

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 496** HLS 20RS 496

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

| | | |
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| Date: May 6, 2020 | 12:41 PM | Author: RISER |
| Dept./Agy.: Agriculture | | Analyst: Patrice Thomas |
| Subject: Grain Buyers and the Grain & Cotton Indemnity Fund | | |

AGRICULTURE/GRAIN OR SEE FISC NOTE SD RV Page 1 of 1
Provides relative to grain buyers within the agricultural commodity dealer and warehouse law and to the Grain and Cotton Indemnity Fund

Proposed law defines "noncommercial grain buyer" and excludes "noncommercial grain buyer" from the definition of "grain dealer". Proposed law exempts noncommercial grain buyers from grain dealer licensure, and prevents unlicensed persons/businesses from making a claim under the Grain and Cotton Indemnity Fund. Proposed law: 1) requires funds in the Grain and Cotton Indemnity Fund not spent or encumbered at the end of each fiscal year be transferred to the LA Agriculture Finance Authority, 2) abolishes caps triggering suspension of collections for the Grain and Cotton Indemnity Fund and establishes that once monies in the LA Ag Finance Authority Fund reach \$12 M collections will be suspended until the balance falls below \$10 M, and 3) removes the date reference regarding eligibility to receive indemnity payments from the Grain Cotton and Indemnity Fund if the licensed grain dealer became insolvent after January 1, 2008, making any licensed grain dealer that becomes insolvent eligible.

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

| REVENUES | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 5 -YEAR TOTAL |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Agy. Self-Gen. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Ded./Other | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | |
| 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> | \$0 |
| Annual Total | | | | | | |

EXPENDITURE EXPLANATION

At the end of each fiscal year, proposed law provides that the fund balance within the Grain and Cotton Indemnity Fund be transferred to the LA Agricultural Finance Authority Fund. Proposed law is anticipated to result in decreased fund balances in the Grain and Cotton Indemnity Fund and increased expenditures from the LA Agricultural Finance Authority Fund, which can be utilized for revenue bonds, the Boll Weevil Eradication program and other agricultural, agronomic, horticultural, silvicultural or aqua-cultural, industrial, or economic development programs. Proposed law does not alter the Department of Agriculture's duties related to the management of the Cotton and Grain Indemnity Fund, the LA Agriculture Finance Authority Fund, or administrative support of the LA Agricultural Commodities Commission.

Proposed law removes the requirement that a licensed grain dealer must become insolvent after January 1, 2008, to file a claim and receive payment from the Grain and Cotton Indemnity Fund. The Department of Agriculture indicated removing the time requirement will not result in increased claims or payments.

REVENUE EXPLANATION

The effect of proposed law on statutorily dedicated revenues to LA Agricultural Commodities Commission is indeterminable. Proposed law provides that any undesignated balances in the Grain and Cotton Indemnity Fund at the end of each fiscal year will be transferred to the LA Agricultural Finance Authority Fund. This provision should not alter collections in the Grain and Cotton Indemnity Fund, but will preclude appropriation of prior year fund balances for use should the need arise. For informational purposes, over the past three fiscal years revenue collections have exceeded expenditures from the fund.

Proposed law caps the fund balance of the LA Agricultural Finance Authority Fund at \$12 M, which triggers suspension of assessments until the fund balance is below \$10 M. Proposed law will increase deposits into the LA Agricultural Finance Authority Fund in an amount equal to any undesignated fund balances in the Grain and Cotton Indemnity Fund at the end of each fiscal year. There is no current statutory dedication revenue estimate in effect since the REC has not adopted an estimate since April of 2019. *For informational purposes, in FY 19 the Grain and Cotton Indemnity Fund contained an undesignated balance of \$5.6 M at the end of the fiscal year, which would have been transferred into the La Agrilcultural Finance Authority Fund under the provisions of proposed law.*

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