

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 75** HLS 202ES 163

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> October 7, 2020 8:31 AM	<b>Author:</b> MCFARLAND
<b>Dept./Agy.:</b> Agriculture and Forestry	<b>Analyst:</b> Patrice Thomas
<b>Subject:</b> Timber Severance Tax to Wildfire Suppression Subfund	

AGRICULTURE/FOREST COMR EG SEE FISC NOTE See Note  
Provides relative to the disposition of timber severance taxes (Item #34)

Present law dedicates 75% of timber severance to the parishes of severance and 25% to the state. Of the state portion, 75% is deposited into the Forestry Productivity Fund. Proposed law creates the Wildfire Suppression Subfund within the existing Forest Protection Fund. Beginning in FY 21, proposed law requires the remaining 25% of the state portion of the severance tax on timber to be deposited into Wildfire Suppression Subfund. Proposed law requires the LA Department of Agriculture and Forestry (DAF) to utilize funds in the Wildfire Suppression Subfund on the appointment and retention of forest firefighters. While unexpended or unencumbered monies in the Forest Protection Fund are reverted to the LA Agricultural Finance Authority, proposed law provides any unexpended or unencumbered monies at the end of the fiscal year remain in the subfund; and prohibits appropriations out of Forest Protection Fund and Wildfire Suppression Subfund from displacing, replacing, or supplanting state general fund within LDAF unless the total appropriations for the fiscal year exceed general fund appropriations for the previous year.

<b>EXPENDITURES</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	SEE BELOW					
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	SEE BELOW					
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>						
<b>REVENUES</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	(\$875,000)	(\$875,000)	(\$875,000)	(\$875,000)	(\$875,000)	<b>(\$4,375,000)</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$875,000	\$875,000	\$875,000	\$875,000	\$875,000	<b>\$4,375,000</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**EXPENDITURE EXPLANATION**

Proposed law increases expenditures from the newly created statutorily dedicated Wildfire Suppression Subfund within the Forest Protection Fund in the Department of Agriculture and Forestry (DAF). Proposed law reallocates a portion of the 25% of the timber severance tax retained by the State from being deposited into the State General Fund and directs it into the Wildfire Suppression Subfund (see REVENUE EXPLANATION below). Proposed law requires the Wildfire Suppression Subfund to be used to hire and retain forest firefighters. DAF has indicated the funding will be used fund 17 Forestry Crew Specialist 1 positions with an average salary and related benefits of \$50,128.

**REVENUE EXPLANATION**

There is no anticipated direct material effect on net governmental revenues as a result of this measure, but \$875,000 currently deposited into the state general fund will instead be deposited into statutory dedications. Proposed law does not change severance tax levied on timber, but reallocates the severance tax revenue. Present law dedicates 75% of timber severance to the parishes of severance and 25% to the state. Of the state portion, 75% is deposited into the Forestry Productivity Fund. Proposed law dedicates the remaining 25% of the state share of timber severance into the newly created the Wildfire Suppression Subfund within the Forestry Productivity Fund instead of the state general fund.

The average timber severance tax collected is approximately \$14 M (\$10.5 M - 75% to parishes and \$3.5 M - 25% to the State). Of the 25% timber severance tax retained by the State, 75% is allocated to the Forestry Productivity Fund (\$3.5 M x 75% = \$2,625,000 M). The remaining 25% is deposited into State General Fund (\$3.5 M x 25% = \$875,000). This measure allocates the remaining 25%, or \$875,000, into the Wildfire Suppression Subfund beginning in FY 21.

Note: The current official state revenue forecast includes \$2.5 M allocated to the Forestry Productivity Fund.

Senate  
 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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