brought about by the proposed rule changes will be carried out utilizing existing staff and resources of LED.

The proposed rule change amends the Louisiana Seed Capital Program in an effort to increase the amount of investment capital deployed to small businesses. 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)

The proposed amendments are not anticipated to materially affect revenue collections for state or local governmental units.

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

Venture capital organizations, start-ups, and early-stage businesses participating in the program may be affected by the proposed action. The proposed amendment to the rule removed and clarified regulations for participation in the investment program. Program participants are expected to benefit as the proposed rule changes are anticipated to increase the amount of investment capital deployed to small businesses as seed capital.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

Start-ups and early-stage businesses benefiting from the program are anticipated to gain a competitive advantage over other businesses that do not receive investment from this program.

Anne G. Villa, CFO	Alan M. Boxberger
Deputy Secretary	Legislative Fiscal Officer
2602#049	Legislative Fiscal Office

NOTICE OF INTENT

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

Micro Loan Program (LAC 19:VII.Chapter 76)

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., LA R.S. 36:104, 36:108, and 51:2312 hereby gives notice of their intent to amend certain rules for the administration of the Micro Lending Program (MLP).

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

Title 19
CORPORATION AND BUSINESS
Part VII. Louisiana Economic Development Corporation
Subpart 9. Micro Loan Program
Chapter 76. SSCBI Micro Lending Program ARPA 2021

§7601. Purpose

A. …

B. Through the American Rescue Plan Act of 2021, which reauthorized the State Small Business 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 LEDC, has been designated to provide services for the SSBCI, including the Micro Lending Program (MLP), which by a Program Participation Agreement previously entered into, between LEDC and a participating Lender makes additional capital available for eligible loans.

C. The LEDC 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 to 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.

D. By partnering with Louisiana CDFIs and other qualifying lenders who share a similar mission driven focus consistent with the purpose of this program, LEDC will provide funding to participating CDFIs, and other qualifying lenders having been approved as a participating lender, for the purpose of making direct loans to small businesses meeting the SSBCI criteria as outlined in the Micro Lending Program's Participation Agreement.

E. Interested small businesses will be referred to participating Lenders for loan qualification purposes. Participating Lenders will apply to LEDC for acceptance to enroll a loan or line of credit under the Program on behalf of their qualified small business borrowers. Participating Lenders are responsible for their own credit underwriting decisions and originating the loans. LEDC's responsibility is: to ensure compliance with the Micro Lending Program requirements; ensure compliance with the SSBCI requirements as directed by Treasury, as well as participation in the program; and to report to the U.S. Treasury.

F. In considering acceptance of the loans presented to LEDC through Lenders having agreed to participate in the Micro Lending Program, the Corporation will consider sound business purpose loans and lines of credit, so long as SSBCI resources permit. The board of directors of the corporation recognizes that loan participations carry certain risks and are willing to undertake reasonable exposure.

G. LEDC will monitor the program, including the repayment progress of borrowers, as well as the servicing performance of participating 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 48:1479 (June 2022), LR 48:1920 (July 2022), amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:

§7603. Definitions

A. - B. …

* * *

Confessions of Judgment—a clause with a contract between a lender and borrow, permitting a lender to enforce a debt and obtain a court judgment without a trial.

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.

Eligible Loan—a loan or line of credit commitment made by the lender to the borrower which meets the established SSBCI criteria and complies with the Micro Lending Program requirements and U.S. Treasury requirements.

* * *

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

* * *

Micro Lending Participation Agreement—also referred to herein as the Program Participation Agreement*;* the executed agreement between LEDC and a participating Lender specifying participation terms, loan parameters and other conditions for program compliance.

Micro Lending Program (MLP)—an Other Credit Support OSCP Program (OCSP) approved by U.S. Treasury which is the subject of this Chapter.

Micro Loans—short-term, low-interest rate loans originated under the Micro Lending Program. Loan limits are determined by LEDC and stated in the program participation agreement.

* * *

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.

* * *

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:

§7605. Application Process

A. - C.2. …

3. submit executed lender and borrower assurances, certifications and information reasonably required by the corporation and related to the loan to be enrolled. The loan shall be deemed enrolled in the SSBCI Micro Lending Program at such time as the program enrollment application is accepted, in writing, by LEDC.

D. The following micro lending program submission and review policies shall be followed.

1. A completed Louisiana Economic Development Corporation Micro Lending Program enrollment application form along with information identified by LEDC as appropriate must be submitted to LEDC prior to any loan closing.

2. The participating lender is expected to use its best efforts to provide small Louisiana businesses and SEDI with maximum practicable opportunity to participate in the micro lending program.

3. The borrower's completed micro lending program enrollment application packet must be submitted by the Lender to LEDC and include:

4. Borrower's completed LED micro lending program enrollment application and related information and materials.

5. The participating 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 enrollment application packet. The participating 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.

6. Businesses applying for consideration as a SEDI owned business will have to self-certify under conditions in Paragraphs a - c as noted above in §7603 under SEDI-owned business definition.

7. Lender and borrower signed assurances and certifications as required by Treasury at the time of application for enrollment.

8. LEDC staff will review the enrollment application for completeness and compliance requirements as required by U.S. Treasury under the SSBCI program and then approve and accept as an enrolled loan or disapprove and reject the enrollment application, if the dollar amount of the loan is within its board approved authority, or make recommendations to the board committees and to the board for approval and acceptance as an enrolled loan or disapproval and rejection under the micro lending program.

9. The LEDC's board screening committee, the board's other designated committee, or the board itself, may review only the completed enrollment applications and related materials submitted by LEDC staff and may approve and accept as an enrolled loan or disapprove and deny applications for enrollment under the program within the committee's authority as established by the LEDC board, or board committees will make recommendation to the LEDC board for its decision.

10. The applicant/borrower or their designated representative(s), and the loan officer or a representative of the lender may be required to attend the LEDC's board of directors meeting wherein the program enrollment application will be considered by the board.

11. LEDC's board of directors, the board screening committee, or the board's other designated committee that has considered the enrollment application within its authority may approve or deny such enrollment applications, except for those loans which shall be within the staff's authority to approve and accept for enrollment or disapprove, as established by the LEDC board; the staff shall have the final approval of acceptance as an enrolled loan under the program or disapproval and denial authority, unless the board overrules the staff's decision.

12. The LEDC staff will report to the board monthly those loans accepted for enrollment under the program.

13. Loans originated by participating community development financial institutions (CDFIs), or other participating lenders, under the micro lending program must qualify under the SSBCI treasury guidance. Lenders interested in participating under the program must first gain

approval by LEDC. CDFIs, and other participating lenders, will reference their internal credit policies to underwrite the loan for acceptable terms and structure. The lender is responsible for all loan closing documentation.

14. LEDC staff will email the Lender written notice that the enrollment application has been approved and accepted as an enrolled loan under the micro lending program.

E. Loan Purpose Requirements and Prohibitions. In addition to the application process provisions provided in the Section mentioned in the above subparagraph A, in connection with each loan to be enrolled under this Chapter the lender shall also be responsible for obtaining and providing to LEDC with the lender's enrollment application an assurance from each borrower stating that the loan proceeds shall not be used for any impermissible purpose under the SSBCI Program. And additionally, each lender must also obtain and provide to LEDC with its enrollment application under this Chapter an assurance from the borrower affirming:

1. The loan proceeds must be used for an eligible business purpose. An eligible business purpose includes, but is not limited to, start-up costs, working capital, business procurement, franchise fees, equipment, inventory, as well as the purchase, construction renovation or tenant improvements of an eligible place of business that is not for passive real estate investment purposes. The definition of business purpose excludes activities that relate to acquiring or holding passive investments such as commercial real estate ownership, the purchase of securities; and lobbying activities as defined in Section 3 (7) of the Lobbying Disclosure Act of 1995, P.L. 104-65, as amended.

2. The loan proceeds will not be used to:

a. repay a delinquent federal or state income taxes unless the borrower has a payment plan in place with the relevant taxing authority; or

b. repay taxes held in trust or escrow, e.g. payroll or sales taxes; or

c. reimburse funds owed to any owner, including any equity injection or injection of capital for the business' continuance; or

d. purchase any portion of the ownership interest of any owner of the business.

3. The borrower is not:

a. an executive officer, director, or principal shareholder of the financial institution lender; or

b. a member of the immediate family of an executive officer, director, or principal shareholder of the financial institution lenders; or

c. a related interest of such executive officer, director, principal shareholder, or member of the immediate family.

NOTE: For the purposes of these three borrower restrictions, the terms *executive officer, director, principal shareholder, immediate family,* and *related interest* refer to the same relationship to a financial institution lender as the relationship described in part 215 of title 12 of the Code of Federal Regulations, or any successor to such part.)

4. The borrower is not:

a. a business engaged in speculative activities that develop profits from fluctuations in price rather than through normal course of trade, such as wildcatting for oil, investments in stock market and dealing in commodities futures, unless those activities are incidental to the regular activities of the business and part of a legitimate risk management strategy to guard against price fluctuations related to the regular activities of the business; or

NOTE: (Note: Permissible borrowers include state-designated charitable, religious, or other non-profit or eleemosynary institutions, government-owned corporations, consumer and marketing cooperatives, and faith-based organizations provided the loan is for a *business purpose* as defined above.)

b. a business that earns more than half of its annual net revenue from lending activities; unless the business is a non-bank or non-bank holding company certified as a community development financial institution; or

c. a business engaged in pyramid sales, where a participant's primary incentive is based on the sales made by an ever-increasing number of participants; or

d. a business engaged in activities that are prohibited by federal law or applicable law in the jurisdiction where the business is located or conducted. (Included in these activities is the production, servicing, or distribution of otherwise legal products that are to be used in connection with an illegal activity, such as selling drug paraphernalia or operating a motel that knowingly permits illegal prostitution); this category of business includes direct and indirect marijuana businesses, as defined in SBA Standard Operating Procedures 50 10 6; or

e. a business engaged in gambling enterprises, unless the business earns less than 33 percent of its annual net revenue from lottery sales.

f. The corporation shall not knowingly accept any enrollment applications under the Micro Lending Program 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. Nor should they accept any enrollment applications under the micro lending program if the applicant/borrower or his/her/its principal management has a criminal record showing convictions for any criminal violations other than misdemeanor traffic violations in which the applicant has not been reinstated into society.

5. No principal of the borrowing entity has been convicted of a sex offense against a minor (as such terms are defined in section 111 of the Sex Offender Registration and Notification Act (42 U.S.C. 16911)). For the purposes of this certification, "principal" is defined as "if a sole proprietorship, the proprietor; if a partnership, each managing partner and each partner who is a natural person and holds a 20 percent or more ownership interest in the partnership; and if a corporation, limited liability company, association or a development company, each director, each of the five most highly compensated executives or officers of the entity, and each natural person who is a direct or indirect holder of 20 percent or more of the ownership stock or stock equivalent of the entity."

F. The lender must also provide to LEDC with its enrollment application, in connection with each loan to be enrolled under this Chapter, an assurance affirming:

1. The loan has not been made in order to place under the protection of the approved state Capital Access Program (CAP) prior debt that is not covered under the approved state CAP and that is or was owed by the borrower to the lender or to an affiliate of the lender.

2. The loan is not a refinancing or a loan previously made to that borrower by the lender or an affiliate of the lender.

3. No principal of the lender has been convicted of a sex offense against a minor (as such terms are defined in section 111 of the Sex Offender Registration and Notification Act (42 U.S.C. 16911)). For the purposes of this certification, *principal* is defined as if a sole proprietorship, the proprietor; if a partnership, each partner; if a corporation, limited liability company, association or a development company, each director, each of the five most highly compensated executives, officers, or employees of the entity, and each direct or indirect holder of 20 percent or more of the ownership stock or stock equivalent of the entity.

4. The corporation shall not knowingly accept any enrollment applications under the Micro Lending Program 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. Nor should they accept enrollment applications under the Micro Lending Program if the applicant/borrower or his/her/its principal management has a criminal record showing convictions for any criminal violations other than misdemeanor traffic violations in which the applicant has not been reinstated into society.

5. The borrower business structure is a for-profit corporation, partnership, limited liability company, limited liability partnership, joint venture, cooperative, non-profit entity with an eligible business purpose as defined above or other entity which is registered and authorized to conduct business in the state of Louisiana that maintain an office in Louisiana. The borrower business structure is a sole proprietor qualified to do business in Louisiana that maintains an office in Louisiana.

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 48:1481 (June 2022), LR 48:1922 (July 2022), amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:

§7607. Eligibility/ Ineligibility for Participation in This Program

A. This Program is for loans (including lines of credit) for an eligible business purpose to eligible borrowers doing business in Louisiana having 100 employees or less at the time the loan is enrolled in this program. An *eligible business purpose* includes but is not limited to: start-up costs; working capital; business procurement; franchise fees; and acquisition of equipment, inventory, or services used in the production, manufacturing, or delivery of a business's goods or services, or the purchase, construction, renovation, or tenant improvements of an eligible place of business that is not for passive real estate investment purposes. The definition of *eligible business purpose* excludes activities that relate to acquiring or holding passive investments such as commercial real estate ownership for investment or leasing; the purchase of securities; and lobbying activities as defined in Section 3 (7) of the Lobbying Disclosure Act of 1995, P.L. 104-65, as amended.

B. - D.2. …

3. small businesses owned by socially and economically disadvantaged individuals (SEDI) that meet the SEDI definition above;

4. small business concerns as defined above for size purposes.

E. - F.16. …

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 48:1483 (June 2022), LR 48:1923 (July 2022), amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:

§7609. General Loan Provisions

A. …

1. The lender shall not knowingly approve any loan if the applicant has any presently pending or outstanding claim or liability relating to the failure or inability to pay promissory notes or other evidence of indebtedness, including state or federal taxes, or bankruptcy proceeding. However, Louisiana Economic Development Corporation (LEDC) may review and determine, on a case-by-case basis, whether the nature, status, or materiality of such indebtedness or liabilities warrants eligibility under this program. Such determinations by LEDC shall be final.

2. The lender shall not approve any loan if the applicant has presently pending, at the federal, state, or local level, any proceeding concerning the denial or revocation of a necessary license or permit. However, Louisiana Economic Development Corporation (LEDC) may review and determine, on a case-by-case basis, that the pending action does not materially affect the applicant's eligibility or the soundness of the loan. Such determinations by LEDC shall be final.

3. The terms or conditions imposed and made part of any enrolled loan authorized by vote of the corporation board shall not be amended or altered by any member of the board or employee of Louisiana Economic Development except by subsequent vote of approval to accept the changes of said enrolled loan by the board, its board screening committee or other designated committees at the next meeting of the board or committee in open session with full explanation for such action.

B. Loan amounts under this program are intended to be smaller in size and shall be listed in the Micro Lending Agreement.

C. …

1. On all loans or lines of credits under this chapter, at the time obligation and throughout the duration of the loan, including default rates, the interest rate is to be negotiated between the lender and borrower, 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(A)(vi)(I) and set by the NCUA board. Further, on all loans or lines of credits, 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.

D. - 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. …

3. Repealed.

H. Lender Fees

1. 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 Funds

1. Purchase of fixed assets, including buildings that will be occupied by the applicant to the extent of at least 51 percent.

2. Purchase of equipment, machinery, or inventory.

3. Line of credit for accounts receivable or inventory.

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 48:1484 (June 2022), LR 48:1925 (July 2022), amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:

§7611. General Agreement Provisions

A. - A.3. …

4. The lender shall not include within loan documents and/or exercise any rights or privileges of confessions of judgment, through executory process or otherwise; and shall further waive and relinquish any rights or procedural advantages related to a confession of judgment.

A.5. - B.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 48:1485 (June 2022), LR 48:1925 (July 2022), amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:

§7615. Conflict of Interest

A. No member of the corporation, employee thereof, or employee of Louisiana Economic Development, members of their immediate families shall either directly or indirectly be a party to or be in any manner interested in any contract or agreement with the corporation for any matter, cause, or thing whatsoever by reason whereof any liability or indebtedness shall in any way be created against such corporation. If any contract or agreement shall be made in violation of the provisions of this Section the same shall be null and void and no action shall be maintained thereon against the corporation.

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 48:1485 (June 2022), LR 48:1926 (July 2022), amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:

§7617. Guidelines

A. The Louisiana Economic Development Corporation (LEDC), or Louisiana Economic Development (LED), as the administrator of this program for LEDC, 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 48:1485 (June 2022), LR 48:1926 (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 anticipate 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: Micro Loan Program

I. ESTIMATED IMPLEMENTATION COSTS (SAVINGS) TO STATE OR LOCAL GOVERNMENT 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 removal of the $100,000 lending cap in the proposed rules results in

additional funds lent to small businesses, 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 Micro Loan 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 Micro Loan Program in an effort increase the size of micro loans issued to small businesses. 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)

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 program fee of $500 for loans less than $25,000 or 2% for loans greater than $25,000 is eliminated. The application fee is capable of being waived for the program and continues to be mandatorily 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 and program fees for 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 rules removed and changed regulations for lending institutions and the use of funds for applicants/borrowers. To the extent these amendments increase the size of micro loans issued to small businesses, program participants may receive additional benefits. Additionally, the proposed rules increase the maximum amount of an application fee that may be charged to applicants and eliminate the $500 program fee for loans under $25,000 or 2% fee for loans over $25,000. 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	Alan M. Boxberger
Deputy Secretary/CFO	Legislative Fiscal Officer
2602#048	Legislative Fiscal Office

NOTICE OF INTENT

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

Small Business Loan Guaranty Program
(LAC19:VII.Chapter 5)

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 Small Business Loan and Guaranty Program (SBLGP).

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

Title 19
CORPORATION AND BUSINESS
Part VII. Louisiana Economic Development Corporation
Subpart 1. Small Business Loan Guaranty Program (SBLGP)
Chapter 5. SSCBI Loan Guaranty ARPA 2021

§501. Purpose

A. - B. …

C. - D. 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 48:1472 (June 2022), LR 48:1926 (July 2022), amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:

§503. Definitions

A. - B. …

* * *

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.

* * *

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

* * *

Loan—the temporary provision of money or funds for a business purpose, usually for a limited term and requiring the payment of interest along with the repayment of the loaned funds. As used herein, the word loan includes a line of credit loan guarantee, and term loan guarantee.

* * *