



LEGISLATIVE FISCAL OFFICE  
Fiscal Note

Fiscal Note On: **HB 925** HLS 22RS 1288  
Bill Text Version: **ORIGINAL**  
Opp. Chamb. Action:  
  
Proposed Amd.:  
Sub. Bill For.:

<b>Date:</b> April 22, 2022	2:32 PM	<b>Author:</b> BUTLER
<b>Dept./Agy.:</b> Treasury		
<b>Subject:</b> Louisiana Infrastructure Revolving Loan Program		<b>Analyst:</b> Kimberly Fruge

CAPITAL OUTLAY OR SEE FISC NOTE SD EX Page 1 of 1

Establishes the Louisiana Infrastructure Revolving Loan Program to provide financial assistance to local governments and political subdivisions for certain capital infrastructure projects

Proposed law establishes the Louisiana Infrastructure Revolving Loan Program and Fund to provide financial assistance for eligible infrastructure projects of local governments. Proposed law provides for the eligibility requirements for infrastructure projects and requires project be approved by a certifying body--state department or agency with authority to administer and approve eligible projects. Proposed law defines "emergency request" as infrastructure project requests where the project is essential to alleviate hazardous conditions that would not otherwise qualify for the program and includes funding for projects with a life of less than 20 years and cost of less than \$50,000. Proposed law designates the State Bond Commission as the certifying department for emergency requests. Proposed law requires the Treasury to promulgate rules and regulations to adopt a schedule of fees to pay for the costs of administering the program and how to respond to emergency requests. Proposed law requires the Louisiana Legislative Auditor to review applications for compliance with present and proposed law. Proposed law requires any repayment of principal of and interest on loans made to political subdivisions financed from the fund shall be deposited back into the fund to be used for a different project.

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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Local Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Annual Total						

REVENUES	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	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>
Annual Total						

EXPENDITURE EXPLANATION

Proposed law will result in an indeterminable, but potentially significant, increase in state expenditure to implement the Louisiana Infrastructure Revolving Loan Program. Proposed law creates the Louisiana Infrastructure Revolving Loan Program and Fund to provide financial assistance for eligible infrastructure projects of local governments.

The Treasury reports that the costs to implement the program are indeterminable at this time. Proposed law allows the Treasury to promulgate rules to establish fees to pay for the costs of administering the program. The department anticipates it may need to hire consultants with expertise in underwriting, legal, and project eligibility to establish project and loan criteria. Upon promulgating rules, the department expects it will need one T.O. position or to hire an outside firm to administer the program and provide technical assistance. The State Treasury Debt Officer position has an annual midpoint starting salary of \$100,995 with \$32,825 in related benefits. The cost to hire a firm is indeterminable at this time. The Legislative Fiscal Office assumes any fees collected would be deposited into the fund and administrative fees would be drawn from the fund.

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.

The Louisiana Legislative Auditor’s (LAA) office is unable to determine the potential costs they will occur to provide audits pursuant to this measure. The LLA estimates it will take approximately 3 hours to review each application at \$120 per hour, a total of \$360 per application. The total costs to the LLA will depend on the number of applications.

To the extent the fund is appropriated dollars (see revenue explanation) and that money is bonded to local governments, expenditures out of statutory dedications will increase. To the extent the fund is used to draw down matching federal or grant dollars, proposed law may result in an increase of expenditures out of federal funds and/or local funds as these projects are being implemented.

REVENUE EXPLANATION

Proposed law will result in an indeterminable increase in Fees and Self Generated Revenues. Proposed law allows the Treasury to promulgate rules to establish fees to pay for the costs of administering the program. Revenues for the Treasury and for the LLA will depend on the fees set and the number of applications received, which are both indeterminable at this time. Proposed law also creates the Louisiana Infrastructure Revolving Loan Program Fund but does not provide for any revenues into the fund. To the extent funds re appropriated to the fund or loan repayment is made to the fund, statutory dedications revenues will increase according.

Senate	Dual Referral Rules	House	
<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}	<u>Evan Brasseaux</u>
<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}	Evan Brasseaux Interim Deputy Fiscal Officer