

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 216** SLS 19RS 406

Bill Text Version: **ENROLLED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: June 4, 2019	7:30 AM	Author: CHABERT
Dept./Agy.: State Land Office/Agriculture and Forestry		Analyst: Alan M. Boxberger
Subject: Creates the State Land Office Reforestation Fund		

FUNDS/FUNDING EN +\$60,000 SD RV See Note
Creates the State Land Office Reforestation Fund. (8/1/19)

Page 1 of 2

Proposed law creates the State Land Office Reforestation Fund; provides for purposes of the fund subject to appropriation; provides that the fund consist of any monies appropriated, allocated, or transferred to the fund, including 25% of the proceeds from the sale of timber pursuant to **present law** and the sale of timber pursuant to a timber management program under **present law**; provides that monies in the fund be invested in the same manner as the SGF and that interest be credited to the fund, with any unexpended or unencumbered monies at the end of the fiscal year remaining in the fund; provides that at the end of each fiscal year, the treasurer is authorized and directed to transfer any monies in the fund exceeding \$500,000 into the SGF; requires that the register of the State Land Office submit as part of the annual report to the House Committee on Natural Resources and Environment and the Senate Committee on Natural Resources required by **present law**, a descriptive list by parish of the revenues, expenditures and projects associated with the provisions of **proposed law**.

EXPENDITURES	2019-20	2020-21	2021-22	2022-23	2023-24	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$37,500
Ded./Other	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$300,000
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

REVENUES	2019-20	2020-21	2021-22	2022-23	2023-24	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$37,500
Ded./Other	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$300,000
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

EXPENDITURE EXPLANATION

Proposed law will result in an increase in statutory dedication expenditures out of the newly created State Land Office Reforestation Fund of approximately \$60,000 annually, and approximately \$7,500 annually in SGR expenditures for the Louisiana Department of Agriculture and Forestry (LDAF) for timber management activities. The monies in the newly created fund shall be used solely to fund reforestation of state properties, preparing state-owned timber sites for cultivation, paying fees assessed by the Department of Agriculture and Forestry for timber management, purchasing necessary servitudes or easements to improve timber harvesting, and purchasing servitudes or tracts of land to increase access to landlocked state properties.

The State Land Office (SLO) estimates authorized expenditures of up to \$60,000 per year payable from the State Land Office Reforestation Fund and subject to appropriation. This estimate is derived from identification of over 4,100 total acres of land that may be suitable for the timber management program. SLO reports that the average timber value on these tracts is approximately \$3,000 per acre, but recognizing that many tracts will be of lower value the SLO estimates actual revenues of approximately \$1,500 per acre. SLO will retain 25% of the gross revenue (deposited into the State Land Office Reforestation Fund) and will reinvest those monies through expenditures related to reforestation, acquiring access, paying fees assessed by the Louisiana Department of Agriculture and Forestry for timber management, and improving infrastructure. SLO assumes a conservative annual harvest estimate of 160 acres per year out of the total 4,100 eligible acres.

EXPENDITURE EXPLANATION CONTINUED ON PAGE TWO
REVENUE EXPLANATION

Proposed law will result in an indeterminable increase in SGR to the Louisiana Department of Agriculture and Forestry (LDAF) and statutorily dedicated revenues into the newly created State Land Office Reforestation Fund, and may potentially result in an increase in SGF revenues to the extent that a dedicated source of monies to provide for timber management and reforestation results in additional timber sales on state-owned property. The new fund shall consist of any monies appropriated, allocated or transferred to the fund, including 25% of proceeds from the sale of timber pursuant to R.S. 41:1001 et seq., and sale of timber pursuant to a timber management program under R.S. 3:2(B), notwithstanding the provisions of R.S. 41:135(A) and 1005, R.S. 3:2(C) or any other law to the contrary.

The State Land Office (SLO) estimates that a proper, sustainable timber management program will represent a significant source of recurring revenues. SLO will retain 25% of the gross revenue derived from the sale of merchantable timber on state land and the remaining 75% will be transferred into the SGF pursuant to R.S. 41:1005. The SLO has identified over 4,100 acres of land that may be suitable for the timber management program. SLO reports that the average timber value on these tracts is approximately \$3,000 per acre, but recognizing that many tracts will be of lower value the SLO estimates actual revenues of approximately \$1,500 per acre. SLO will retain 25% of the gross revenue in the newly created State Land Office Reforestation Fund and will reinvest those monies through expenditures related to reforestation, acquiring access, paying fees assessed by the LDAF for timber management, and improving infrastructure. SLO assumes a conservative annual harvest estimate of 160 acres per year, which would yield \$240,000 in annual

REVENUE EXPLANATION CONTINUED ON PAGE TWO

- | | | |
|---|----------------------------|--|
| <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
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Staff Director

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CONTINUED EXPLANATION from page one:
EXPENDITURE EXPLANATION CONTINUED FROM PAGE ONE

would yield \$240,000 in annual revenues (\$180,000 SGF and \$60,000 statutory dedication - State Land Office Reforestation Fund). In the absence of **proposed law**, 100% of monies generated from the sale of timber on state lands would be deposited into the SGF. SLO reports there has been no material sale of timber on state lands since FY 13 and anticipates **proposed law** will promote additional sales resulting in a net revenue increase above existing activity levels. **Proposed law** provides that at the end of each fiscal year, the state treasurer is authorized and directed to transfer any monies in the State Land Office Reforestation Fund exceeding \$500,000 into the SGF.

LDAF reports that its timber management expenses are estimated at \$25 per acre managed and would be agreed upon and set by a Memorandum of Understanding with the SLO. LDAF estimates 3 tracts of approximately 100 acres per tract annually will be managed, yielding an estimated cost of \$7,500 (3 x 100 x \$25). LDAF's expenditures are related to timber management activities.

Creating a new statutory dedication (State Land Office Reforestation Fund) within the state treasury will result in a marginal additional workload for the Treasury, which can generally be absorbed with existing resources. However, to the extent other legislative instruments create new statutory dedications, there may be material additional costs associated with the aggregate effort to administer these funds. The Treasury performs fund accounting, financial reporting, banking and custodial functions for 399 special funds. When unable to absorb additional workload with existing resources, the treasury anticipates a personal services expenditure increase of approximately \$71,000 for 1 T.O. position plus approximately \$2,500 for a one-time purchase of office equipment. These expenditures are assumed to be SGF.

REVENUE EXPLANATION CONTINUED FROM PAGE ONE

LDAF reports estimated timber management revenue at \$25/acre through a Memorandum of Understanding with the SLO, and assumes that approximately 300 acres would be under LDAF timber management annually yielding an estimated increase in SGR revenues of \$7,500.

NOTE: A portion of revenues in the revenue box at top are double counted. Revenues are deposited into the statutorily dedicated State Land Office Reforestation Fund and then a portion are in turn paid from the fund to LDAF, which are depicted as SGR. Total new designated deposits are estimated at \$60,000 without double-counted revenues. To the extent **proposed law** results in a timber management program that increases the frequency and volume of timber harvesting, the SGF would realize an indeterminable increase (estimated at \$180,000 using the aforementioned assumptions of 160 acres annually).

Senate Dual Referral Rules

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}

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