



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 70** SLS 23RS 101
 Bill Text Version: **ENROLLED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: June 5, 2023 12:31 PM **Author:** FIELDS
Dept./Agy.: EBR economic development district **Analyst:** Deborah Vivien
Subject: Authorizes an EDD for all land owned by LSU or SU

SPECIAL DISTRICTS EN SEE FISC NOTE GF RV See Note Page 1 of 1
 Authorizes the creation of cooperative economic development districts affiliated with Southern University and Louisiana State University in East Baton Rouge Parish. (gov sig)
Proposed law authorizes the creation of two cooperative economic development districts or subdistrict for Louisiana State University or Southern University as a political subdivisions of the state as approved by local governing authorities. The districts with a college-appointed board shall have all powers of a political subdivision including to contract, incur debt, regulate the imposition of fees and rentals charged by the district for its facilities and services, develop public improvement projects for the benefit of the respective college either through the college or an affiliated private foundation or non-profit, tax increment financing, levy the following taxes (except in defined "industrial properties"): ad valorem tax (up to 4 mils), sales tax (up to 2%) and hotel occupancy tax (up to 2%), levy assessments within the district, may exceed the 3% constitutional local sales tax limitation, all by a vote of the board after a vote of the local subdivision governing authority. Primary residences are excluded, meaning no district voters. The district authorization is in effect for the longer of an outstanding debt obligation or 50 years. The legal description of the district boundaries are included in the bill.

EXPENDITURES	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>2027-28</u>	<u>5 -YEAR TOTAL</u>
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>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>2027-28</u>	<u>5 -YEAR TOTAL</u>
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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Annual Total						

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. According to LDR, there is no mandate for LDR to collect taxes or fees on behalf of the new district, should new taxes or fees be authorized. There are no other collection procedures stipulated in the bill. Thus, it is assumed that the new district will collect all fees, taxes, millages or other assessments that are approved by the board and local governing authority.

REVENUE EXPLANATION

The bill authorizes the economic development district (EDD) to pursue tax increment financing, which will require state and/or local government approval after enactment to become final. The bill also authorizes the district to incur debt, which will require State Bond Commission approval after enactment to become final (deemed in the bill to be excluded from net state tax supported debt). New fees, assessments, taxes, etc. will require local governing authority approval and are prohibited in areas that include industrial properties as defined in the bill. The district boundaries could include any property owned by LSU or Southern in East Baton Rouge parish or other property owners (by testimony, businesses around campuses) and are not required to be contiguous. Primary residences are excluded, which also seems to ensure that any outside approvals will be with the governing authority and not voters. The exact district boundaries are not clear as the legal descriptions are voluminous, and a map was not available at the time of publication of this note.

The district will have the power to assess, tax and impose fees within its boundaries except on industrial properties*, with local government approval. In the bill's current form, it is not clear to the LFO if these assessments, taxes or fees may be interpreted to include tuition or other academic fees on services or facilities that fall within the EDD boundaries, which may be limited in other areas of law. None of the authorizations in the bill appear to be in lieu of existing state or local impositions. The bill would apparently be considered approval to exceed the 3% constitutional limit on local sales tax rates.

For both LSU and Southern EDDs, the executive officer is a permanent board member, who also serves as board chairman. The boards are comprised of 4 appointees of the highest executive officer of the college. Two of the appointees must represent businesses within the district. Board members serve 2-year staggered terms.

* Industrial properties are defined as activities connected with industrial, manufacturing, fabricating, constructing, assembly, processing, treating, storage and/or wholesale distribution of products, commodity, goods, materials or other articles with further illustration provided in the bill. These entities will be identified and issued a certificate of exclusion by the districts or subdistricts, which will adopt related rules.

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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