since it largely relies on federal processes and approval to establish award eligibility.

3. Sources of funding for implementing the proposed rule or rule change.

Act 477 provides for up to \$605,000, including up to \$105,000 to LED for program administration, to be disbursed from the fund for FY23. Based on LFO assumption stated in Act 477 fiscal note, funding source for FY 24 and beyond is expected to be SGF.

<b>SOURCE</b>	<b>FY 23</b>	<b>FY 24</b>	<b>FY 25</b>
State General Fund		\$500,000	\$500,000
Agency Self-Generated			
Dedicated	\$500,000		
Federal Funds			
Other (Specify)			
<b>TOTAL</b>	<b>\$500,000</b>	<b>\$500,000</b>	<b>\$500,000</b>

4. Does your agency currently have sufficient funds to implement the proposed action? If not, how and when do you anticipate obtaining such funds?

Act 477 provides for up to \$500,000 to be disbursed from the fund for FY23. Based on LFO assumption stated in Act 477 fiscal note, funding source for FY24 and beyond is expected to be SGF.

**B. COST OR SAVINGS TO LOCAL GOVERNMENTAL UNITS RESULTING FROM THE ACTION PROPOSED.**

1. Provide an estimate of the anticipated impact of the proposed action on local governmental units, including adjustments in workload and paperwork requirements. Describe all data, assumptions and methods used in calculating this impact.

N/A

2. Indicate the sources of funding of the local governmental unit, which will be affected by these costs or savings.

N/A



FISCAL AND ECONOMIC IMPACT STATEMENT  
WORKSHEET

II. EFFECT ON REVENUE COLLECTIONS OF STATE AND LOCAL GOVERNMENTAL UNITS

A. What increase (decrease) in revenues can be anticipated from the proposed action?

N/A

REVENUE INCREASE/DECREASE	FY 23	FY 24	FY 25
State General Fund			
Agency Self-Generated			
Dedicated Funds*			
Federal Funds			
Local Funds			
<b>TOTAL</b>			

\*Specify the particular fund being impacted.

B. Provide a narrative explanation of each increase or decrease in revenues shown in "A." Describe all data, assumptions, and methods used in calculating these increases or decreases.

The program is expected to have a negligible impact on future revenue collections at both the state and local levels.

**FISCAL AND ECONOMIC IMPACT STATEMENT  
WORKSHEET**

**III. COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS, SMALL BUSINESSES, OR NONGOVERNMENTAL GROUPS**

- A. What persons, small businesses, or non-governmental groups would be directly affected by the proposed action? For each, provide an estimate and a narrative description of any effect on costs, including workload adjustments and additional paperwork (number of new forms, additional documentation, etc.), they may have to incur as a result of the proposed action.

The program will directly benefit out of state businesses that are recipients of federal Phase II SBIR or STTR grants who receive awards from the Louisiana Small Business Innovation Recruitment Fund Program to relocate to Louisiana, by providing them with additional grant funding from the State. These businesses will be subject to additional application and compliance requirements, but these requirements should not be significant and should be outweighed by the benefits received.

There is also an expectation that small businesses near the relocation would benefit from additional sales and services to those employed by the business.

- B. Also provide an estimate and a narrative description of any impact on receipts and/or income resulting from this rule or rule change to these groups.

The program is not expected to directly impact receipts or income beyond the impact of the grant awards themselves, as described above. Local and state government will realize some minimal increases due to new business licensing, new tax filings by the business and individuals that relocate and some sales taxes due to personal and business expenses. Indirectly, award recipients may experience future revenue increases, to the extent the award funding allows them to grow/improve their business and pursue additional opportunities.

**IV. EFFECTS ON COMPETITION AND EMPLOYMENT**

Identify and provide estimates of the impact of the proposed action on competition and employment in the public and private sectors. Include a summary of any data, assumptions and methods used in making these estimates.

Program award recipients may enjoy competitive benefits over any competitors who do not receive awards, due to having additional funding.

Employment may increase if award recipients hire additional personnel due to receiving award funding. However, any employment increase would be negligible due to the small size of individual awards, small number of awards, and the overall relatively small size of the program, in terms of total funding.