

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 403** SLS 18RS 725

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: March 18, 2018 12:19 PM	Author: WHITE, BODI
Dept./Agy.: Unclaimed Property Noncash Asset Fund	Analyst: Alan M. Boxberger
Subject: Provides for disposition of unclaimed property noncash asset	

UNCLAIMED PROPERTY OR -\$4,000,000 GF RV See Note Page 1 of 1
Provides for the disposition of the proceeds from the sale of unclaimed property noncash assets. (gov sig)

Present law provides for the deposit of certain unclaimed property.

Proposed law creates the Unclaimed Property Noncash Asset Fund; provides that monies from the sale of unclaimed property noncash assets held by the treasury be deposited into the fund; provides that the monies in the fund shall be used exclusively to provide for federal match for the costs associated with the construction of the Comite River Diversion Canal; and provides that any monies in the fund shall remain in the fund at the end of each fiscal year.

EXPENDITURES	2018-19	2019-20	2020-21	2021-22	2022-23	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW					
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW					
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	2018-19	2019-20	2020-21	2021-22	2022-23	5 -YEAR TOTAL
State Gen. Fd.	(\$4,000,000)	(\$4,000,000)	(\$4,000,000)	(\$4,000,000)	(\$4,000,000)	(\$20,000,000)
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000	\$20,000,000
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>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

Proposed law would revise the flow of certain unclaimed property collections within the state's accounting system. Proposed law establishes the Unclaimed Property Noncash Asset Fund and stipulates that all monies generated by the sale of unclaimed property noncash assets shall be deposited into the fund. Monies in the fund shall be used exclusively to provide for federal match associated with the costs of constructing the Comite River Diversion Canal. The Comite River Diversion Canal project is currently estimated to cost approximately \$200 M with the state match portion projected to range from a minimum of 25% (\$50 M) to a maximum of 50% (\$100 M) depending on the cost of right of way acquisitions and utility relocations. Any expenditure for the Comite River Diversion Canal project would be subject to legislative appropriation.

Creating a new statutory dedication (Unclaimed Property Noncash Asset Fund) within the state treasury will result in a marginal additional workload for the Treasury, which can generally be absorbed with 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 custodial functions for 389 special funds. When unable to absorb additional workload with existing resources, the treasury anticipates a personal services expenditure increase of approximately \$71,000 for 1 T.O. position plus approximately \$2,500 for a one-time purchase of office equipment. These expenditures are assumed to be SGF.

REVENUE EXPLANATION

Proposed law will divert unclaimed property revenue deposits from the SGF into the new statutorily dedicated Unclaimed Property Noncash Asset Fund. The Treasury reports that noncash assets generate approximately \$4 M annually from dividends and proceeds. The existing Revenue Estimating Conference forecasts excess revenue from unclaimed property in FY 19 at \$50 M. Of this amount, \$15 M is transferred into the Unclaimed Property Leverage Fund for projects associated with I-49 North and South. Proposed law would transfer an additional \$4 M from the SGF into the new statutorily dedicated fund.

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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