

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 230** SLS 16RS 424
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 24, 2016 8:46 AM	Author: PETERSON
Dept./Agy.: Health Education Authority of Louisiana (HEAL)	Analyst: Alan M. Boxberger
Subject: Provides relative to HEAL	

HEALTH SERVICES EG SEE FISC NOTE GF EX Page 1 of 1
 Provides relative to the Health Education Authority of Louisiana (HEAL). (8/1/16)

Proposed law reduces the board of trustees of the Health Education Authority of Louisiana (HEAL) from thirteen appointed members to nine; provides for representation on the board; establishes that a majority shall constitute a quorum; increases the bond cap of the board from \$400 million to \$800 million; transfers authority to approve issuance of bonds from the secretary of DHH to the State Bond Commission; makes technical changes; and transfers HEAL from within the DHH office of management and finance to the office of the governor. Proposed law shall be effective on August 1, 2016.

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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>	<u>\$0</u>
Annual Total						

REVENUES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
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>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

Proposed law will increase the workload of the Office of the Governor and may create additional SGR or SGF expenditures in excess of those currently expended by DHH to perform human resource, accounting and procurement functions. The Office of the Governor would likely bill the Health Education Authority of Louisiana (HEAL) for its pro-rata share of expenditures related to providing these services.

HEAL operates a parking garage in the Medical Corridor of New Orleans. The primary mission of HEAL is to promote biological science, medical and/or health education activities of various public and private organizations in Louisiana through the issuance of HEAL bonds. Proposed law increases HEAL's capacity to obtain funds to defray costs of the acquisition of land, acquisition or construction of buildings structures and other facilities (including furnishing and equipping) through the incurring of debt and issuance of bonds, notes and other evidence of indebtedness for an amount not in excess of \$800 million (an increase from \$400 million in present law).

The Office of the Governor is likely to realize a higher incremental cost of providing human resource, accounting and procurement services than that realized by DHH due to the scale differential between those two entities' activities and appropriation levels (74 T.O. in the Office of the Governor compared to more than 370 T.O. at DHH). Any such increase has not been determined, as the Office of the Governor does not yet have information regarding current expenditure and activity levels of HEAL. For informational purposes, HEAL currently employs three full-time T.O. positions. Based on information provided by DHH, it is believed that HEAL has not issued any bond instruments since approximately 2004. The human resource and accounting functions should result in no more than a nominal expenditure impact, for which the Office of the Governor indicates it will bill HEAL for those incremental costs. To the degree that the increase in bond capacity may increase the activities of HEAL related to its primary mission, the DOA may require additional SGR or SGF expenditure authority of an indeterminable amount for procurement and contracting activities associated with professional services related to debt issuance and servicing.

To the extent that HEAL may see an increase in bond and debt issuance as a result of the increased cap of \$800 million, the board may realize an indeterminable increase in SGR expenditures related to the issuance and service of debt instruments issued on behalf of health provider organizations.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

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| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {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} | |

Evan Brasseaux
Evan Brasseaux
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