

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 724** HLS 22RS 531

Bill Text Version: **RE-REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

REVISED

| | | |
|--|----------|-----------------------------------|
| Date: May 23, 2022 | 10:25 AM | Author: BAGLEY |
| Dept./Agy.: Department of Economic Development | | Analyst: Monique Appeaning |
| Subject: LA Competes Regional Economic Development Program Fund | | |

ECONOMIC DEVELOPMENT RR -\$8,000,000 GF RV See Note
Establishes a grant program for site development and improvement

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Proposed law creates the Louisiana Competes Regional Economic Development (LCRED) Program and provides for legislative intent of the program. Proposed law provides for definitions. Proposed law provides for the LCRED Program to be administered by the Department of Economic Development (LED) to provide grants to regional economic development organizations (REDOs) pursuant to the LCRED Program as established in proposed law. Proposed law creates the Louisiana Competes Regional Economic Development Fund (LCRED) in the state treasury as a special fund. Proposed law creates subfunds for the eight REDOs to be used solely to provide grants. Unexpended and unencumbered monies in the fund and subfunds a the end of the fiscal year shall remain in the fund and subfunds. Proposed law explains that the use of the fund and subfunds are limited to qualified expenditures. Proposed law explains qualified expenditures are limited to site development costs and economic development marketing of the region represented by the REDO. Proposed law prohibits the use of monies from the fund or subfunds such expenditures as salaries, wages or benefits, travel expenses, alcohol, or land, buildings, offices, equipment, or vehicles. Proposed law authorizes certain cooperative endeavor agreements and provides specific guidance on the execution for them. Proposed law provides for the promulgation of rules. Each REDO is entitled to an initial grant of one-eighth of the initial fund.

| EXPENDITURES | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 5 -YEAR TOTAL |
|---------------------|------------------|------------|------------|------------|------------|-------------------------|
| State Gen. Fd. | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | |
| Agy. Self-Gen. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Ded./Other | INCREASE | INCREASE | SEE BELOW | SEE BELOW | SEE BELOW | |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | <u>\$800,000</u> | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | <u>\$800,000</u> |
| Annual Total | | | | | | |
| REVENUES | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 5 -YEAR TOTAL |
| State Gen. Fd. | (\$8,000,000) | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | (\$8,000,000) |
| Agy. Self-Gen. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Ded./Other | \$8,000,000 | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | \$8,000,000 |
| 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 |

EXPENDITURE EXPLANATION

Proposed law may result in a workload impact to LED to administer the program; however, the agency reports that it anticipates that existing resources should be sufficient. NOTE: No recurring revenue source is identified for the fund or subfunds to implement the program after FY 23.

This fiscal note assumes all grants are applied for and expended in FY 23 or FY 24, but **proposed law** does not stipulate a deadline for expending funds and therefore appropriations and/or expenditures against any original deposit (and any corresponding local match) may extend into the out years depending on grant activity.

Proposed law may result in an indeterminable increase in expenditures for local governing authorities for the local match requirements.

Creating a new statutory dedication within the state treasury will result in a marginal workload increase for the Department of Treasury, which can generally be absorbed within existing resources. However, to the extent other legislative instruments create new statutory dedications, there may be additional material costs associated with the aggregate effort to administer these funds. The Treasury performs fund accounting, financial reporting, banking, and custodial functions for 436 special funds. When unable to absorb additional workload with existing resources, the Treasury anticipates that it will be required to add one T.O. position at a total personnel services cost of approximately \$73,000 plus approximately \$2,450 for a one-time purchase of new office equipment. These expenditures are assumed to be SGF in this fiscal note.

REVENUE EXPLANATION

Proposed law creates the LA Competes Regional Economic Development Program (LCRED) Fund. **Proposed law** authorizes and directs the state treasurer to transfer \$8 M from the state general fund into the LCRED Fund and to credit the amount pro rata between each of the subfunds created by this Act. NOTE: No recurring revenue source is identified for the fund or subfunds to implement the program after FY 23.

HB 592 of the 2022 Regular Session of the Legislature provides funding for HB 724 in the event it becomes law.

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}

Evan Brasseaux
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Interim Deputy Fiscal Officer