

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 1015** HLS 22RS 1693

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 25, 2022	8:08 AM	Author: SCHEXNAYDER
Dept./Agy.: Culture, Recreation and Tourism / Economic Development		Analyst: Tim Mathis
Subject: Creates the Major Events Incentive Program		

ECONOMIC DEVELOPMENT OR INCREASE GF EX See Note
Provides relative to financial incentives for events held in Louisiana

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Proposed law moves administration of the Major Events Incentive Fund from the Department of Economic Development (LED) to the office of the lieutenant governor through the Department of Culture, Recreation and Tourism (CRT), in consultation with LED. The source of monies shall be any funds appropriated by the legislature, including federal funds, any donations, gifts or grants from individuals, corporations, nonprofit organizations, etc. Authorizes CRT to enter into a contract that provides for a financial commitment with a local organizing committee, endorsing parish or municipality to recruit, solicit, or acquire for Louisiana any qualified major event that will have a significant positive impact in the state. Prior to entering into any contract, the lieutenant governor shall direct LED to prepare a written evaluation of the anticipated economic impact. Provides for eligible use of grants received by endorsing municipalities or parishes. Requires any grant request exceeding \$3 M to receive approval from the Joint Legislative Committee on the Budget (JLCB). **(Bill Summary Continued on Page Two)**

EXPENDITURES	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						

REVENUES	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						

EXPENDITURE EXPLANATION

Subject to legislative appropriation into newly created incentive funds, assumed to occur in this fiscal note, there will be an indeterminable increase in SGF expenditures for the Department of Economic Development (LED) to fund an economic impact analysis report both prior to CRT entering into any contract, and within 60 days following the occurrence of the qualified major event to determine the amount of incremental increase in state sales and use and excise tax receipts generated within the designated area. Per LED, contracts can range from \$22,000 to \$50,000 or more depending on the size of the event. Assuming four events per year, and two analyses per event, the total cost of analyses could be approximately \$176,000 annually. LED would also be required to submit a report on the economic impact of events associated with grant funding through the Events Incentive Fund, however such costs are indeterminable and may be performed with existing staff. Actual costs may be lower or greater depending on the number and size of events.

LED will experience a decrease in workload associated with the transfer of the Major Events Incentive Fund to CRT. CRT will experience increased but indeterminable workload to administer the Major Events Incentive Fund and the new Events Incentive Fund. To the extent either fund receives sufficient or significant revenue deposits, CRT may require an additional contract grant reviewer position (for an estimated salary of \$55,000 and related benefits of \$24,750). CRT reports it is able to absorb other administrative functions within its existing budget. **(Expenditure Explanation Continued on Page Two)**

REVENUE EXPLANATION

The proposed legislation will decrease state general fund revenues and increase statutorily dedicated funds for any funds deposited by the Treasurer associated with the incremental increase in state sales tax receipts determined by LED to have been generated by a qualified major event within the designated area and with JLCB approval. While any particular event examined in isolation can show tax receipts associated with the event, the revenue identified for deposit into the Major Events Incentive Fund is indeterminable.

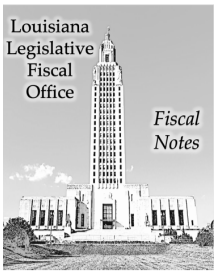
The proposed legislation will decrease statutorily dedicated funds from Schedule 20 - Other Requirements, LED Debt Service and State Commitments, and increase statutorily dedicated funds by a commensurate amount for the Department of Culture, Recreation and Tourism. To the extent deposits are made into the newly created Events Incentive Fund within CRT, there will be an increase in statutory dedication revenues.

Senate
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Evan Brasseaux

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Interim Deputy Fiscal Officer



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CONTINUED EXPLANATION from page one:
(Bill Summary Continued from Page One)

Within sixty days, LED shall determine the amount of the incremental increase in state sales and use and excise tax receipts generated within the designated area by the occurrence of the qualified major event and report the amount to the lieutenant governor and JLCB. JLCB shall determine the portion which shall be transferred into the fund by the Treasurer upon approval.

Proposed legislation creates the Events Incentive Fund to provide grant funding to municipalities and parishes for costs associated with planning, marketing, and conducting events held in Louisiana. The source of monies shall be any funds appropriated by the legislature, including federal funds, any donations, gifts or grants from individuals, corporations, nonprofit organizations, etc. Provides for CRT to administer the program, in consultation with LED. Defines "event" as an event of area-wide, statewide, regional, national, or international prominence. A municipality or parish shall be eligible to receive up to 25% of the total cost incurred for the event, not to exceed \$250,000 per grant. Requires LED to submit an annual report to JLCB, including the entities that received grant funding for events and the economic impact of the events to the state, to the extent possible.

(Expenditure Explanation Continued from Page One)

Any award made through the Major Events Incentive Fund or the Events Incentive Fund will require approval as well as a legislative appropriation for payment. Specific payment amounts for any particular qualifying event cannot be anticipated in advance. Note: HB 1 Reengrossed appropriates \$4 M SGF for the Major Events Incentive Fund.

Creating two new statutory dedications within the state treasury will result in a marginal workload increase for the Department of Treasury, which can generally be absorbed within existing resources. However, to the extent other legislative instruments create new statutory dedications, there may be material additional costs associated with the aggregate effort to administer these funds. The Treasury performs fund accounting, financial reporting, banking and other custodial functions for 436 special funds. When unable to absorb additional workload with existing resources, the Treasury anticipates it will be required to add one T.O. position at a total personnel services cost of approximately \$73,000, plus approximately \$2,450 for a one-time purchase of office equipment. These expenditures are assumed to be SGF in this fiscal note.

Senate Dual Referral Rules

13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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