

LEGISLATIVE FISCAL OFFICE

Fiscal Note



Fiscal Note On: **SB 100** HLS 051ES 283
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Sub. Bill For.:
 Proposed Amd.:

Date: November 15, 2005 2:22 PM	Author: MOUNT
Dept./Agy.: Treasury-Bond Commission	
Subject: Bonds for La. Disaster Assistance Program Fund	Analyst: Evelyn McWilliams

BONDS/GENERAL OBLIGATION OR INCREASE GF EX See Note Page 1 of 1
 Authorizes issuance of bonds and provides for use of bond proceeds to provide relief from natural catastrophe (Item #28)

Provides for establishment of the La. Disaster Assistance Program Act. Provides for issuance of bonds of the state to provide for relief from natural catastrophes; to provide a program to assist state and local governments relative to disaster relief and relief from natural catastrophes; to provide funding for the Department of Economic Development to provide loans to business entities; to provide the procedures for the issuance of the bonds.

EXPENDITURES	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>5 -YEAR TOTAL</u>
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>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</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

EXPENDITURE EXPLANATION

The State Treasury projects the issuance cost for \$1 billion in bonds to be a minimum of \$3.5 million.

The agency states that the proposed legislation will result in an increase in administrative costs associated with program application, tracking and monitoring efforts. The agency anticipates the efforts and associated costs associated with two of the three program components that are grant based to be minimal. However, it anticipates the efforts and costs associated with the program component that is loan based to be much more significant, due to the number of entities within the program and the requirement for loan establishment, collection processes and monitoring. The agency states that in order to implement the proposed legislation it will need a new debt analyst position, along with funding for salaries and related benefits, operating expenses, equipment acquisition and professional services expenditures. Required expenditures for FY 05 -06, which provide for six months funding, total \$57,000. Full year administrative costs would increase to approximately \$83,555 in FY 07, \$87,707 in FY 08, \$92,069 in FY 09 and \$96,646 in FY 10.

SB 99 removes these bonds from consideration of the net state debt supported cap provisions of R.S. 39:1367 et seq.

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 >= \$500,000 Annual Fiscal Cost

13.5.2 >= \$500,000 Annual Tax or Fee Change

House

6.8(F) >= \$500,000 Annual Fiscal Cost

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

Robert E. Hosse
LFO Staff Director