



OFFICE OF LEGISLATIVE AUDITOR
Fiscal Note

Fiscal Note On: HB 1093 HLS 14RS 2172
Bill Text Version: ENROLLED
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: May 28, 2014 10:58 AM
Author: ARNOLD
Dept./Agy.: Development Districts
Subject: TIF funding from municipalities
Analyst: Glenda Leblanc

DISTRICTS/TAXING EN SEE FISC NOTE LF EX See Note Page 1 of 1

Authorizes certain development districts that receive TIF funding from a municipality to provide for an audit of related financial activities of the municipality and other entities that provide such funding

Purpose of Bill: This bill will allow certain development districts to provide for an audit of the related financial activities of tax increment financing (TIF) monies received from a municipality or other entity. The financial audit should include statements and records of the municipality related to TIF from which the development district receives or should receive funds. The district may use any funds to pay audit costs, except for those taxes dedicated to the payment of bonds or indebtedness. The district may provide for an audit as often as its governing authority deems necessary but not more frequently than once per year.

Table with 7 columns: EXPENDITURES, 2014-15, 2015-16, 2016-17, 2017-18, 2018-19, 5-YEAR TOTAL. Rows include State Gen. Fd., Agy. Self-Gen., Ded./Other, Federal Funds, Local Funds, and Annual Total.

Table with 7 columns: REVENUES, 2014-15, 2015-16, 2016-17, 2017-18, 2018-19, 5-YEAR TOTAL. Rows include State Gen. Fd., Agy. Self-Gen., Ded./Other, Federal Funds, Local Funds, and Annual Total.

EXPENDITURE EXPLANATION

The impact on local government expenditures is indeterminable as a direct result of this measure.

If this bill prompts development districts to call for audits that are in addition to what they are currently having conducted, expenditures could increase. However, the bill is permissive and the districts are not required to call for such audits. The following information presents potential costs related to audits of specific procedures to be performed (or agreed upon procedures - AUP). However, related costs are dependent on the magnitude of work performed: (1) Jefferson Parish Council AUP: \$33,000 to provide an analysis of the Emergency Communications District Special Revenue Fund; and (2) Jackson Parish Police Jury AUP: \$500 to provide an analysis of the financial health of the police jury.

If the development district does call for an audit and the development district currently has this capability through requesting and reviewing public records; or their existing practices include such audit procedures, there may be no fiscal impact. Officials from some development districts informed us that such "audits" called for in this bill may already be part of the existing audit procedures of the development districts and the related municipalities. Furthermore, allowing for an additional audit may not increase costs of the districts/municipalities.

Any requests for audit to the Louisiana Legislative Auditor (LLA) would be considered and conducted based on available resources. The LLA estimates that such audits would involve 100 hours at a cost of \$10,500. Such costs would be billed to/incurred by the economic development districts.

REVENUE EXPLANATION

The impact on agency self-generated revenue is indeterminable as a direct result of this measure. If the LLA conducts such audits (as the bill is permissive), agency self-generated revenues of the LLA could increase by \$10,500 per audit.

Senate Dual Referral Rules House
13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}
6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
6.8(F)(2) >= \$500,000 State Rev. Reduc. {H & S}
6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}
Joy Irwin
Director of Advisory Services