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Department of Economic Development

Louisiana Competes Regional Economic Development Program – “Louisiana Competes Program”

(LAC 19:Part III,Chapter 25)

The Department of Economic Development published a Notice of Intent in the December 2022, Volume 48, No. 12 issue of the *Louisiana Register*. Upon further review of comments received and discussion with various stakeholders, the department proposes amending §2503 and §2507.B.2 relative to the provisions regarding the permissibility of using funds to develop other property.

Title 19

Part III. Financial Assistance Programs

Chapter 25. Louisiana Competes Regional Economic Development Program – “Louisiana Competes Program”

§2501. Preamble and Purpose

A. The legislature recognizes the strong competition among states to attract new business and industry and to grow existing business and industry.

B. It is further recognized that different regions have different characteristics and attributes which are advantageous to specific sectors of the economy.

C. The legislature believes that local citizens working through regional economic development organizations (“REDO’s”) are uniquely positioned to support the state’s overall economic development efforts by identifying and directing how certain resources are best utilized to take advantage of a region’s distinctive economic potential.

D. The purpose of this program is therefore for the Department of Economic Development, (“LED”) to provide grants to REDO’s to provide locally developed and tailored services directly relating to attracting new business and industry and growing existing business and industry.

AUTHORITY NOTE: Promulgated in accordance with R.S. 39:1481 et. seq.

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development

§2503. Definitions

Cooperative Endeavor Agreement – that agreement between a regional economic development organization and LED, through which the parties set forth the amount of the grant, the terms, conditions and compliance requirements. Abbreviated as CEA.

Grant – an award from the Louisiana Competes Economic Development Program to a regional economic development organization.

LED – the Louisiana Department of Economic Development.

Louisiana Competes Program – this program, the Louisiana Competes Regional Economic Development Program.

Other property – property that is not publicly owned, to the extent allowable under Article VII, Section 14 of the Louisiana Constitution or other applicable state law, as approved by LED and subject to §2507.B.2.

Public site – a site which a public entity owns.

Qualified expenditure – in accordance with R.S. 39:1484, #2107 of these program rules, and as confirmed and approved by LED.

Regional economic development organization – any of the following eight organizations: the Baton Rouge Area Chamber; the Central Louisiana Economic Development Alliance; Greater New Orleans, Inc.; the Northeast Louisiana Economic Alliance; the North Louisiana Economic Partnership; One Acadiana; the South Central Planning and Development Commission; the Southwest Louisiana Economic Development Alliance, or any of their successors. Abbreviated and also known as “REDO”,

Secretary – the Secretary of the Department of Economic Development

Site – immovable property, with or without improvements thereon, located in the state.

AUTHORITY NOTE: Promulgated in accordance with R.S. 39:1481 et. seq.

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development

§2505. Award Process

A. The secretary shall promulgate administrative rules for the program, in accordance with the Administrative Procedure Act and in consultation with the 8 enumerated REDO’s and the Louisiana Chamber of Commerce Foundation.

B. Within thirty calendar days after adoption of program rules, the REDO’s and the state, through LED, shall enter into an initial cooperative endeavor agreement (“CEA”), which will specify the objectives and intent of the REDO’s, the amount of the award, the terms and conditions of the award and the compliance requirements to be confirmed by LED. REDO obligations shall be limited under the CEA 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. developing and subsequently providing an annual report of all activities related to the objectives of the CEA undertaken in any previous year;
4. maintaining records and an accurate accounting of all expenditures;
5. adhering to state and federal non-discrimination laws;
6. adhering to the provisions of R.S. 39:1602.1;
7. applying a ten percent (10%) local match;
 - a. a REDO shall not expend any grant funds without simultaneously applying local matching funds equaling ten percent (10%) of the cost being paid.
 - b. local matching funds cannot come from the LED provided Regional Awards and Matching Grant Program Tier 1 funds;
 - c. funds originating from any lawful source other than the state shall constitute local matching funds.

C. The initial CEA with each REDO shall have a term of two years, which shall automatically renew for successive one-year periods until such times as all initial funds provided for in the CEA have been expended, as verified and confirmed in writing by LED.

D. Funds may be disbursed by LED to REDO's after execution of a CEA on a cost reimbursement basis, or may be direct vendor pay by LED on behalf of REDO, after submission of all required compliance documentation to LED.

E. Each REDO shall receive a grant in the amount of up to one-eighth of the funds appropriated;

1. An initial grant in the amount of up to \$1million shall be allocated to each REDO, in accordance with a total program allocation of \$8 million incorporated in Act 170 of the 2022 Regular Session of the Louisiana Legislature;

2. Thereafter, each REDO shall receive a subsequent grant in the amount of up to one-eighth of any annual funds specifically appropriated to LED for the Louisiana Competes Program.

AUTHORITY NOTE: Promulgated in accordance with R.S. 39:1481 et. seq.

HISTORICAL NOTE: Promulgated by the Department Economic Development, Office of Business Development

§2507. Qualified Expenditures

A. REDO's shall only use grant funds to pay for qualified expenditures related to the furtherance of economic development within the region it represents.

B. Qualified expenditures are limited to site development costs for publicly owned property or other property to the extent allowable under Article VII, Section 14 of the Constitution of Louisiana and other applicable state law, as approved in writing by LED.

1. Grant awards for development of other property, in proportion to awards for development of publicly owned property, may be limited by the secretary if determined to be in the best interests of the state.

2. Reimbursement of funds expended on other property is contingent upon written evidence being provided to LED that such development costs are allowable under Article VII, Section 14 of the Constitution and any other applicable state law. Such evidence may include but not be limited to a final judicial determination from a court of competent jurisdiction.

C. Eligible site development costs may include but not be limited to the following:

1. studies;
2. surveys;
3. development of plans and specifications;
4. real estate services and transactions, such as option agreements, rights of first refusal and infrastructure improvements may be considered qualified expenditures if they further attributes of the site as a developable property and adequate supporting documentation is submitted to LED. LED will evaluate submissions on a case by case basis, but would consider the following to be examples of improvements:
 - a. the construction of water, sewer or rail lines, roads or the development of rights of way.
 - b. the removal of an existing structure;
5. due diligence;
6. remediation;
7. wetland delineation;
8. professional services for architectural, engineering, legal, construction, and financial services related to site development.

D. Ineligible site development costs may include but not be limited to the following:

1. salaries, wages or benefits;
2. travel expenses incurred by REDO officers, employees or contractors;

3. alcohol;

4. land, building, offices, equipment, or vehicles used primarily for the administrative operations of the REDO.

AUTHORITY NOTE: Promulgated in accordance with R.S. 39:1481 et. seq.

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development

Public Comments

Interested persons should submit written comments on the proposed Rules to Michael Tepper through the close of business on April 26, 2023 at Department of Economic Development, 617 North Third Street, 11th Floor, Baton Rouge, LA 70802 or via email to Michael.Tepper@la.gov.

Public Hearing

A meeting for the purpose of receiving the presentation of oral comments will be held at 11:00 a.m. on April 27, 2023 in the Griffon Conference Room at the LaSalle Building, 617 North Third Street, Baton Rouge, LA 70802.

Anne G. Villa
Undersecretary, LED