

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **SB 297** SLS 14RS 80

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> April 11, 2014	5:34 PM	<b>Author:</b> BROWN, TROY
<b>Dept./Agy.:</b> Revenue		<b>Analyst:</b> Deborah Vivien
<b>Subject:</b> Reimburses half of private infrastructure donations		

LOCAL AGENCIES

OR DECREASE GF RV See Note

Page 1 of 1

Authorizes the state and its political subdivisions or political corporations to enter into cooperative endeavor agreements with private entities relative to the funding of local infrastructure projects. (gov siq)

Current law allows state or local entities to engage in cooperative endeavors with each other, the federal government, or any public or private entities.

Proposed law allows cooperative endeavor agreements that provide for private donations for public infrastructure projects carried out on public property to be eligible for a state reimbursement payment of one-half the value of the donation, up to \$500,000 per year per donor. The donation value would be reported by the donor to the appropriate public official. Local is defined as a state or local entity. Mandatory provisions of the agreement include obligations, benefits, and a clawback mechanism. The Office of Contractual Review must approve the agreement and the Department of Revenue must be a party. The public entity receiving the infrastructure promulgates rules. The local entity verifies the stated donation value and certifies the state payment amount.  
Effective 7/1/14.

<b>EXPENDITURES</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
<b>Annual Total</b>						

<b>REVENUES</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

The Department of Revenue is directed to make reimbursement payments from tax current collections. The payment amounts are determined by the donor and the local entity (state or local as defined in the bill). the Revenue Dept. makes the payment amount as certified by the local entity. While the Dept. will make explicit payments, these expenditures will be realized by the state fisc as charges against state tax revenue collections, resulting in a reduction of those revenue collections.

Local governments may have additional duties related to certification of the value of donations and ensuring that documentation is handled according to procedure. Since the donation will presumably benefit the local area, these responsibilities are not expected to be fiscally prohibitive.

**REVENUE EXPLANATION**

This bill requires the Department of Revenue to make payments to donors in the amount of one-half of a private donation related to public infrastructure for a public purpose, whether cash, goods or services, up to \$500,000 per year per donor. The donor provides the valuation of the donation, which is certified by the local entity. The bill is silent on carryforward provisions for donations valued above \$1 M which generate a reimbursement payment greater than \$500,000. The bill also provides no audit requirement and no program cap. The bill could reduce state general fund revenue by substantial amounts, possibly several millions of dollars, given the large number of projects that could be eligible and the unlimited cost cap for a program providing a reimbursement amount which is essentially determined by the donors and project beneficiaries. However, the net effect to the state would also include the offset of any increase in cash donations to the state, so the distribution of projects (local vs state) is significant to the distribution of fiscal effect. Regardless, the net effect of the bill is likely to be a material reduction in state general fund revenue annually, possibly millions of dollars per year, once the program becomes known and utilized.

Local revenue will increase if donations are cash, though presumably as a dedication to the project. Local revenue will not be affected if donations are goods or services.

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|--|----------------------------|-------|--|
| Senate   | <u>Dual Referral Rules</u> | House | <input checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}         |
| <input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} |                            |       | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 State Rev. Reduc. {H & S}                  |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}      |                            |       | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |

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