

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 6** HLS 201ES 11

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: June 9, 2020	4:30 PM	Author: IVEY
Dept./Agy.: Statewide		Analyst: Alan M. Boxberger
Subject: State Cybersecurity and Information Technology Fund		

FUNDS/FUNDING EG +\$1,397,006 SD RV See Note Page 1 of 2
Establishes the State Cybersecurity and Information Technology Fund and dedicates revenues to the fund (Items #10 and #11)

Proposed law establishes the State Cybersecurity and Information Technology Fund as a special fund in the state treasury, and further provides that the fund shall be comprised of 0.01% of monies that flow through the Bond Security and Redemption Fund for appropriation from the State General Fund, except for monies allocated or monies pledged in connection with issuance of bonds. Proposed law authorizes money in the fund to be invested by the treasurer and directs that any interest earned on investment of the fund corpus be reinvested into the fund. Proposed law provides that money appropriated from the fund shall be expended solely for support of projects to enhance or upgrade the state's information technology infrastructure or cybersecurity needs. Proposed law provides for the duties of the JLCB and the Joint Legislative Committee on Technology and Cybersecurity; and provides restrictions on the uses of monies in the fund. Proposed law is effective July 1, 2021.

EXPENDITURES	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
State Gen. Fd.	\$0	(\$1,397,006)	(\$1,397,006)	(\$1,397,006)	(\$1,397,006)	(\$5,588,024)
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$1,397,006	\$1,397,006	\$1,397,006	\$1,397,006	\$5,588,024
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
State Gen. Fd.	\$0	(\$1,397,006)	(\$1,397,006)	(\$1,397,006)	(\$1,397,006)	(\$5,588,024)
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$1,397,006	\$1,397,006	\$1,397,006	\$1,397,006	\$5,588,024
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

Proposed law will result in an increase in statutorily dedicated expenditures out of the newly created State Cybersecurity and Information Technology Fund of approximately \$1.4 M annually beginning in FY 22, to be expended solely for support of projects to enhance or upgrade the state's information technology infrastructure or cybersecurity needs. Proposed law will indirectly impact expenditures, possibly across multiple means of finance (designated in this fiscal note as SGF for simplicity). In addition to SGF, SGR and most statutorily dedicated funds flow through the Bond Security and Redemption Fund (BSRF) and may be impacted. Proposed law will result in a 0.01% reduction of appropriation capacity from any means of finance that flows through the BSRF, except for monies pledged in connection with issuance of bonds. The ultimate impact will depend on legislative appropriations.

Proposed law provides for the duties and powers of the Joint Legislative Committee on Technology and Cybersecurity. To the degree that such a committee might be formed and meet outside of scheduled legislative sessions, the legislature may incur additional per diem and travel expenditures. The legislative member per diem rate is \$161 and the mileage reimbursement rate is \$0.575/mile. The number of members that would serve on the Committee and the frequency of potential meetings is unknown, therefore the potential expenditure impact is indeterminable.

SEE EXPENDITURE EXPLANATION CONTINUED ON PAGE TWO

REVENUE EXPLANATION

Proposed law diverts existing deposits of approximately \$1.4 M annually beginning in FY 22 from the Bond Security and Redemption Fund (BSRF) to be deposited into the newly created statutory dedication – State Cybersecurity and Information Technology Fund. For illustrative purposes, the Treasury reported to the Interim Emergency Board that \$13.97 B was deposited into the BSRF during FY 19. Therefore, the estimated amount that would be diverted to the newly created fund is \$1.4 M annually (\$13.97 B x 0.01%). Proposed law will indirectly impact revenues, possibly across multiple means of finance (designated in this fiscal note as SGF for simplicity). In addition to SGF, SGR and most statutorily dedicated revenues flow through the BSRF and may be impacted. Proposed law will result in a 0.01% reduction of revenues deposited into any means of finance that flows through the BSRF, except for monies pledge in connection with the issuance of bonds. The ultimate impact will depend on decisions made through legislative appropriations.

NOTE: These projections do not reflect any growth or change in the outyears as the BSRF is not a forecasted fund. The LFO assumes there is potential change in the outyears but that amount is indeterminable and will be based on actual revenue collections in each ensuing fiscal year.

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
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Staff Director

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CONTINUED EXPLANATION from page one:

EXPENDITURE EXPLANATION CONTINUED FROM PAGE ONE

Creating a new statutory dedication within the state treasury will result in a marginal workload increase for the Department of Treasury, which can generally be absorbed within 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 404 special funds. When unable to absorb additional workload with existing resources, the treasury anticipates that it will be required to add one T.O. position at a total personal services cost of approximately \$71,000 plus approximately \$2,450 for a one-time purchase of office equipment. These expenditures are assumed to be SGF in this fiscal note.

The treasury also reports that given limitations of the current statewide accounting system, the diversion of revenues flowing through the BSRF that will require a 0.01% carve-out into the State Cybersecurity and Information Technology Fund would require a significant workload increase. Until all state agencies are moved onto the LaGov Enterprise Solution, each deposit into the treasury would require a manual claw back for deposit into the Fund. In the current accounting system, once a deposit is coded to a particular revenue source it flows almost instantaneously through the BSRF, is deposited into the appropriate agency account, and is available for expenditure. The treasury would be required to intercede and remove 0.01% of any deposit manually before an expenditure occurs. This would impact innumerable individual transactions on an annual basis. Once state agencies have transferred all accounting functions onto LaGov, that system can be programmed to make the necessary diversion as it flows through the BSRF. The legacy accounting system does not have this capability at this time.

Senate

Dual Referral Rules

House

13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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