



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **HB 392** HLS 23RS 232
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

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Dept./Agy.: State Bond Commission	Analyst: Kimberly Fruge
Subject: Line of Credit Recommendations	

CAPITAL OUTLAY EG SEE FISC NOTE SG EX Page 1 of 1
 Provides relative to line of credit recommendations for certain capital outlay projects funded through the Capital Outlay Act

Proposed law changes the process for recommendations of lines of credit for state and nonstate entity capital outlay projects. Proposed law requires the Commissioner of Administration to make lines of credit recommendations to the House Committee on Ways and Means and the Senate Committee on Revenue and Fiscal Affairs (henceforth the committees). The committees are required to separately approve recommended projects before they can be considered for lines of credit by the State Bond Commission. Any recommendation made to the State Bond Commission must include an estimate of debt service costs associated with the sale of debt for the total project costs.

EXPENDITURES	2023-24	2024-25	2025-26	2026-27	2027-28	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$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

REVENUES	2023-24	2024-25	2025-26	2026-27	2027-28	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 may result in a potentially significant increase in expenditures starting in FY 25 by the Division of Administration (DOA) Proposed law changes the process for recommendations of lines of credit for state and nonstate entity capital outlay projects and requires DOA to provide an estimate of debt service costs associated with the sale of debt for the total project cost for each project.

DOA indicates that it does not have staff with background knowledge in debt service to provide estimates for each individual project as prescribed in proposed law and would need to hire a new analyst. The department estimates a cost of \$100,995 for salary and related benefits in FY 24, with a 3% annual increase in the out years.

NOTE: Under current practice in Louisiana, bonds are sold to provide for short-term needs to fund groups of projects approved in the capital program. Debt is generally not issued for individual projects. To the extent this practice continues, individual projects will be added to the capital program until existing proceeds are allocated. This would presumably negate the need for personnel. If the bill contemplates a process change attaching debt issuance to individual projects, DOA's request for staff resources may be warranted.

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}

Evan Brasseaux

Evan Brasseaux
 Interim Deputy Fiscal Officer