

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 531** HLS 23RS 735

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

| | | |
|--|---------|-----------------------------|
| Date: May 9, 2023 | 7:06 PM | Author: MIGUEZ |
| Dept./Agy.: Department of Economic Development | | Analyst: Noah O'Dell |
| Subject: Louisiana Industrial Product Certification Program (LIPCP) | | |

ECONOMIC DEVELOP/DEPT EG +\$202,029 SG EX See Note Page 1 of 1
Provides for the Louisiana Department of Economic Development to establish and administer the Louisiana Industrial Product Certification Program

Proposed law requires that the Louisiana Industrial Product Certification Program (LIPCP) be established and administered by Department of Economic Development (LED). Proposed law requires LED create and maintain a publicly accessible database of certified industrial products and that they develop a "Made in Louisiana" logo or mark that can be used by manufacturers and producers of certified industrial products. Proposed law requires that to be eligible for certification, an industrial product shall meet specified criteria. Proposed law requires that manufacturers or producers seeking certification for their industrial products shall submit an application to LED. Proposed law requires LED evaluate each application, grant or deny certification within 60 days, and request additional information or conduct site visits. LED may establish a reasonable processing fee. LIPCP certification will be valid for two years. Proposed law requires LED to monitor the compliance of certified industrial products and revoke certification for any product in violation. Proposed law requires that LED penalize manufacturers or producers found to be using the logo or mark on noncertified industrial products or falsely claiming certification.

| EXPENDITURES | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 5 -YEAR TOTAL |
|---------------------|------------------|------------------|------------------|------------------|------------------|----------------------|
| State Gen. Fd. | \$202,029 | \$111,110 | \$115,355 | \$118,665 | \$122,075 | \$669,234 |
| Agy. Self-Gen. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Ded./Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Annual Total | \$202,029 | \$111,110 | \$115,355 | \$118,665 | \$122,075 | \$669,234 |

| REVENUES | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 5 -YEAR TOTAL |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Agy. Self-Gen. | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | |
| Ded./Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Annual Total | | | | | | |

EXPENDITURE EXPLANATION

Proposed law will result in an increase in SGF expenditures and one (1) T.O. position in the Louisiana Department of Economic Development (LED). Proposed law has estimated one-time startup costs of \$100,000 for the creation of an additional module in the FastLane platform (based on costs of system modifications performed in FY 23), creation of the "Made in Louisiana" logo, and content for the LED's website. LED estimates one (1) employee is needed to administer the program at a cost of \$102,029 in FY 24 including salaries and benefits. For the purpose of costing subsequent fiscal years, the LED assumes an average pay increase of 3-4% annually. There is a recurring cost of \$5,000 for professional services to update the LED website, as well as the continuation costs of the one (1) employee administering the program.

REVENUE EXPLANATION

Proposed law authorizes LED to establish a reasonable processing fee for processing applications to cover administrative costs. LED has indicated they would not charge an application fee because two southern competitor states have similar programs and do not charge fees to companies that meet similar requirements.

For informational purposes, the Department of Agriculture and Forestry (LDAF) currently has a Certified LA program for products and agricultural related activities conducted in Louisiana. LDAF's Certified LA program currently has 583 active members who must renew their membership every 3 years. Over a 5-year span from 2018-2022, LDAF received 138 new applicants per year.

Proposed law differs from the existing Certified LA program in LDAF in that LED's "Made in Louisiana" certifications would be given to industrial products and renewal of certification occurs every two years. LED currently runs the Industrial Tax Exemption Program (ITEP) where 487 industrial companies have active initial or renewal contracts. The average number of ITEP applications over the past 5 years (2018-2022) is 111. However, there will be ITEP companies that do not fully manufacture their products in Louisiana. There are also many other manufacturing companies who do not participate in ITEP but will qualify for LIPCP.

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}

Evan Brasseaux
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Interim Deputy Fiscal Officer