

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 184** HLS 17RS 944

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 22, 2017 6:11 PM	Author: ABRAHAM
Dept./Agy.: Higher Education	Analyst: Willis Brewer
Subject: Creates the Louisiana Jobs Now Fund	

FUNDS/FUNDING EG +\$21,000,000 SD RV See Note Page 1 of 1
Creates the Louisiana Jobs Now Fund for the purpose of funding postsecondary education degree and certificate production in high-demand fields

Proposed law creates the La. Jobs Now Fund (the fund) for the purpose of funding degree and certificate production in high-demand fields through programs offered by La.'s public postsecondary education institutions to meet the state's current and future workforce needs. The state treasurer is required to annually transfer an amount equal to the amount of elementary and secondary school tuition income tax deductions claimed by taxpayers, pursuant to R.S. 47:297.10, and the amount of educational expenses income tax credits to taxpayers, pursuant to R.S. 47:297(D), in the last calendar year for which the deductions and credits were available, not to exceed \$34 million from the state general fund into the fund. Proposed law provides for the methodology for distribution of funds as follows: (1) 50% percent to public four-year universities based on each institution's prior year degree production in science, technology, engineering, and math (STEM) programs. (2) 50% to public two-year, community, and technical colleges based on each institution's prior year degree and certificate production in fields required for four-star or five-star jobs, as defined by the La. Workforce Commission's La. Star Jobs program or its successors. Additionally, the proposed law requires each management board to certify that a match of no less than twenty-five percent has been guaranteed by a private entity. Proposed law requires the Board of Regents to provide annual reporting to certain legislative committees. Proposed law is effective on July 1, 2018 only if HB 202 of 2017 is enacted into law. Proposed law creates the Achieving a Better Life Experience (ABLE) in Louisiana Fund.

EXPENDITURES	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$21,000,000	\$21,000,000	\$21,000,000	\$21,000,000	\$84,000,000
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>	\$0
Annual Total	\$0	\$21,000,000	\$21,000,000	\$21,000,000	\$21,000,000	\$84,000,000

REVENUES	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$21,000,000	\$21,000,000	\$21,000,000	\$21,000,000	\$84,000,000
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>	\$0
Annual Total	\$0					\$0

EXPENDITURE EXPLANATION

There will be an increase in the expenditures of postsecondary institutions for degree and certification programs. The proposed law dedicates an amount equal to the elementary and secondary school tuition income tax deductions currently claimed by taxpayers pursuant to R.S. 47:297.10. This legislation is contingent on the passage of HB 202, which seeks to eliminate these tax deductions. To the extent HB 202 and HB 184 are enacted, the amount equal to the collections of the last calendar year that this tax deduction was in effect, (not to exceed \$34 M), will be deposited into this legislation's newly created fund (Louisiana Jobs Now Fund). The dollars appropriated to this fund will be separate from any other monies appropriated and will be excluded from the Outcome Based Funding Formula.

The distribution is split 50/50 between four year institutions and two year institutions; the four year institution distribution is based on STEM degree production and two year institution distribution is based on degrees and certificates in four/five star jobs. It also requires the management boards to certify a 25% match has been guaranteed by a private entity.

REVENUE EXPLANATION

The proposed law dedicates an amount equal to the elementary and secondary school tuition income tax deductions currently claimed by taxpayers pursuant to R.S. 47:297.10. This legislation is contingent on the passage of HB 202, which seeks to eliminate these tax deductions. If HB 202 is enacted into law, state general fund revenues would increase by approximately \$21 M as a result of the elimination of these tax deductions claimed by taxpayers.

Based on data from the Department of Revenue's annual Tax Exemption Budget report, the LFO calculates the five year average for these tax deductions is \$20,842,721. Since this legislation provides for future transfers of an amount equal to the last calendar year for which the deductions and credits were available, it is assumed this amount will be the fixed amount for the life of the fund.

	Amount \$
2011-2012	\$19,293,305
2012-2013	\$20,659,171
2013-2014	\$21,392,688
2014-2015	\$21,374,514
2015-2016	\$21,493,926
Five Year Average	\$20,842,721

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}		<input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Evan Brasseaux

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