

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 94** HLS 202ES 178

Bill Text Version: **ENROLLED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.: **HB 27**

Date: October 23, 2020 2:45 PM	Author: ZERINGUE
Dept./Agy.: State Agencies	Analyst: Rebecca Robinson
Subject: Suspension of fees	

FEES/LICENSES/PERMITS EN DECREASE SG RV See Note Page 1 of 2
Provides relative to fees charged to businesses by state agencies during a state of emergency (Items #2, 3, 32, and 35)

Proposed legislation exempts businesses that 1) had a physical and active operation in Louisiana as of 3/1/20; 2) had 50 or fewer full-time employees as of 3/1/20; 3) is not a subsidiary of a business with more than 50 full-time employees; 4) ceased operations or suffered an interruption in business due to COVID-19; and 5) is assigned a specific NAICS code; and 6) has not received \$250 or more from specified sources; from the payment of any license renewal fee until 6 months after the termination of the COVID-19 public health emergency. Provides that the following fees do not apply for this exemption: 1) fees for weights and measures (R.S. 3:4622); 2) licenses, fees, and registrations for participating in racing (R.S. 4:169); 3) retail food establishment fees (R.S. 40: 31.37); and 4) fees chargeable to the Secretary of State (SOS) (R.S. 49:222). The proposed amendment also requires the Secretary of State to provide an application to businesses to apply for this exemption and also clarifies the language "license renewal fee". The proposed legislation requires the Division of Administration (DOA) to submit a report to the Joint Legislative Committee on the Budget (JLCB) by 12/1/20 indicating each agency fee which has been exempted. JLCB may also further extend any fee exemption an additional six months. Effective upon signature of the Governor.

EXPENDITURES	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	\$0	\$0	\$0	\$0
Agy. Self-Gen.	DECREASE	DECREASE	\$0	\$0	\$0	\$0
Ded./Other	DECREASE	DECREASE	\$0	\$0	\$0	\$0
Federal Funds	DECREASE	DECREASE	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total			\$0	\$0	\$0	\$0

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	\$0	\$0	\$0	\$0
Ded./Other	DECREASE	DECREASE	\$0	\$0	\$0	\$0
Federal Funds	DECREASE	DECREASE	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total			\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

There will be an indeterminable decrease in the expenditures of certain state agencies and/or boards as a result of the fee waivers. These fees are classified as self-generated revenues and/or are deposited into statutorily dedicated funds and are budgeted by agencies/boards across state government to fund annual operating expenses, including oversight and administration of these impacted businesses. For some agencies/boards these revenue sources constitute the majority of certain program budgets, and they receive no state general fund support. For other agencies/boards the percentage of program budgets supported by these revenues is much smaller. Therefore, any reductions will have varying impacts on state agencies/boards. Out years reflect no impact because the LFO assumes the public health emergency declaration will expire in 2021.

Note: Some agencies reported that IT costs may increase as a result of adjusting their computer processes and systems due to declared emergencies and exemptions. However, it is unlikely that these IT costs would be larger than the loss of self-generated revenue from the fee waivers, resulting in a net decrease in expenditures.

In order to maintain existing operations, agencies would require an appropriation from the state general fund or an alternate means of finance.

REVENUE EXPLANATION

There will be a significant decrease in the revenue of multiple state agencies as a result of the exemption of license renewal fees. The impact could range from no impact to the elimination of a significant amount of fee revenue ordinarily collected. In addition, some agencies may lose federal funds without sufficient revenues to match grants. Provides clarification to the term "license renewal fee", which includes occupational licenses. The inclusion of occupational licenses will result in a decrease in revenue to some boards that regulate professions that fall under the NAICS codes listed in the proposed legislation.

Note: Some agencies already have processes in place to take into account declared states of emergencies and adjust their billing collections, offer payment plans, and often waive late fees for businesses located within the area of the declared emergency.

There are 21 executive branch departments that impose fees. Numerous agencies may be impacted by this proposed legislation. For informational purposes, the following is a sampling of the responses received by the LFO as of 10/13/20.

[CONTINUED ON PAGE 2]

<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}

Alan M. Boxberger

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Staff Director

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CONTINUED EXPLANATION from page one:
REVENUE EXPLANATION CONTINUED FROM PAGE ONE

Department of Public Safety: Office of the Fire Marshall regulates amusement rides which bring in approximately \$80,000 annually

Department of Environmental Quality: For business with less than 50 employees, DEQ reports it has billed \$103,195 to facilities that may qualify for an exemption; \$70,623 has been paid with a remaining unpaid balance of \$32,572.

Department of Natural Resources: \$10,000 to permit marinas; DNR reports this amount is easily absorbed within the usual fluctuation of permitting activity

Department of Agriculture & Forestry: the list of NAICS codes would limit the exemption to only florists; licenses for florists bring in \$85,000 annually

Department of Health & Hospitals: safe drinking water \$7,900; renewals for tattoo artists \$147,000

Department of Insurance: no impact

Public Service Commission: no impact

Alcohol & Tobacco Control: beer, liquor, wine, 2 year permit accounts, and gross sales fees brought in \$3.9 M in FY 20; tobacco retail permit brought in \$197,350 in FY 20

Department of Wildlife & Fisheries: no impact

Department of Education: no impact

Louisiana Racing Commission: no impact

Secretary of State: no impact due to exclusion in the proposed amendments; requirement for SOS to create the exemption application can be absorbed within their current operating budget

Louisiana Board of Cosmetology: \$1,891,579 in revenue in FY 19, or 100% of board expenditures*

State Board of Electrolysis Examiners: \$9,375 in revenue in FY 19, or 100% of board expenditures*

Board of Massage Therapy: \$300,000 in license renewals for individual therapists; \$35,000 in license renewals for establishment licenses

Barbers Examiners Board: \$536,446 in revenue in FY 19, or 100% of board expenditures*

*The LFO has requested information from these boards to determine the amount of revenue from license renewals but had not received the information by the time of this writing. The total revenues reported above for these boards would include licenses and fees outside of renewals. Total revenue collections tied directly to renewals only is unavailable at this time.

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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