



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 228** SLS 21RS 401
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.: **REVISED**

Date: April 23, 2021 3:08 PM	Author: JACKSON
Dept./Agy.: Agriculture and Forestry	Analyst: Patrice Thomas
Subject: Creates the LA Agriculture Recovery Fund and Program	

FUNDS/FUNDING OR SEE FISC NOTE SD EX See Note Page 1 of 2
 Creates the Louisiana Agricultural Recovery Fund and Program. (gov sig)

Proposed law creates the LA Agricultural Recovery Program, which will be administered by the LA Agricultural Finance Authority (LAFA) within the LA Department of Agriculture and Forestry, and creates the LA Agricultural Recovery Fund within the state treasury. Proposed law authorizes the treasurer to transfer \$200 M from the first funds received by the state from the American Rescue Plan (ARP) Act to the LA Agricultural Recovery Fund. Under proposed law, the LAFA shall use monies in the LA Agricultural Recovery Fund to provide economic support for farmers, up to \$25,000 per farmer if allowable under U.S. Treasury regulations and guidance, until 11/30/2024. Proposed law requires the LAFA to ensure that at least \$25 M in the first 60 days is awarded to minority businesses. Proposed law authorizes the LAFA to enter into a consulting services contract and requires LAFA to announce no later than 7/01/2021, the date of the LA Agricultural Recovery Program. Proposed law authorizes the legislative auditor may review applications for compliance. Proposed law authorizes a 5% cap on expenses of the LAFA and the legislative auditor from FYs 21 through 24.

EXPENDITURES	2021-22	2022-23	2023-24	2024-25	2025-26	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	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total					\$0	\$0

REVENUES	2021-22	2022-23	2023-24	2024-25	2025-26	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	\$0	\$0
Federal Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total					\$0	\$0

EXPENDITURE EXPLANATION

Proposed law may transfer \$200 M from the state's allotment of the American Rescue Plan (ARP) Act of 2021 into the newly created LA Agricultural Recovery Fund to fund the newly created LA Agricultural Recovery Program that shall be administered by the LA Agricultural Finance Authority (LAFA) within the LA Department of Agriculture and Forestry. The proposed law provides that \$190 M (less \$10 M for administrative costs) of the LA Agricultural Recovery Fund be used to provide direct economic support through grants not to exceed \$25,000 per applicant to offset revenue losses and economic recovery for farmers as well as premium pay for essential workers. The proposed law allows the LA Legislative Auditor (LLA) to review all Recovery Program applications for compliance. The proposed law allows administrative expenses incurred by the LAFA and audit expenses incurred by the LLA to be paid from the Recovery Fund subject to a 5% cap (\$10 M).

To implement the proposed law, the Department of Agriculture and Forestry reports needing 33 temporary positions to process applications to the LA Agricultural Recovery Program. As applicants to the program decrease over the next four years, the need for temporary positions will decrease proportionally. Estimated costs of the proposed law include salaries and related benefits (\$2,399,609), travel (\$50,000), operating services such as printing and postage (\$145,000), office supplies (\$9,625), professional services for marketing and consultant contracts (\$708,850), acquisitions (\$157,500), and IAT to the LLA for auditing services (\$627,000), for a total cost of \$4.1 M in FY 22. In subsequent fiscal years, total expenditures are estimated at \$3.1 M in FY 23, \$1.6 M in FY 24, and \$1.2 M in FY 25 (see details on page two).

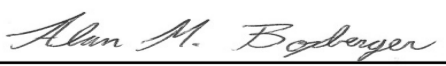
Creating a new statutory dedication within the state treasury will result in a marginal workload increase for the Department of Treasury, which can generally be absorbed within existing resources. However, to the extent other legislative instruments create new statutory dedications, there may be material 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 it will be required to add one T.O. position at a total personnel 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.

EXPENDITURE EXPLANATION CONTINUED ON PAGE TWO

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure. The proposed law directs the state treasurer to transfer \$200 M from the state's allotment of the American Rescue Plan (ARP) Act of 2021 into the LA Agricultural Recovery Fund. Absent proposed law, these monies may have been appropriated as a Federal (Direct) revenue source. The monies will now be appropriated as a statutorily dedicated source.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input checked="" 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}


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 Staff Director



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CONTINUED EXPLANATION from page one:

EXPENDITURE EXPLANATION CONTINUED FROM PAGE ONE

Propose Law LA Agricultural Recovery Program

Expenditures	FY 2022	FY 2023	FY 2024	FY 2025
Salaries - Regular	\$1,472,303	\$1,233,029	\$507,367	\$319,763
Salaries - OT	\$100,000	\$0	\$0	\$0
Sub-Total Salaries	\$1,572,303	\$1,233,029	\$507,367	\$319,763
Retirement	\$544,752	\$456,221	\$199,779	\$127,889
Medicare	\$21,348	\$17,879	\$7,357	\$4,637
Group Insurance	\$261,205	\$216,427	\$82,093	\$44,778
Sub-Total Related Benefits	\$827,306	\$690,527	\$289,228	\$177,303
Total Personnel Services	\$2,399,609	\$1,923,556	\$796,595	\$497,067
Travel	\$50,000	\$10,000	\$0	\$0
Printing	\$35,000	\$17,500	\$10,000	\$5,000
Rental	\$50,000	\$50,000	\$15,000	\$0
Postage	\$60,000	\$30,000	\$15,000	\$5,000
Sub-Total Operating Services	\$145,000	\$97,500	\$40,000	\$10,000
Office	\$9,625	\$7,975	\$3,025	\$1,650
Marketing	\$500,000	\$250,000	\$50,000	\$0
Consultanting Firm	\$208,850	\$160,011	\$83,227	\$63,811
Sub-Total Professional Services	\$708,850	\$410,011	\$133,227	\$63,811
Office	\$52,500	\$5,000	\$2,500	\$1,500
IT Equipment	\$105,000	\$10,000	\$5,000	\$3,000
Sub-Total Acquisitions	\$157,500	\$15,000	\$7,500	\$4,500
IAT - Payment to LLA	<u>\$627,000</u>	<u>\$627,000</u>	<u>\$627,000</u>	<u>\$627,000</u>
Total Expenditures	\$4,097,584	\$3,091,042	\$1,607,347	\$1,204,028

For informational purposes, the American Rescue Plan (ARP) Act of 2021 appropriated funds directly for agriculture and to the U.S. Department of Agriculture (USDA) to be administered as follows:

- \$4 B (30% of total agricultural expenditures) and \$1 B (9.7% of total agricultural expenditures) goes to debt forgiveness and outreach/support, respectively, for socially disadvantaged farmers.
- \$3.6 B (35% of total agricultural expenditures) for COVID-19 response (agricultural and supply chain workers) and for the purchase and distribution of food.

These funds will be disbursed to the states separate and above Louisiana's direct state aid allocation of \$3.2 B, from which this proposed measure draws \$200 M. States are still awaiting guidance from the U.S. Treasury and U.S. Department of Agriculture for specifics regarding distribution of the \$7.6 B agricultural appropriation within the ARP. The amount of these funds that may be distributed to farmers and agricultural entities within Louisiana is unknown.

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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