

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 47** SLS 202ES 112
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: October 4, 2020 6:14 PM **Author:** PETERSON
Dept./Agy.: Division of Administration and Treasury
Subject: Allocation of Coronavirus Local Recovery Allocation Fund **Analyst:** Alan M. Boxberger

FUNDS/FUNDING OR SEE FISC NOTE SD EX Page 1 of 1
 Provides for the allocation of certain funds in the state treasury. (gov sig) (Items #16 and #19)

Present law established the Coronavirus Local Recovery Allocation Program and the Coronavirus Local Recovery Allocation Fund to allocate federal CARES Act monies to local governmental units in each parish for eligible expenses as provided in the CARES Act. Present law authorizes the commissioner of administration to determine the maximum allocation for each parish based on total population of the parish and the number of confirmed cases of COVID-19 within the parish.

Proposed law authorizes the commissioner of administration to determine the maximum allocation for each parish based on the successful reduction of COVID-19 transmissions in the parish and the proportion of approved reimbursable expenditures for the parish relative to the total approved reimbursable expenditures for all parishes.

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.	\$0	\$0	\$0	\$0	\$0	\$0
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>	<u>\$0</u>
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.	\$0	\$0	\$0	\$0	\$0	\$0
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>	<u>\$0</u>
Annual Total						

EXPENDITURE EXPLANATION

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

Proposed law will impact the allocation of funds from the Coronavirus Local Recovery Allocation Fund by changing the formula determining the maximum allocation for each eligible parish. Section 5001(d) of the CARES Act provided the eligible purposes for which Coronavirus Relief Fund payments may be used. Specifically, it allowed state and local governments to make payments for programs that (1) were necessary expenditures incurred due to the public health emergency with respect to COVID-19; (2) were not accounted for in the budget most recently approved as of the date of enactment [March 27, 2020] of this section for the State or government; and (3) were incurred during the period that begins on March 1, 2020 and ends on December 30, 2020. LA's allocation from the Coronavirus Relief Fund was \$1.8 B.

Louisiana allocated a total of \$530.5 M to the Coronavirus Local Recovery Allocation Program (and fund) for the purpose of providing monies to local governments for the expenditures incurred and in response to the COVID-19 pandemic. Act 311 of the 2020 R.S. directed the commissioner of administration to develop a method to determine the maximum allocation for each parish based on total population of the parish and the number of confirmed cases within the parish. Proposed law directs the commissioner to develop a method to determine the maximum allocation for each parish based on the successful reduction in COVID-19 transmissions in the parish and the proportion of approved reimbursable expenditures for the parish relative to the total approved reimbursable expenditures for all parishes.

The Division of Administration (DOA) reports that it has been unable to identify any standard or published metric to calculate "the reduction of COVID-19 transmission." In the event such a metric can be identified, DOA reports that a change in the allocation formula will likely require some or most local governing entities to repay a portion of the money they have already received from their allocation under the existing formula while others receive additional funds due to an increase allocation. The number of parishes that may be impacted positively or negatively and the magnitude of any such potential impact is unknown until or unless a viable metric can be identified or established.

REVENUE EXPLANATION

Proposed law will impact the allocation of funds from the Coronavirus Local Recovery Allocation Fund by changing the formula determining the maximum allocation for each eligible parish. The number of parishes that may be impacted positively or negatively and the magnitude of any such potential impact is unknown until or unless a viable metric to calculate "the reduction of COVID-19 transmission" can be identified or established (see Expenditure Explanation).

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| <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 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} |

Christopher A. Keaton
Legislative Fiscal Officer