



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **SB 472** SLS 22RS 1223
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 25, 2022 10:52 AM **Author:** MILLIGAN
Dept./Agy.: Statewide **Analyst:** Monique Appeaning
Subject: Transparency in Ownership of Critical Infrastructure Law

HOMELAND SECURITY EG SEE FISC NOTE GF EX Page 1 of 1
 Prohibits contracts with certain foreign-owned companies in connection with critical infrastructure. (gov sig)

Proposed law creates the "Transparency in Ownership of Critical Infrastructure Law". Proposed law prohibits governmental entities from entering into contracts or other agreements relating to critical infrastructure in the state with a company if, under the contract or agreement, the company would be granted direct or remote access to or control of critical infrastructure in the state, excluding access specifically allowed by the governmental entity for product warranty and support purposes under specific circumstances. Proposed law shall apply regardless of whether the company's or its parent company's securities are publicly traded or the company or its parent company is listed on a public stock exchange as a Chinese, Iranian, North Korean, or Russian company or a company of a designated country. Proposed law provides that the governor, after consultation with the director of the Governor's Office of Homeland Security and Emergency Preparedness, **may** designate a country as a threat to critical infrastructure. Proposed law provides that the governor **shall** consult the Senate and House select committees on homeland security, to assess a threat to critical infrastructure for purposes of making designations under proposed law. Proposed law provides for definitions.

EXPENDITURES	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
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	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
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	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

The Division of Administration (DOA) reports that the proposed law will result in a minimal, yet manageable expenditure increase to implement. DOA indicated that implementation would be accomplished by the addition of a new clause to all state contract templates. For illustrative purposes an example is below:

"If this contract or its deliverables relate or provide relative to critical infrastructure as defined in LA R.S. 49:3051 et seq., by signing this Contract the Contractor attests that it is in compliance with LA R.S. 3051 et seq., namely that the Contract is neither headquartered in the People's Republic of China, the Islamic Republic of Iran, the Democratic People's Republic of Korea, the Russian Federal, or any other country designated in accordance with LA R.S. 49:3054, nor that the Contractor is majority-owned or controlled by citizens, entities, instrumentalities, or governmental agencies of any of those same countries."

NOTE: Information provided by the DOA show that there are 26 vendors that are registered in the state's system as being domiciled in China. None of the 26 are current contract-holders.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

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}

Evan Brasseaux

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Interim Deputy Fiscal Officer