

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 73** SLS 202ES 221
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: October 15, 2020 9:33 AM **Author:** BARROW
Dept./Agy.: Treasury **Analyst:** Alan M. Boxberger
Subject: Transfer of funds from Main Street to Oilfield Site

FUNDS/FUNDING EG SEE FISC NOTE SD EX See Note Page 1 of 2

Provides funding and requirements for eligible rental businesses from the La. Main Street Recovery Program. (gov sig)
 (Items #16, #17, #18, #19, and #20)

Present law establishes the Main Street Program and the La. Main Street Recovery Fund to award grants to eligible businesses impacted by COVID-19 and defines eligible businesses. Proposed law adds eligible rental businesses to the list of entities that may apply for award grants (of up to \$15,000) to offset decreased rental payments due to increased unemployment and loss of wages; defines "lost rental income" to mean all rental payments due between March 1, 2020, and November 1, 2020, that were not paid or there is a reasonable expectation they will not be paid due to business disruption generated by the public health emergency and eviction moratoria; requires that any rental business that accepts such a grant shall consider any rental payments due under a rental agreement as having been paid in full through November 30, 2020, shall notify the tenant, shall not evict a tenant from the dwelling unit for nonpayment of rent or refuse to renew a lease; provides for administration of the program by the treasurer; and provides that its provisions will only apply to any monies in the Main Street Recovery Fund which are unobligated as of the effective date.

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	\$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

Proposed law provides that grants from the Louisiana Main Street Recovery Fund shall be made available to eligible rental businesses in accordance with certain requirements and in accordance with most requirements specified in Act 311 of the 2020 Regular Session. Monies in the fund currently provide for grants in amounts not to exceed \$15,000 to eligible businesses for costs incurred due to COVID-19. The Main Street Recovery Program is administered by the State Treasurer and funded by an appropriation of \$260 M from the Coronavirus Aid, Relief & Economic Recovery (CARES) Act (plus an additional \$15 M provided for administrative costs of the La Department of the Treasury and the LA Legislative Auditor).

NOTE: The Department of Treasury reports that unobligated funds may not be available to satisfy the intent of proposed law upon enactment of this measure. The department reports that the Main Street Recovery Program is on track to utilize the full amount appropriated. Including paid awards and the estimated value of applications received, the program has obligated \$288 M and ceased taking new applications. 13,135 grant applicants have been notified that funds may not be available to reimburse all qualifying applications.

NOTE: Grants to eligible rental businesses may not fall within the allowable uses of funds appropriated from the CARES Act. Section 5001(d) of the CARES Act provides the eligible purposes for which Coronavirus Relief Fund payments may be used. Specifically, it allows 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 local government; and (3) were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020. Guidance provided on the U.S. Treasury website stipulates that these monies cannot be utilized to replace lost revenue of governmental entities. Although private entities are not explicitly mentioned in this guidance regarding lost revenues, other applications of qualified reimbursements have been parallel between public and private entities. The treasurer's office reached out to representatives of the U.S. Treasury and the Louisiana Legislative Auditor and both parties advised against using CARES Act dollars to replace lost revenue. LA's allocation from the Coronavirus Relief Fund was \$1.8 B.

SEE EXPENDITURE EXPLANATION CONTINUED ON PAGE TWO

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}

Christopher A. Keaton
Legislative Fiscal Officer

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CONTINUED EXPLANATION from page one:

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EXPENDITURE EXPLANATION CONTINUED FROM PAGE ONE

The LFO is aware that the state of Mississippi allocated \$20 M of its CARES allocation to provide grants of up to \$30,000 to residential and commercial landlords who have lost rent revenue after various eviction moratoriums. The LFO has been unable to identify any specific provision within the CARES Act or find confirmation of guidance from the U.S. Treasury that replacement of lost revenue is allowable under the CARES Act. It appears most other states providing an apportionment of state CARES Act allocations have provided it the forms of rental relief to tenants or mortgage assistance to landlords.

The CARES Act also provided additional funding to the U.S. Department of Housing and Urban Development, which has six grant programs available to provide assistance to both renters and landlords including Community Development Block Grants, Emergency Solutions Grants, the HOME Investment Partnerships Program, Tenant-Based Rental Assistance/Housing Choice Vouchers, Project Based-Rental Assistance, and Federal Reserve lending facility. Additionally, provisions included in the CARES Act grant certain tax relief options to landlords losing rental income due to the pandemic.

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