

Title 19
CORPORATION AND BUSINESS
Part VII. Louisiana Economic Development
Corporation
Subpart 13. Collateral Support Program
Chapter 91. SSBCI Collateral Support Program
ARPA 2021

§9101. Purpose

A. ...

B. Through The American Rescue Plan Act of 2021, which reauthorized the State Small Business Credit Initiative (SSBCI), the U.S. Congress has appropriated funds to be allocated and disbursed to the states that have created programs to increase the amount of capital made available by private lenders to small businesses, and the State of Louisiana has been approved to receive and disburse SSBCI funds within the SSBCI Program. Louisiana Economic Development (LED), which will be working with and through the LEDC, has been designated to provide services for the SSBCI, including the collateral support program (CSP), which by LEDC collateral deposit agreement between LEDC and the lender, will provide for the LEDC to place a cash deposit with the lender to make additional capital available for a portion of the loan, and to serve as cash collateral for a portion of the loan. The Louisiana Economic Development Corporation (LEDC), working with LED, will utilize SSBCI funds to increase access to credit and capital funding to further assist small businesses statewide, to expand loan capabilities to a broader range of businesses statewide, to direct a greater concentration on those small businesses, and to reach, identify and promote small business growth in low and moderate income communities, in minority communities, in other underserved communities, and to small businesses owned by socially and economically disadvantaged individuals across our state.

C. The CSP establishes pledged cash collateral accounts with lenders to enhance loan collateral for qualified small business borrowers exhibiting a shortfall in collateral and who would not otherwise be able to obtain financing on acceptable terms and conditions. Collateral deposits are established on an individual loan basis and are available to cover loan losses in the event of default by the borrower. Upon loan maturity and repayment, deposits are returned to LEDC for recycling to other qualified small business borrowers.

D. Interested small businesses will be referred to lenders for loan and collateral support deposit qualification purposes. Lenders will apply to LEDC for collateral support deposits on behalf of their qualified small business borrowers. Lenders are responsible for their own credit underwriting decisions and originating the loans. LEDC's responsibilities are: to ensure compliance with CSP requirements; to establish and manage collateral support accounts; to promote and market the CSP through outreach activities to inform lenders, small businesses and trade associations of the Program; to generate increased small business activity, awareness and access to additional sources of capital to start and expand existing business opportunities, as well as participation in the Program; and to report to the U.S. Treasury.

E. In considering approval or acceptance of the loans presented to LEDC through lenders in the Collateral Support Program (CSP), the corporation will consider sound business

It is anticipated that implementation of this proposed rule will have no programmatic fiscal impact to the state other than the cost of promulgation for FY 25-26. It is anticipated that \$8,165 (\$4,083 SGF and \$4,082 FED) will be expended in FY 25-26 for the state's administrative expense for promulgation of this proposed rule and the final rule.

This proposed rule repeals the current language in LAC 50:I.Subpart 5, Provider Fraud and Recovery, and codifies current practices. This is being done in accordance with Executive Order JML 25-38 and Act 192 of the 2024 Regular Legislative Session requirements to review rules to ensure they are consistent with departmental guidelines and use plain language. It will have no fiscal impact since it is only updating language and not changing existing practices.

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

It is anticipated that implementation of this proposed rule will have no effect on revenue collections other than the federal share of the promulgation costs for FY 25-26. It is anticipated that \$4,082 will be collected in FY 25-26 for the federal share of the expense for promulgation of this proposed rule and the final rule.

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

This proposed rule repeals the current language in LAC 50:I.Subpart 5, Provider Fraud and Recovery, and codifies current practices. This is being done in accordance with Executive Order JML 25-38 and Act 192 of the 2024 Regular Legislative Session requirements to review rules to ensure they are consistent with departmental guidelines and use plain language. Since this is only updating language and not changing existing practices, this rule is not anticipated to result in a fiscal impact to affected persons, small businesses, or non-governmental groups in FY 25-26, FY 26-27, or FY 27-28.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

This proposed rule has no known effect on competition and employment.

Seth Gold
 Medicaid Executive Director
 2602#026

Alan M. Boxberger
 Legislative Fiscal Officer
 Legislative Fiscal Office

NOTICE OF INTENT

**Louisiana Economic Development
 Office of Economic Development
 and**

Louisiana Economic Development Corporation

Collateral Support Program (LAC 19:VII.Chapter 91)

Louisiana Economic Development, Office of Economic Development, and Louisiana Economic Development Corporation authorized by and pursuant to the provision of the Administrative Procedure Act, R.S. 49:950 et seq., R.S. 36:104, 36:108, and 51:2312 hereby gives notice of their intent to amend certain rules for the administration of the Collateral Support Program (CSP).

In accordance with the Office of Governor Executive Order No. JML 25-038, LED reviewed and evaluated the CSP Program Rules and proposes amendment to better align regulations with the U.S. Treasury guidelines and the agency's mission.

purpose loans and lines of credit, so long as SSBCI resources permit. The board of directors of the corporation recognizes that collateralizing loans and lines of credit carries certain risks and is willing to undertake reasonable exposure.

F. LEDC will monitor the program, including the repayment progress of borrowers, as well as the servicing performance of lenders, in order to ensure successful outcomes in the form of program utilization and eventual securing of funds for these groups.

AUTHORITY NOTE: Promulgated in accordance with R.S. 36:104, 36:108 and 51:2312

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development and the Louisiana Economic Development Corporation, LR 48:1460 (June 2022, LR 48:1905 (July 2022), amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:

§9103. Definitions

A. - B. ...

Collateral Deposit Agreement—the loan and deposit agreement (“deposit agreement”), to be executed by LEDC and the lender, for the deposit of cash collateral by LEDC with the lender, as security for a portion of the loan accepted under this program.

Double-Dipping Fees—occurs when a lender issues new credit to refinance prior credit without forgiving a portion of the fee already paid resulting in the borrower paying a fee on top of a fee.

Financial Institution—also referred to herein as a *Bank*, *Financial Lending Institution*, *Lending Institution*, *Commercial Lending Entity*, or *Lender*—includes any insured depository institution, insured depository credit union, or depository community development financial institution, as those terms are defined in section 103 of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4702).

LED—Louisiana Economic Development, formerly Louisiana Department of Economic Development.

LEDC CSP Loan and Deposit Agreement—Repealed.

Lender—an insured depository institution, insured depository credit union, or depository community development financial institution, as those terms are each defined in section 103 of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4702) which is experienced in the making of loans to businesses of the type provided for under the CSP, has an office and business operations in the State of Louisiana, and is regulated by the Office of the Comptroller of the Currency (including by merger, the Office of Thrift Supervision), the Federal Reserve Board, the Louisiana Department of Finance or similar regulatory agency. All lenders must execute a lender collateral deposit agreement with LEDC; and is the entity that will make or originate the accepted eligible loan with the eligible borrower under this program.

Loan—any temporary advance or provision of money to an eligible borrower by the lender for a business purpose, usually for a limited term and requiring the payment of interest along with the repayment of the loaned funds under the CSP, that is evidenced by a promissory note that obligates the borrower to repay the advance. When used herein, the word loan includes a line of credit loan.

Master Lender CSP Participation Agreement—Repealed.

Participating Lender—Repealed.

Prepayment Fees—also referred to as Prepayment penalty, fee imposed upon the borrower when all or part of a loan is paid before the scheduled loan term ends.

Small and Emerging Business—Repealed.

AUTHORITY NOTE: Promulgated in accordance with R.S. 36:104, 36:108 and 51:2312

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development and the Louisiana Economic Development Corporation, LR 48:1480 (June 2022), LR 48:1921 (July 2022), amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:

§9105. Application Process

A. Any applicant/borrower(s) applying for either a loan or a line of credit will be required first to contact a CSP financial lending entity that is willing to entertain, originate, process and service such a loan or line of credit with the prospect of an LEDC cash collateral deposit, and the lender will then contact LEDC for qualification and shall submit a complete application to LEDC for its review, approval and acceptance. The financial lender shall also submit to LEDC the lender’s assurances, certifications, representations and warranties, and shall be responsible for obtaining and submitting to LEDC assurances of eligibility, including certifications, representations and warranties from each borrower, all as required by the American Rescue Plan Act of 2021 and the SSBCI.

B. - C. ...

1. The lender is expected to use its best efforts to provide small Louisiana businesses, SEDI, with the maximum practicable opportunity to participate in the CSP.

2. The borrower’s completed Louisiana Economic Development Corporation CSP loan packet must be submitted by the lender to LEDC to include:

a. A borrowers completed CSP application and related information and materials.

b. A small business concerns, including very small businesses.

c. Businesses applying for consideration as a SEDI owned business will have to self-certify under conditions in Subparagraph a-c as noted above in §9103 under SEDI-owned business definition.

d. The lender shall submit to LEDC its complete analysis and evaluation, proposed loan structure, and commitment letter to the borrower. LEDC staff may do its

own review and evaluation of the application packet. The lender shall submit to LEDC the same pertinent data that it submitted to the lending institution's loan committee, whatever pertinent data the lending institution can legally supply.

e. The lender's and borrower's signed assurances and certifications as required by the U.S. Treasury.

3. LEDC staff will review the application and analysis, and then approve and accept or disapprove and reject the application, if the dollar amount of the loan is within the staff's board approved authority, or make recommendations to the board committees and to the board for approval and acceptance or disapproval and rejection.

4. The LEDC's board of directors, or the board's designated committee, will review only the completed applications and related materials submitted by LEDC staff and may approve and accept or disapprove and reject applications for approval or acceptance or the designated board committee may simply make recommendations to the LEDC board for its decision.

5. The applicant/borrower(s) or their designated representative(s), and the loan officer or a representative of the lender shall be required to attend the LEDC's board of directors meeting wherein the application will be considered by the board; but shall not be required to attend meetings of the LEDC Staff or the designated board committee, unless the LEDC requests their presence.

6. LEDC's board of directors, or the board's designated committee that has considered the application has the final approval and acceptance or disapproval and rejection authority for such applications; except for those loans which shall be within the staff's authority to approve or disapprove, as established by the LEDC board, the staff shall have the final approval and acceptance or disapproval and rejection authority, unless the board overrules the staff's decision.

7. The lender will be notified by e-mail of the outcome of the application process.

8. Funds approved for each CSP application will have a reservation period of 90 calendar days from the approval date.

a. If an approved CSP loan does not close within 90 calendar days from the final LEDC approval date, the reservation period will expire and funds will be released to the general program fund to be used for other CSP requests, unless an extension has been approved by LEDC board or its designated committee, or LEDC staff.

b. Once a reservation period has expired, a lender will need to re-apply and start the application and review process over with a new or up-dated application.

D. ...

1. Lender shall notify LEDC of its loan closing and provide draft loan closing documents for review at least five business days prior to the closing date.

2. LEDC will open and pledge an interest bearing collateral deposit account (a certificate of deposit) with the lender in LEDC's name, as follows:

a. 100 percent of the approved cash collateral deposit to the Lender will be funded once the CSP agreement, deposit account agreement, signature cards, and any other applicable deposit account documents have been executed.

3. At the loan closing, lender will execute the LEDC collateral deposit agreement, and will return the signed original to LEDC with the loan documents.

4. Immediately following the loan closing the lender will furnish to LEDC copies of all fully executed loan documents.

E. Loan Purpose Requirements and Prohibitions. In addition to the application process provisions provided above, and in connection with each and any loan (including a line of credit loan) that the lender requests be approved and accepted by LEDC to be enrolled under this program, the lender shall also be responsible for obtaining and providing LEDC with the lender's application assurances and certifications as well as application assurances and certifications from each applicant/borrower stating that the loan proceeds shall not be used for any impermissible purpose under the SSBCI program, and the loan proceeds shall be used for an eligible business purpose, as that term is defined in §9107. A hereinafter; and additionally:

E.1. - F.4. ...

AUTHORITY NOTE: Promulgated in accordance with R.S. 36:104, 36:108 and 51:2312

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development and the Louisiana Economic Development Corporation, LR 48:1487 (June 2022), amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:

§9107. Eligibility/Ineligibility for Participation in this Program

A. - D.1....

2. very small businesses that maintain an office in Louisiana;

3. - 4.o....

AUTHORITY NOTE: Promulgated in accordance with R.S. 36:104, 36:108 and 51:2312

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development and the Louisiana Economic Development Corporation, LR 48:1465 (June 2022, LR 48:1910 (July 2022), amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:

§9109. General Lender Provisions

A. - A.1. ...

2. The corporation shall not knowingly approve any loan (or line of credit loan) if the applicant/borrower has presently pending or outstanding any claim or liability relating to failure or inability to pay promissory notes or other evidence of indebtedness, state or federal taxes, or a bankruptcy proceeding. The corporation may review and determine, on a case-by-case basis, whether the nature, status, or materiality of such indebtedness or liabilities warrants eligibility under the program. Such determination by the corporation shall be final.

3. The corporation shall not knowingly approve any loan (or line of credit loan) if the applicant/borrower has presently pending, at the federal, state, or local level, any proceeding concerning denial or revocation of a necessary license or permit or any legal proceeding involving a criminal violation other than misdemeanor traffic violations. The corporation may review and determine, on a case-by-case

basis, whether the nature, status, or materiality of such indebtedness or liabilities warrants eligibility under the program. Such determination by the corporation shall be final.

4. Further, the corporation shall not approve any loan if the applicant/borrower or his/her/its principle management has a criminal record showing convictions for any criminal violations other than misdemeanor traffic violations in which the applicant/borrower or his/her/its principle management has not been reinstated into society.

5. The terms or conditions imposed and made part of any loan (or line of credit) authorized by vote of the corporation's board, or its designated board committee, or LEDC staff shall not be amended or altered by any member of the board or employee of the LEDC or Louisiana Economic Development except by subsequent vote of approval by the board, or designated board committee at the next meeting of the board or committee in open session with full explanation for such action.

6. Each lender shall be required to have a meaningful amount of its own capital resources at risk in each small business loan included in this program. Such lenders shall bear at least 20 percent or more of the loss from a small business loan default. The LEDC accepted loan (including line of credit loan) enrolled into this program shall not be sold, assigned to, or participated with other lenders (within lender's 20 percent risk interest, as described above), or otherwise transferred by lender without the prior written consent of the LEDC board.

7. The corporation shall not subordinate its position to other creditors.

B. Interest Rates. On all loans (or lines of credit), throughout its duration, including default rates, the interest rate is to be negotiated between the borrower and the lender, but shall not exceed the National Credit Union Administration's (NCUA) interest rate ceiling for loans made by federal credit unions as described in 12 U.S.C. § 1757(5)(A)(vi)(I) and set by the NCUA board. Further, on all loans and lines of credit, the interest rate shall not exceed the lesser interest rate of either: the National Credit Union Administration (NCUA) interest rate ceiling, that established by the Federal Credit Union Act (FCUA), that established by the Office of the Comptroller of the Currency (OCC), or applicable state legislation that may be enacted.

C. - F.1. ...

a. for equipment term loans, collateral support term periods may extend for up to and not exceed five years.

b. for Revolving Lines of Credit (RLOC - revolving and non-revolving), collateral support term periods may extend for up to and not exceed three years.

c. for Non-Revolving Lines of Credit (NRLOC), term periods may extend for up to and not exceed three years.

d. for business real estate term loans, collateral support term periods may extend for up to and shall not exceed five years.

G. ...

1. LEDC may charge an application fee of up to \$150, unless the board of directors, the board's designated committee, or LEDC staff waives the application fee.

2. LEDC will waive the application fee for SEDI and VSB business type.

H. Lender Fees

1. Lender fees shall be limited to that allowed under the U.S. Treasury's SSBCI capital program guidance. Lender fees shall be capped at \$500 for loans less than \$25,000 or may charge a program fee up to 2 percent for loans greater than \$25,000.

2. Lender fees shall not include prepayment penalties nor double dipping fees.

I. Use of Loan Funds (including Line of Credit Funds)

1. Loan funds shall be used for business purposes, including but not limited to the purchase of fixed assets, including buildings that will be owner occupied to the extent of at least 51 percent by the borrower for its own business purposes.

2. Loan funds may be used for the purchase of business equipment, machinery, or inventory.

3. Loan funds may be used for a line of credit for business accounts receivable or inventory.

4. Loan funds may not be used to buy out stockholders or equity holders of any kind, by any other stockholder or equity holder.

5. Loan funds may not be used to purchase any speculative investment or for real estate development.

AUTHORITY NOTE: Promulgated in accordance with R.S. 36:104, 36:108 and 51:2312

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development and the Louisiana Economic Development Corporation, LR 48:1466 (June 2022), LR 48:1911 (July 2022), amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:

§9111. General Agreement Provisions

A. Collateral Deposit Agreement

1. - 3. ...

4. The lender shall rely solely on the funds deposited with the lender by LEDC in the cash collateral deposit account (the principal amount, but not the accrued interest on the deposit which is not included as a portion of the security for the unpaid principal due on the loan) provided as security for the repayment of the agreed percentage of the principal amount of the unpaid principal balance due on the loan made and accepted under this program. The lender shall indemnify and hold harmless the LEDC, the state of Louisiana, including any commissioners, directors, participants, officers, agents, employees and contractors (collectively, the "Indemnified Person(s)") who shall not be liable to the lender for any reason arising out of or related in any way to the loan or the loan documents, against all claims, costs and expenses. This Section shall survive the payment in full of the loan, any return or draw upon the cash collateral deposit for the loan, or any termination of the applicable deposit agreement or other loan documents.

5. ...

6. Loan delinquency will be defined according to the lender's normal lending policy. Notification of delinquency will be made to the corporation in writing by lender submitting a completed, signed and dated CSP banker loan status monthly report within ten days after the end of each month as stated in the collateral deposit agreement.

7. If default by borrower continues for more than 90 calendar days in making payment, when due, of any installment of principal or interest on any note, the lender may

demand in writing to LEDC to release the funds in the deposit account by submitting a completed, signed and dated claim form notifying LEDC of the default reasonably describing the circumstances of the default. Once the release is requested, the lender may begin their standard collection and liquidation process.

8. - 9. ...

B. LEDC Collateral Deposit Agreement

1. The LEDC collateral deposit agreement shall provide for the pledge by LEDC of cash collateral to the lender under this collateral support program (CSP). On or about the closing of the loan documents, LEDC shall deposit with the lender cash collateral in an amount not to exceed 50 percent of the principal amount of the loan, and not to exceed a maximum of \$250,000, on loan amounts no greater than \$500,000; or LEDC shall deposit with the lender cash collateral in an amount not to exceed 25 percent of the principal amount of the loan, and not to exceed a maximum of \$250,000, on loan amounts greater than \$500,000 but less than \$1,000,000, accepted by LEDC under this program to be placed in an interest bearing account or certificate of deposit (the LEDC CSP loan and deposit account or deposit account) in the name of LEDC to be maintained with the lender until the loan has been repaid, or the deposited funds are applied to the payment of not to exceed 25 percent or 50 percent (depending on the principal amount of the loan) or \$250,000 of the outstanding unpaid principal balance (but not the interest, lender fees or costs of collection) due on the loan; and thereafter, should any funds remain in the deposit account after the application of such funds, the remaining amount shall be returned by lender to LEDC, plus all interest accrued on the deposit account which is not included as a portion of the collateral securing the loan.

2. - 3. ...

4. The LEDC's cash collateral deposit will secure and cover up to no more than 25 percent or 50 percent (depending on the principal amount of the Loan) on the unpaid balance on the principal amount owed only.

B.5. - C.1. ...

AUTHORITY NOTE: Promulgated in accordance with R.S. 36:104, 36:108 and 51:2312

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development and the Louisiana Economic Development Corporation, LR 48:1467 (June 2022), LR 48:1912 (July 2022), amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:

§9117. Guidelines

A. The Louisiana Economic Development Corporation (LEDC), or Louisiana Economic Development (LED), as the administrators of this program, may make, create, or issue from time to time Guidelines interpreting, construing, explaining and/or supplementing these Rules; and may revise, supplement, or otherwise change or modify the guidelines at any time with or without notice.

AUTHORITY NOTE: Promulgated in accordance with R.S. 36:104, 36:108 and 51:2312

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development and the Louisiana Economic Development Corporation, LR 48:1469 (June 2022), LR 48:1914 (July 2022), amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:

Family Impact Statement

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

Small Business Analysis

The proposed amendment of the Rule is not anticipated to have a significant adverse impact on small businesses as described in R.S. 49:974.5.

Provider Impact Statement

The proposed amendment of the 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 Shamelda Pete, Louisiana Economic Development, 100 North Street, 7th Floor, Baton Rouge, LA 70802 or via email to Shamelda.Pete@LA.GOV. All comments must be received no later than close of business day, March 31, 2026.

Public Hearing

A meeting for the purpose of receiving the presentation of oral comments on the Notice of Intent will be held at 1:30 p.m. on April 2, 2026, in the LaBelle Conference Room at the LaSalle Building, 617 North 3rd Street, Baton Rouge, LA 70802. Individuals with disabilities who require special services should contact Dawn Thibodeaux at least two working days in advance of the hearing. For assistance, call 225.342.3740 (voice and TDD) or email dawn.thibodeaux@la.gov.

Anne G. Villa
Deputy Secretary/CFO

**FISCAL AND ECONOMIC IMPACT STATEMENT
FOR ADMINISTRATIVE RULES
RULE TITLE: Collateral Support Program**

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

The proposed rule change is not anticipated to result in any direct material effect on governmental expenditures or savings to state or local governmental units. To the extent the proposed rules entice additional lenders to participate in the program, this may increase utilization of existing federal budget authority within Louisiana Economic Development (LED), as additional federal State Small Business Credit Initiative (SSBCI) funds from ARPA 2021 may be deployed to support small businesses through the Collateral Support Program. However, any administrative duties brought about by the proposed rule changes will be carried out utilizing the existing staff and resources of LED. LED indicates the program has historically waived the application fees for program participants. However, should application fees be collected in the future, those fees would be utilized to assist with funding the program.

The proposed rule change amends the Collateral Support Program in an effort to entice additional lenders to participate in the program. The proposed amendments align regulations with U.S. Treasury guidelines, the agency's mission, and further align with the Office of the Governor Executive Order No. 25-038.

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

Title 19
CORPORATION AND BUSINESS
Part VII. Louisiana Economic Development
Corporation
Subpart 11. Louisiana Seed Capital Program (LSCP)
Chapter 89. SSBCI Seed Capital ARPA 2021
§8903. Definitions

A. - B. ...

* * *

Co-investment or Coinvesting—a multiple SSBCI supported venture capital investment from different venture capital funds and other equity/venture capital invest in the same round. The SSBCI capital may not count as private capital.

* * *

Contract Monitor—LEDC designee, authorized to act as a representative and a liaison between LEDC and the General Partner to perform various duties of this contract and monitor its terms, as agreed upon.

Corporation—Louisiana Economic Development Corporation (LEDC).

Direct Investment—an investment in which financial investors take part with each other and act jointly by uniting or combining together to invest directly into individual companies or businesses.

Early-Stage Qualifying Investment or Early-stage Equity Investment or Early-stage Investing—funding intended for companies in the development phase, including convertible debt funding. This stage of financing varies from small funds for companies cultivating ideas or concepts to larger sums for companies looking to grow their products and services.

* * *

LED—Louisiana Economic Development, formerly Louisiana Department of Economic Development.

* * *

Risk Investment—an investment that may provide equity through the purchase of common stock, preferred stocks, partnership rights or any other equity investment. Additionally it may mean debt positions, which may act as equity or have equity features such as subordinated debt, debentures or other such instruments used in conjunction with features intended to yield significant capital appreciation.

* * *

Valuation of Investment Fund—the value of any monies invested or otherwise used as risk capital in businesses plus the unexpended monies available for investment or used as risk capital.

* * *

AUTHORITY NOTE: Promulgated in accordance with R.S. 36:104, 36:108 and 51:2312.

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development and the Louisiana Economic Development Corporation, LR 48:1480 (June 2022), LR 48:1921 (July 2022), amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:

The proposed amendments are not anticipated to materially affect revenue collections for state or local governmental units. While the proposed rules increase the application fee for the program from a flat \$100 fee to a potential fee of up to \$150, a two percent program fee is eliminated. The application fee is capable of being waived for the program and is required to be waived for socially and economically disadvantaged individual (SEDI) owned businesses and very small businesses (VSB) applications. LED indicates the program has historically waived application fees for program participants. However, the ability to collect application fees for certain applicants remains in the proposed rules.

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

Applicants/borrowers, small businesses, and lenders participating in the program will be affected by the proposed rules. The proposed amendment to the rule removed and changed regulations and procedures for lending institutions and the use of funds for applicants/borrowers. Affected program participants may receive additional benefits as these amendments are anticipated to entice additional lenders to participate in the program and may result in additional collateral support for participating small businesses. Additionally, the proposed rules increase the maximum amount of an application fee that may be charged to applicants and eliminate the two percent program fee. However, the proposed rules continue to allow the fee to be waived and mandate that the fee be waived for SEDI owned businesses and VSB applications.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

Small businesses benefiting from the program are anticipated to gain a competitive advantage over other businesses that do not receive the program's benefits.

Anne G. Villa, CFO
 Deputy Secretary
 2602#050

Alan M. Boxberger
 Legislative Fiscal Officer
 Legislative Fiscal Office

NOTICE OF INTENT

**Louisiana Economic Development
 Office of Economic Development
 and
 Louisiana Economic Development Corporation**

Louisiana Seed Capital Program (LAC19:VII Chapter 89)

Louisiana Economic Development, Office of Economic Development, and Louisiana Economic Development Corporation authorized by and pursuant to the provision of the Administrative Procedure Act, R.S. 49:950 et seq., R.S. 36:104, 36:108, and 51:2312 hereby gives notice of their intent to amend certain rules for the administration of the Louisiana Seed Capital Program (LSCP).

In accordance with the Office of Governor Executive Order No. JML 25-038, LED reviewed and evaluated the LSCP Program Rules and proposes amendment to better align regulations with the U.S. Treasury guidelines and the agency's mission.