

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 122** SLS 23RS 85

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 27, 2023	7:52 AM	Author: MILLS, FRED
Dept./Agy.: State Bond Commission/Environmental Quality/Health		Analyst: Kimberly Fruge
Subject: Community Sewerage System Infrastructure Sustainability		

WATER QUALITY

RE INCREASE GF EX See Note

Page 1 of 1

Creates and provides for the Community Sewerage System Infrastructure Sustainability Act. (1/1/24)

Proposed law creates a community sewerage system infrastructure accountability process whereas any community sewerage system that seeks approval to, 1) incur additional debt through the State Bond Commission, 2) submits a project for capital outlay, or 3) seeks approval for a rate adjustment, that is not directly related to the improvement and sustainability of the community sewerage system or community water system must submit a compliance verification status from the Louisiana Department of Environmental Quality (LDEQ) and the Louisiana Department of Health (LDH) and a fiscal status verification from the Louisiana Legislative Auditor (LLA) with their application. State Bond Commission (SBC), the Division of the Administration (DOA), and any rate setting authority must take into consideration whether these entities are compliant/fiscally sustainable before making a decision.

EXPENDITURES	2023-24	2024-25	2025-26	2026-27	2027-28	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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						
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.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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						

EXPENDITURE EXPLANATION

Proposed law will likely result in an increase in government expenditures for the Louisiana Department of Environmental Quality (LDEQ) to produce a compliance report. Unlike the Louisiana Department of Health (LDH), DEQ currently does not produce compliance reports of community sewerage systems and is unable to produce such reports with existing staff. To the extent the universe of applications requiring the compliance reports is small, DEQ indicates they would only need a WAE to complete the reports. However, if the workload is greater than anticipated, DEQ may require an additional T.O. position with the associated funding--approximately \$82,000 for salary and related benefits.

State Bond Commission, the Division of Administration, and the Public Service Commission report that they expect the increased workload associated with proposed law to be minimal and should be able to absorb the increase with existing resource.

LDH indicates compliance reports are available within the Enforcement Unit and can be sent to the appropriate entity at no additional costs.

REVENUE EXPLANATION

Proposed law may result in an indeterminable decrease in fee revenue collected by State Bond Commission (SBC). To the extent proposed law reduces the issuance of debt due to compliance issues, SBC will not be able to collect closing fees for these projects. The total fee paid to SBC is based on a percentage of the issuance of debt, with the percentage decreasing on a sliding scale as the size of the debt issuance increases. The potential loss in revenue is indeterminable at this time.

Proposed law may result in an indeterminable, but minimal, increase in fees collected by rate setting authorities. According to the Public Service Commission (PSC), if proposed legislation influences sewerage systems to increase their rates to become compliant, then the fee paid to PSC will increase. The potential increase in revenue is indeterminable at this time but is likely to be miniscule.

Senate

Dual Referral Rules

House

13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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