

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HCR 71** HLS 20RS 1581
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.: **w/ PROP SEN COMM AMD**
 Sub. Bill For.:

Date: May 27, 2020 4:39 PM	Author: SCHEXNAYDER
Dept./Agy.: State agencies and businesses	Analyst: Rebecca Robinson
Subject: Suspension of licensing fees	

LICENSING RE DECREASE SG RV See Note Page 1 of 1
 Authorizes and directs suspension of licensing fees imposed on businesses by state agencies and licensing boards

Proposed legislation authorizes and directs state agencies and licensing boards to suspend license renewals for the period July 1, 2020 through June 31, 2021 (for FY 21) that are imposed on existing businesses located in Louisiana as a part of a response to and way to help businesses reopen and recover from COVID-19. Excludes those state agencies and licensing boards that could operate for fewer than one and a half years on reserve funds as well as the Office of Financial Institutions.

Effective August 1, 2020.

EXPENDITURES	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	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>	\$0
Annual Total						

REVENUES	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Ded./Other	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
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						

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. While proposed law does not directly impact state or local governmental expenditures, it does eliminate the revenues used to support certain functions within certain state agencies and licensing boards.

REVENUE EXPLANATION

There will be a significant but indeterminable decrease in revenues of state agencies and licensing boards suspending licensing fees imposed on existing businesses in Louisiana.

Multiple state agencies that collect licensing fees from businesses include, but are not limited to: Department of Wildlife & Fisheries (LDWF); Department of Education (DOE); Department of Environmental Quality (DEQ); Department of Public Safety (DPS); Department of Transportation & Development (DOTD); Louisiana Department of Hospitals (LDH); Department of Children & Family Services (DCFS); Department of Agriculture & Forestry (LDAF). The impact to state agencies would be small in some instances, such as DOTD, which collects approximately \$20,000 to \$25,000 in licensing fees per fiscal year. However, the impact to other state agencies, such as DEQ, DPS, and LDAF, would be significant. DEQ collected \$56.7M in licenses, fees, and registrations in FY 19, which represents approximately 50% of their total means of finance for that fiscal year. DPS collected approximately \$80M in licenses and permitting fees in FY 19, which represents approximately 18% of their total means of finance for that fiscal year. LDAF collected approximately \$22M in licenses and permitting fees in FY 19, which represents approximately 34% of their total means of finance for that fiscal year.

Per the Legislative Auditor's website, there are approximately 474 boards/commissions, although not all have a licensing function. LFO surveyed and received information from 40 of these boards who either issue a license to businesses or license individuals. The majority of the boards/commissions that responded reported that licensing fees comprised the majority of or all of their revenue. Suspension of those fees would prevent them from performing their functions and serving their licensees.

Of the boards that responded, total license revenue collected in FY 19 from businesses was approximately \$2.3M and \$8.7M from individuals for professional licenses. It is unknown how much of this was associated with new and how much was for renewal licenses. Further, it is not clear whether the suspension would also apply to professional licenses for individuals, thus the LFO cannot identify how much of the total revenue would be suspended with this resolution. Finally, the LFO does not have information on available reserves of agencies and/or boards/commissions which might allow for exemption from this resolution.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input 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 checked="" 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}

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