

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 814** HLS 26RS 1291

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: March 16, 2026 4:15 PM	Author: JORDAN
Dept./Agy.: Office of Financial Institutions	Analyst: Richie Anderson
Subject: Louisiana Community Investment Fairness Act	

COMMERCE OR INCREASE SG EX See Note
Provides for the Louisiana Community Investment Fairness Act

Proposed law establishes Louisiana Community Investment Fairness Act. Proposed law provides that the Office of Financial Institutions (OFI) shall assess how regulated financial institutions serve low and moderate income and minority communities through regular examinations at least once every three years. Proposed law provides that these examinations shall assess lending practices, community development investments, access to financial services, and discrimination complaints. Proposed law provides that each institution shall receive one of four public ratings: outstanding, satisfactory, needs to improve, or substantial noncompliance. These institutions are required to publicly display their ratings, and the commissioner must publish both individual reports and an annual statewide summary. Proposed law provides potential penalties for continued noncompliance by any institutions.

EXPENDITURES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

REVENUES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

EXPENDITURE EXPLANATION

Proposed law will increase SGR expenditures in the Office of Financial Institutions (OFI) for operating costs and positions needed to perform community investment examinations. Proposed law provides that OFI shall assess how regulated financial institutions serve low-to-moderate income and minority communities through regular examinations at least once every three years. OFI reports \$703,285 SGR in FY 27 needed to establish a Community Investment Examination (CIE) program that require six new employees to conduct examinations: three (3) Compliance Examiner 1 positions; two (2) Compliance Examiner 2 positions; and one (1) Compliance Examiner Reviewer. OFI reports these salaries and related benefits increase by 4% in FY 28 and 3% in the subsequent fiscal years. Additionally, once the Compliance Examiner 1 positions reach two years and the Compliance Examiner 2 positions reach three years, these positions will receive a 10.5% salary increase in accordance with the Civil Service training series. See expenditure breakdown on Page 2.

The LFO cannot corroborate the need for six additional positions anticipated by the office. To the extent that the workload is less than anticipated and require less positions, there may be a decrease in expenditures required to implement the proposed law. Any decrease in the projected expenditures would decrease projected revenues collected through assessed fees accordingly.

Expenditure Explanation Continues on Page 2

REVENUE EXPLANATION

Proposed law will increase SGR revenues from fees assessed on institutions to conduct examinations through the Community Investment Examination (CIE) program. The Office of Financial Institutions (OFI) estimates \$664,595 SGR revenue in FY 27. Proposed law provides that OFI shall assess how regulated financial institutions serve low-to-moderate income and minority communities through regular examinations at least once every three years. OFI has identified 81 regulated institutions that would be subject to the CIE program and assessed fees to mitigate program expenditures. OFI estimates SGR revenue increases of \$664,595 in FY 27; \$639,171 in FY 28; \$657,668 in FY 29; \$676,720 in FY 30; and \$696,342 in FY 31 for the Office of Financial Institutions (OFI). See the revenue table on Page 2.

Currently, the Federal Deposit Insurance Corporation (FDIC) conducts periodic examinations on all state-chartered banks. Of the 81 regulated institutions, 76 are considered state-chartered banks. Proposed law would increase regulations on these 76 institutions, and not on any federally chartered banks. The remaining five institutions are credit unions and are not currently subject to any CIE, but would be subject to CIE under the proposed law. Current law provides that state-chartered banks have fees assessed to conduct the CIE, as they have a floating operating fee. State-chartered credit unions have a fixed operating fee, resulting in OFI being unable to recover the costs of performing CIE from credit unions.

Revenue Explanation Continues on Page 2

Senate
 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}


Patrice Thomas
Deputy Fiscal Officer

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CONTINUED EXPLANATION from page one:

Expenditure Explanation Continued:

OFI reports a need for operating expenses of \$75,900 in FY 27 and \$23,900 in the out years to accommodate the new positions. These operating expenses include \$40,000 for Community Reinvestment Act computer software, \$23,900 for annual training, and \$12,000 for computer equipment. Below is a breakdown of OFI projected expenditures required to implement the program.

Position Title	FY 27	FY 28	FY 29	FY 30	FY 31
Compliance Examiner 1	\$59,467	\$61,846	\$70,390	\$72,501	\$74,676
Compliance Examiner 1	\$59,467	\$61,846	\$70,390	\$72,501	\$74,676
Compliance Examiner 1	\$59,467	\$61,846	\$70,390	\$72,501	\$74,676
Compliance Examiner 2	\$68,099	\$70,823	\$72,948	\$83,025	\$85,516
Compliance Examiner 2	\$68,099	\$70,823	\$72,948	\$83,025	\$85,516
Compliance Examiner Reviewer	\$89,274	\$92,845	\$95,630	\$98,499	\$101,454
Total Salaries:	\$403,873	\$420,029	\$452,696	\$482,052	\$496,514
Total Related Benefits:	\$223,512	\$223,512	\$239,696	\$249,429	\$254,223
Total Personal Services:	\$627,385	\$643,541	\$692,392	\$731,481	\$750,737
Operating Expenses:	\$75,900	\$23,900	\$23,900	\$23,900	\$23,900
Total Expenditures:	\$703,285	\$667,441	\$716,292	\$755,381	\$774,637

Revenue Explanation Continued:

The proposed fee assessed on each state-chartered bank would be calculated from the projected amount of expenditures in a fiscal year divided by the amount of hours that would be required to complete examinations. OFI indicates that the amount of time to conduct CIE varies based on the amount of assets the regulated institution has.

In FY 27, the projected expenditures are \$703,285 to implement the CIE program. These examinations shall occur at least once every three years. OFI reports that the estimated number of hours required to conduct CIE on 27, or one-third of regulated institutions, is 5,217 hours. This estimate is generated by taking the weighted average amount of hours it takes to conduct the CIE multiplied by the amount of CIEs conducted annually, 27. This results in an estimated cost-per-hour fee of \$134.81 (\$703,284/5,217). Since Credit Unions cannot pay an additional fee, the 287 hours projected to be worked on credit unions are subtracted out. This results in 4,930 hours worked on state-chartered banks times \$134.81 per hour, resulting in \$664,595 in FY 27 revenue.

This process is repeated to generate the remainder of the fiscal years provided for in this note. See the table below that illustrates these calculations.

FY	Projected Expenditures	CIE Hours	Cost per Hour	CIE Hours Banks Only	Total Revenue
27	\$703,285	5,217	\$134.81	4,930	\$664,595
28	\$676,380	5,217	\$129.65	4,930	\$639,171
29	\$695,954	5,217	\$133.40	4,930	\$657,668
30	\$716,115	5,217	\$137.27	4,930	\$676,720
31	\$736,880	5,217	\$141.25	4,930	\$696,342

Senate
 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}
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