

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 153** SLS 23RS 387

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action: **w/ HSE FLOOR AMD**

Proposed Amd.:

Sub. Bill For.:

Date: June 2, 2023	7:11 AM	Author: WOMACK
Dept./Agy.: Treasury/Public Safety & Corrections/Revenue		Analyst: Kimberly Fruge
Subject: Correctional Facility Capital Outlay Fund		

FUNDS/FUNDING EGF DECREASE GF RV See Note
Creates the Correctional Facility Capital Outlay Fund. (gov sig)

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Proposed law creates the Correctional Facility Capital Outlay Fund as a special fund within the Treasury; requires the treasurer to deposit state sales tax proceeds remitted to the state from the sale of arts and crafts items produced by inmates at correctional facilities owned and administered by the state; requires monies in the fund be used on capital outlay and major repairs at each correctional facility.

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

REVENUES	2023-24	2024-25	2025-26	2026-27	2027-28	5 -YEAR TOTAL
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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>	\$0
Annual Total						

EXPENDITURE EXPLANATION

Proposed law creates the Correctional Facility Capital Outlay Fund as a special fund within the Treasury and requires the treasurer to deposit state sales tax proceeds remitted to the state from the sale of arts and crafts items produced by inmates at correctional facilities owned and administered by the state. The LFO assumes that any monies deposited into the fund will require specific appropriation by the legislature. Proposed law stipulates the fund be used on capital outlay and major repairs at each correctional facility.

LDR indicates that implementation costs of \$51,360 will be incurred for the redesign of existing sales tax forms and will require state general fund. The LFO believes that the department can absorb this amount within its current budget but may require additional resources if the aggregate impact of all bills enacted during this session is substantive.

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 \$78,000 plus approximately \$2,450 for a one-time purchase of new office equipment. These expenditures are assumed to be SGR in this fiscal note.

REVENUE EXPLANATION

Proposed law will decrease SGF revenues and increase deposits into the newly created Correctional Facility Capital Outlay Fund by the amount of state sales tax proceeds remitted to the state by the Department of Public Safety & Corrections from the sale of arts and crafts items produced by inmates at correctional facilities owned by the state.

Angola State Prison is currently the only correctional facility selling inmate hobbycraft, usually in conjunction with the Angola Rodeo. The Louisiana Department of Revenue (LDR) is unable to determine the exact amount of state sales tax remitted from hobbycraft sales at Angola as remittances include admissions fees for the rodeo as well, without distinction. LDR reports that it would require the correctional facility to delineate on the sales tax return how much would be deposited annually into the account from from these types of sales.

For illustrative purposes, the average annual amount of inmate hobbycraft sales from 2015-2022 is approximately \$1.6 M (excluding years with canceled events due to COVID-19), based on estimates provided by a representative of Angola. Using this average, approximately \$71,200 (\$1.6 M x 4.45%) would be deposited into the fund in FY 24 and FY 25 and \$64,000 (\$1.6 M x 4%) thereafter.

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