



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

Fiscal Note On: **HB 371** HLS 23RS 533  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> April 17, 2023	1:27 PM	<b>Author:</b> IVEY
<b>Dept./Agy.:</b> Department of Economic Development		
<b>Subject:</b> Louisiana Economic Advancement Plan (LEAP)		<b>Analyst:</b> Noah O'Dell

TAX/AD VALOREM-EXEMPTION OR INCREASE GF EX See Note Page 1 of 1

To establish the LA Economic Advancement Plan (LEAP) which provides for ad valorem tax exemptions for certain capital investment projects

Proposed law establishes the LA Economic Advancement Plan (LEAP) to exempt certain businesses in qualifying industry sectors (technology, telecommunication, healthcare, logistic, warehouse, and distribution) from ad valorem property taxes. Proposed law requires the Dept. of Economic Development (LED) to adopt and promulgate rules to administer LEAP. Proposed law establishes an enrollment process and withdrawal process (within 5 years) for the program. Proposed law requires LED to establish an application procedure for a standard, local, and executive ad valorem tax exemption for capital investment projects. Proposed law requires LED to produce a cost-benefit analysis for projects to each local authority within thirty days of an application. Proposed law creates a process for approving and rejecting the tax exemptions at the local level. Proposed law requires LED maintain an interactive map on its website identifying available exemptions. A companion bill (HB 473) provides for a constitutional amendment to be placed on the ballot at the statewide election held on October 14, 2024.

<b>EXPENDITURES</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$1,217,500	\$481,200	\$487,986	\$494,976	\$502,175	<b>\$3,183,837</b>
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
<b>Annual Total</b>						

<b>REVENUES</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>5 -YEAR TOTAL</b>
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	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

Proposed law will increase government expenditures by \$1.2 M and two (2) T.O. positions in the Louisiana Department of Economic Development (LED). There is a recurring cost of \$255,000 for professional services to update the LED website content, map, and software to perform economic benefit analyses, as well as the continuation costs of the two (2) employees.

LED estimates two (2) T.O. positions would be necessary to administer the program. One (1) Economic Development Research Analyst 2 at a cost of \$97,500, including salary and related benefits, would be utilized to administer the program specified by the proposed law. One (1) Attorney 3 at a cost of \$120,000, including salary and benefits, would be utilized to assist local authorities in the construction of cooperative endeavor agreements with applicants for the ad valorem property tax exemptions, as specified by the proposed law. For the purpose of costing subsequent fiscal years, the LED assumes an average of a 3-4% pay increase annually.

Proposed law specifies the LED maintain an interactive map on its website identifying exemptions by parish, industry sector, and program. LED estimates this will require an initial cost of \$100,000 in FY 24 for the creation of an additional module for the FastLane platform, creation of content, and creation of a map. LED estimates these features carry a \$5,000 continuation cost in subsequent fiscal years.

Proposed law specifies that cost-benefit analyses be performed by the LED within thirty days of an application for an ad valorem tax exemption. This analysis identifies the projected state and local fiscal impact of the project including information related to state and local revenues, infrastructure requirements, effect on public services, and employment. LED estimates a custom software program would need to be developed at an initial cost of \$900,000 in FY 24 and a continuation cost of \$250,000 each subsequent fiscal year.

Local municipalities who opt-in for the program may expect an increase in expenditures associated with program administration and the creation/monitoring of cooperative endeavor agreements. Any municipality may opt out of the program. Therefore, any increase in local expenditures is optional on the part of the municipality.

Proposed law does not explicitly authorize a fee, although LED charges a fee for similar programs. In the event an application fee is authorized, SGR may be used by LED or local municipalities. LED expects SGR to increase based on the level of program activity and applications received. These funds could (partially) offset the expected expenditure increases. SGF would be needed to make up any remaining difference. If no fee is authorized, then SGF will be required to fund the program.

**REVENUE EXPLANATION**

Proposed law does not explicitly authorize a fee, although LED charges an application fee for similar programs. In the event an application fee is authorized, SGR may increase for LED and/or local municipalities. If no application fee is authorized, there would be no immediate material effect on governmental revenues as a result of this measure.

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}

*Evan Brasseaux*  
 \_\_\_\_\_  
**Evan Brasseaux**  
 Interim Deputy Fiscal Officer