



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 696** HLS 20RS 997

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 2, 2020 6:42 AM	Author: DUPLESSIS
Dept./Agy.: Office of Facilities Corporation	Analyst: Alan M. Boxberger
Subject: Extend max lease term and remove legislative oversight	

LEASES OR SEE FISC NOTE Page 1 of 1

To extend the maximum term for a lease or sublease entered into by the Office Facilities Corporation and to remove legislative oversight for certain leases

Present law authorizes the creation of a nonprofit corporation known as the Office Facilities Corporation for the purpose of financing, acquisition, construction, renovation, improvement or expansion of public facilities for lease to the state; authorizes the Office Facilities Corporation to enter into leases or subleases of portion of property located in a specific geographic area of Orleans Parish; restricts the term of any such lease or sublease to a maximum of twenty years; and requires approval of the Joint Legislative Committee on the Budget (JLCB) of a lease or sublease between the nonprofit corporation and the owner of the New Orleans Centre property. Proposed law removes the twenty year maximum on such lease or sublease and removes the requirement for JLCB approval.

EXPENDITURES	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

REVENUES	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. Proposed law removes the twenty year maximum lease term from present law with regard to future leases for a property located in the First Municipal District of the City of New Orleans, known as Benson Tower, by the Office Facilities Corporation. Proposed law additionally removes requirement that any such lease or sublease shall be subject to prior approval of the Joint Legislative Committee on the Budget. The existing lease is set to expire in 2025. A lease renewal is currently under negotiation but not finalized. Proposed law will not directly impact expenditures related to the lease, but removal of the twenty year maximum lease provision may impact the new lease negotiations in an unknown manner. State agencies utilizing office space in Benson Tower pay prorated lease costs that are reflected as SGF in this fiscal note for simplicity, although potentially paid from multiple means of finance.

For informational purposes: under the existing lease, the current rental base costs are \$7,515,383 with an additional \$1,280,000 constant amount for reimbursement costs to ZELIA for renovations provided at inception of the lease. The rental rate has been adjusted annually based on a consumer price index (CPI). Since inception of the current lease, the annual base rent has increased 17.3% in total, and the average increase over the past two fiscal years was 2.3%.

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 >= \$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}

Evan Brasseaux

Evan Brasseaux
Staff Director