

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



Fiscal Note On: **HB 724** HLS 22RS 531

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> March 20, 2022 4:25 PM	<b>Author:</b> BAGLEY
<b>Dept./Agy.:</b> Department of Economic Development	<b>Analyst:</b> Monique Appeaning
<b>Subject:</b> LA Competes Regional Economic Development Program Fund	

ECONOMIC DEVELOPMENT OR +\$8,000,000 SD EX See Note  
Establishes a grant program for site development and improvement

Page 1 of 2

Proposed law creates the LA Competes Regional Economic Development (LCRED) Program and Fund, administered by the Department of Economic Development (LED), to provide grants to regional economic development organizations (REDOs) pursuant to the LCRED Program established in proposed law. Proposed law provides for definitions such as the "regional economic development organization" that means each of the following: Baton Rouge Area Chamber, Central LA Economic Development Alliance, Greater New Orleans, Inc., Northeast LA Economic Alliance, North LA Economic Partnership, One Acadiana, South LA Economic Council and Southwest LA Economic Development Alliance." Proposed law provides for qualified expenditures that are limited to site development costs and economic development marketing of the region represented by the REDO. Proposed law requires \$1 M of the original funds be allocated to each of the organizations and requires any future allocations be equally distributed to each organization. Proposed law provides legislative intent to authorize and direct the execution of cooperative endeavor agreements (CEAs), by and between the state and each of the 8 REDOs where the state will provide economic support to the REDOs providing locally developed and tailored services directly related to attracting new business and industry and growing existing business and industry. Proposed law provides specific guidance on the execution of CEAs.

EXPENDITURES	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$8,000,000	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	<b>\$8,000,000</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$800,000</u>	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	<b><u>\$800,000</u></b>
<b>Annual Total</b>						
REVENUES	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.	(\$8,000,000)	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	<b>(\$8,000,000)</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$8,000,000	\$0	\$0	\$0	\$0	<b>\$8,000,000</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>

**EXPENDITURE EXPLANATION**

Proposed law will result in an increase of \$8 M Statutory Dedication expenditures out of the Louisiana Competes Regional Economic Development Fund by the Louisiana Department of Economic Development (LED) and may result in an increase of up to \$800,000 Local Funds expenditures for local governing authorities wishing to provide the minimum 10% match to secure economic development grants within the eight regional economic development organizations (REDOs), unless the REDOs are able to identify alternative local match sources. Proposed law directs the treasurer to deposit \$8 M SGF into the fund, assumed in this fiscal note to occur in FY 23 (**see revenue explanation below**). Proposed law requires \$1 M of the original monies deposited into the Fund to be allocated and dispersed to each of the eight REDOs statewide upon approval of the grant application. Proposed law will result in a workload impact to LED to administer the program; however, the agency reports that it anticipates that existing resources should be sufficient.

This fiscal note assumes all grants are applied for and expended within FY 23, but proposed law does not stipulate a deadline for expending funds and therefore appropriations and/or expenditures against the original \$8 M deposit (and any corresponding local match) may extend into the out years depending on grant activity.

**EXPENDITURE EXPLANATION CONTINUED ON PAGE TWO**

**REVENUE EXPLANATION**

Proposed law creates the LA Competes Regional Economic Development Program (LCRED) Fund and directs the treasurer to deposit \$8 M into the fund (**see below**). Proposed law does not provide a recurring source of revenues. Monies deposited into the fund will be contingent upon transfers, donations, or appropriations into the fund by the legislature.

Proposed law authorizes and directs the treasurer to make a one-time deposit of \$8 M into the fund. Proposed law provides in the legislative intent section that, "the state desires to initially use \$8 M of recognized state general fund surplus dollars to support locally developed and tailored economic development through the state's [REDOs] to be administered through the division of administration and the LED" (**see NOTE below**). Monies in the fund shall be appropriated and used solely as provided for in proposed law. Future year deposits into the fund will be subject to legislative appropriation and are therefore indeterminable.

**NOTE: The expenditure contemplated in proposed law is not a constitutionally authorized use of state surplus SGF in accordance with La. Const. Art. VII, §10(2). In its current posture, the LFO assumes in this fiscal note that proposed law will result in a transfer of \$8 M out of the SGF into the LCRED Fund during FY 23, resulting in a corresponding decrease in SGF available for appropriation for other purposes.**

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}

*Alan M. Boxberger*

**Alan M. Boxberger**  
**Interim Legislative Fiscal Officer**

LEGISLATIVE FISCAL OFFICE  
Fiscal Note



Fiscal Note On: **HB 724** HLS 22RS 531

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> March 20, 2022 4:25 PM	<b>Author:</b> BAGLEY
<b>Dept./Agy.:</b> Department of Economic Development	<b>Analyst:</b> Monique Appeaning
<b>Subject:</b> LA Competes Regional Economic Development Program Fund	

**CONTINUED EXPLANATION from page one:**

**EXPENDITURE EXPLANATION CONTINUED FROM PAGE ONE**

Proposed law will have no fiscal impact on the Division of Administration to notify the treasurer within 5 business days of the execution of CEAs by the REDO and the Commissioner of Administration.

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 additional material costs associated with the aggregate effort to administer these funds. The Treasury performs fund accounting, financial reporting, banking, and custodial functions for 436 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 personnel services cost of approximately \$73,000 plus approximately \$2,450 for a one-time purchase of new office equipment. These expenditures are assumed to be SGF in this fiscal note.

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}

**Alan M. Boxberger**  
**Interim Legislative Fiscal Officer**