



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **HB 642** HLS 21RS 773
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 6, 2021	9:37 AM	Author: SCHEXNAYDER
Dept./Agy.: Treasury		
Subject: Creates the Fiscal Year 2021 Reserve Fund		Analyst: Alan M. Boxberger

FUNDS/FUNDING-GRANTS EG NO IMPACT SD EX See Note Page 1 of 2
 Provides for the disbursement of monies received from the American Rescue Plan Act of 2021

Proposed law creates the LA Rescue Plan Fund, the LA Water Infrastructure Fund, the Granting Unserved Municipalities Broad Band Opportunities (GUMBO) Fund, the LA Loggers Relief Fund, and the LA Save Our Screens Fund, and directs the treasurer to deposit certain federal monies allocated to Louisiana pursuant to Coronavirus State Fiscal Recovery Fund of the American Rescue Plan Act of 2021 into each fund. Proposed law creates programs for the specific purpose of administering grants from the created funds. Proposed law provides for allowable uses from the created funds and establishes allowable administrative costs to be paid by the respective administrators of the programs making grants therefrom. Proposed law shall be effective upon signature of the governor or lapse of time for gubernatorial action, except for the GUMBO Fund and Program, which is enacted contingent upon passage of HB 648 of the 2021 Regular Session.

EXPENDITURES	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	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>	<u>\$0</u>
Annual Total						
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					
Federal Funds	SEE BELOW					
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. Proposed law creates the Louisiana Rescue Plan Fund and directs the treasurer to deposit all but \$400 M of federal monies allocated to Louisiana pursuant to Coronavirus State Fiscal Recovery Fund of the American Rescue Plan (ARP) Act of 2021 into the fund. Louisiana's allocation from the ARP includes \$3,208,887,206 direct aid to the state and \$1,795,920,682 direct aid to LA local governmental entities, for a total of \$5,004,807,888. The LFO assumes only the state allocation will be deposited into the fund, as the local allocations will largely be distributed directly to local governing authorities. The ARP also creates a Coronavirus Capital Projects Fund. This fund is intended for critical capital projects directly enabling work, education and health monitoring, including remote options, that respond to the COVID pandemic. The Act neither specifies that these funds are to be used for construction nor does it rule construction out. Louisiana's allocation from the Capital Projects Fund is \$179.8 M. The LFO assumes proposed law intends to direct deposit of these monies into the fund as well.

Proposed law provides for the allowable uses of monies in the Louisiana Rescue Plan Fund and makes allocations for specific deposits of monies from within the fund into other newly created funds for specific purposes as follows:

Louisiana Loggers Relief Program

Created to provide grants to eligible timber harvesting and timber hauling businesses impacted by COVID-19 in amounts not to exceed \$25,000 per business. Proposed law creates the Louisiana Loggers Relief Fund and directs the treasurer to deposit \$10 M from the Louisiana Rescue Plan Fund. This program shall be administered by the state treasurer, who may utilize up to 5% (\$500,000) of monies in the fund to provide for administration of the program under the same provisions as the Main Street Recovery Program.

SEE EXPENDITURE EXPLANATION CONTINUED ON PAGE TWO

REVENUE EXPLANATION

Proposed law will create no net change to revenue receipts for state or local governing entities. Proposed law creates the Louisiana Rescue Plan Fund and directs the treasurer to deposit all but \$400 M of federal monies allocated to Louisiana pursuant to Coronavirus State Fiscal Recovery Fund of the American Rescue Plan (ARP) Act of 2021 into the 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 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}


Christopher A. Keaton
Legislative Fiscal Officer



LEGISLATIVE FISCAL OFFICE

Fiscal Note

Fiscal Note On: **HB 642** HLS 21RS 773
Bill Text Version: **ENGROSSED**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: May 6, 2021	9:37 AM	Author: SCHEXNAYDER
Dept./Agy.: Treasury		
Subject: Creates the Fiscal Year 2021 Reserve Fund		Analyst: Alan M. Boxberger

CONTINUED EXPLANATION from page one:

Page 2 of 2

EXPENDITURE EXPLANATION CONTINUED FROM PAGE ONE

Louisiana Save Our Screens Program

Created to provide grants to eligible movie theater businesses impacted by COVID-19 in amounts not to exceed \$10,000 per movie screen located in Louisiana. Proposed law creates the Louisiana Save Our Screens Fund and directs the treasurer to deposit \$4.5 M from the Louisiana Rescue Plan Fund. This program shall be administered by the state treasurer, who may utilize up to 5% (\$225,000) of monies in the fund to provide for administration of the program.

NOTE: The Treasury reports that, like the Main Street Recovery Program administered in the Fall of 2020, the department may be required to procure a consulting services contract to execute the programs in the prescribed timeframe, including developing an application and verifying applicant tax information with the Department of Revenue prior to making grant disbursements. The Department of Revenue (DOR) is likely to realize a workload impact associated with the review and confirmation of tax information submitted by qualifying businesses. DOR developed a web portal for the Main Street Recovery Program that can be reactivated, which will allow Treasury to confirm a portion of claims. Claims that cannot be verified remotely will require manual review by DOR staff. DOR reports that it can generally absorb this workload if the number of claims are manageable. However, if a large volume of claims are filed, additional budgetary and short-term staffing resources may be necessary. DOR also reports that it will realize costs associated with printing and mailing relevant tax documents to grant recipients, with the cost scaled to the number of applicants.

Louisiana Water Infrastructure Program

Created to provide grant funding for repairs, improvements, and consolidation of community water systems. Proposed law creates the Louisiana Water Infrastructure Fund and directs the treasurer to deposit \$300 M from the Louisiana Rescue Plan Fund. This program shall be administered by the Louisiana Department of Health - Office of Public Health (OPH). OPH is to establish a review panel comprised of employees of OPH, the Office of Community Development, the Department of Environmental Quality and the legislative auditor in order to review and rate applications submitted by community water systems and local governing authorities and submit recommendations for funding to the Joint Legislative Committee (JLCB) on the Budget. These entities will realize an indeterminable workload impact associated with the prescribed activities. OPH is to submit a proposed budget outlining administrative expenses for the program to the JLCB for review and approval prior to implementation. The magnitude of any potential expenditures is speculative and will be determined through OPH planning and JLCB approval, presumably funded through an authorization for administrative expenses from the Fund.

Granting Unserved Municipalities Broadband Opportunities (GUMBO) Program

Proposed law creates the GUMBO Fund and directs the treasurer to deposit \$90 M from the Louisiana Rescue Plan Fund. This program shall be administered by office of broadband development and connectivity in the division of administration in accordance with the provisions of HB 648 of the 2020 Regular Session if enacted into law. HB 648 includes authorization for the office to use up to 1% of appropriated funds to administer the GUMBO Program.

State Treasury

Proposed law creates five new statutory dedications. 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.

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}

Christopher A. Keaton
Legislative Fiscal Officer