

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



Fiscal Note On: **HB 836** HLS 24RS 1841

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> May 9, 2024	6:20 PM	<b>Author:</b> MCFARLAND
<b>Dept./Agy.:</b> State Bond Commission		<b>Analyst:</b> Tanesha Morgan
<b>Subject:</b> Non-debt-forming concession and other obligations		

LOCAL FINANCE RE +\$129,000 GF EX See Note Page 1 of 1  
Provides that certain non-debt-forming concession agreements and other obligations are not deemed as debt requiring approval of the State Bond Commission

Proposed law creates an exemption from the requirement of Bond Commission approval for certain types of agreements entered into by political subdivisions, such as leases, installment purchase agreements, concession agreements, cooperative endeavor agreements, or other agreements based on usage payments or not categorized as long-term debt under accounting standards. For this exemption to apply, the agreements must contain a non-appropriation clause allowing termination if funds are not appropriated, and cannot contain an anti-substitution clause. The political subdivision's auditor must certify that current and next fiscal year's appropriations are sufficient to cover the monthly payment obligations under the agreement. The Attorney General must review the agreement and certify in writing within 30 days. For agreements involving infrastructure services and upgrades utilizing this exemption, the political subdivision must notify the Secretary of Economic Development with details within 14 days.

EXPENDITURES	2024-25	2025-26	2026-27	2027-28	2028-29	5 -YEAR TOTAL
State Gen. Fd.	<b>\$129,000</b>	<b>\$129,000</b>	<b>\$129,000</b>	<b>\$129,000</b>	<b>\$129,000</b>	<b>\$645,000</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
<b>Annual Total</b>	<b>\$129,000</b>	<b>\$129,000</b>	<b>\$129,000</b>	<b>\$129,000</b>	<b>\$129,000</b>	<b>\$645,000</b>
REVENUES	2024-25	2025-26	2026-27	2027-28	2028-29	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<b>SEE BELOW</b>	
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

The proposed law is anticipated to increase SGF expenditures by approximately \$129,000 (\$85,000 salaries and \$44,000 related benefits) within the Office of the Attorney General associated with hiring an attorney to review certain types of agreements entered into by political subdivisions and certify in writing that the state is not an obligor, the state's full faith and credit is not pledged to secure the obligations, a non-appropriation clause is included, and no anti-substitution clause exists. The certification is limited to these four items and must be submitted within 30 days or else the certification is automatically granted. The review process and mandated timeline appear to warrant a dedicated employee given the testimony concerning the outstanding need for the services and streamlined process.

**REVENUE EXPLANATION**

The revenue impact on the Office of State Bond Commission, which relies solely on application and closing fees, is indeterminable. While the proposed legislation may reduce the number of applications requiring approval; thereby decreasing revenue from fees, the extent of this reduction is unknown.

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}

  
**Patrice Thomas**  
**Deputy Fiscal Officer**