## COMMITTEE REPORT

### House Committee on Commerce
### September 10, 1996

Economically Disadvantaged Business
Development Program (LAC 19:I.Chapters 1-13)

(Editor's Note: The full text of this proposed rule was published in the Emergency Rule Section, pages 678-684, of the August, 1996 *Louisiana Register*. The proposed rule was referenced in a Notice of Intent published on pages 725-726 of this issue.)

Pursuant to the provisions of R.S. 49:968, the House of Representatives Commerce Committee met on September 10, 1996 to review proposed Emergency Rules relative to the Economically Disadvantaged Business Development program submitted by the Department of Economic Development.

There was lengthy testimony and discussion of the proposed Emergency Rules. The committee found that a number of provisions, specifically those relating to eligibility requirements for certification, needed modification and after a motion to reject with recommendations for changes to the proposed regulations, voted unanimously to reject the proposed Emergency Rules relative to the Economically Disadvantaged Business Development program. The committee discussion centered on the fact that intent of the program is to aid economically disadvantaged businesses. It was generally determined that the proposed rules created eligibility in the program for businesses that were not economically disadvantaged. The committee suggested that the eligibility requirements of the rules should focus on those businesses that are truly economically disadvantaged and in need of assistance.

Those provisions relating to eligibility requirements which were objected to by the committee included but are not limited to the following:

#### §107. Eligibility Requirements for Certification

**§107.A.1** This provision requires that for an applicant to qualify as an economically disadvantaged individual, the person must be a citizen or "lawful permanent resident" of the United States. The committee was uncomfortable with the idea that a person who was not a citizens of the United States could qualify for assistance under the program. However, this provision was included in the Act creating the program, therefore, legislation would be needed to change this situation.

**§107.A.3** This provision provides that in order to meet the requirements for the program, each individual owner's personal net worth may not exceed $250,000 and that the value of the individual's personal residence and investment in the applicant firm are excluded from the calculation. The committee suggested that the requirement that each individual owner's personal net worth may not exceed $250,000 was too high and that the dollar amount should be lowered. The committee also suggested that the value of the individual's residence and investment in the business be included in the calculation of net worth.

**§107.B.5** This provision provides that the amount of $10.5 million in gross revenue will be used by the program as the qualifying monetary standard for businesses annual gross revenue. The committee suggested that this dollar amount may be too high, but suggested further study by the department concerning this determination.

**§107.B.6** This provision provides that a business' net worth at the time of the application may not exceed $750,000. The committee suggested that this dollar amount should be lowered.

**§107.B.9** This provision requires managing owners who claim economically disadvantaged status to be full time employees of the firm. The committee suggests that "full time" be further defined and specified.

#### §115. Duration of Certification

This provision provides for the duration of the certification. The committee suggested that more precise and specific language involving specific numerical criteria be utilized to determine the duration of a certification.

#### Eligibility of All Owners

The committee suggested that all individual owners of the business with 10 percent ownership or more should have to meet the requirements of eligibility as an economically disadvantaged individual.

This requirement was not in the proposed rules, however, legislation to make this change in the program may be introduced.

The representative of the Department of Economic Development concurred in these substantive changes and agreed to resubmit the rule with the aforementioned changes following review by the Governor.

John D. Travis
Chairman

9609#070