



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 161** SLS 25RS 213
Bill Text Version: **REENGROSSED**
Opp. Chamb. Action: **w/ HSE COMM AMD**
Proposed Amd.:
Sub. Bill For.:

| | | |
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| Date: June 1, 2025 | 1:28 PM | Author: MIZELL |
| Dept./Agy.: Louisiana Economic Development | | |
| Subject: Changes in Louisiana Economic Development | | Analyst: Noah O'Dell |

ECONOMIC DEVELOP DEPT RE1 SEE FISC NOTE SG EX See Note Page 1 of 1
Provides relative to Louisiana Economic Development. (8/1/25)

Current law establishes Louisiana Economic Development (LED) and associated offices, with stipulated duties. Current law authorizes LA Economic Development Corporation (LEDC) to create a nonprofit Qualified State Development Company (QSDC) to engage in cooperative endeavor agreements (CEA) with the federal government and federal loan programs. Proposed law consolidates LED into the Office of Economic Development by absorbing the Office of Entertainment Industry and abolishing the Office of International Commerce; allows LED to lease, sublease, or sell state property (designated as LED property by the Commissioner of Administration) as well as obligate a property purchase through a single purpose entity upon approval of the commissioner then subsequent JLCB “oversight of the purchase process,” all of which is authorized by the bill; establishes but does not fund the LA Economic Development Innovation Fund with LED discretion as to use; changes the membership and responsibilities of the Board of International Commerce, and repeals two annual reports. Proposed law repeals current law with respect to the authorization for LEDC to create a nonprofit QSDC.

| EXPENDITURES | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 5 -YEAR TOTAL |
|----------------|-----------|-----------|-----------|-----------|-----------|---------------|
| State Gen. Fd. | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | |
| 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 | \$0 |
| Local Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Annual Total | | | | | | |

| REVENUES | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 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

The bill eliminates the Office of Economic Development and the Office of International Commerce with the responsibilities assumed by the newly created Office of Economic Development. LED reports no change in expenditures and no additional staff or agency personnel will be required or eliminated due to the duties outlined in the bill.

1) LED is allowed to purchase property after approval of commissioner for the purpose of creating economic benefits to the state. The MOF for such purchases or any expenses related to the property is unspecified. JLCB will have “oversight of the purchase process,” which is unclear given that the obligation appears to be finalized before JLCB consideration. Thus, the bill appears to authorize an obligation without further legislative approval.

Furthermore, LED is authorized to create a single purpose entity with the authority to act on the behalf of the department for the limited purposes of property transactions (both buying and selling). In current law, the Office of State Lands under the Division of Administration generally must follow certain requirements related to appraisals, fair market value, public notice, compensation limits for realtors, ethical considerations, and legislative reporting requirements (including net proceeds) for transactions concerning state property. The procedures and rules for property transactions under the proposed measure are not clearly defined and appear to be under the discretion of LED and/or the single purpose entity acting on its behalf with unclear legislative oversight.

2) The LED Innovation Fund is established but not funded in the bill and allows the Secretary of LED to develop criteria for fund distribution.

To the extent LED chooses to utilize either of these two authorizations, the agency would likely incur costs in excess of the \$100,000 dual referral threshold as stipulated in House Rule 6.8(F)(1) and/or Senate Rule 13.5.1.

The bill makes substantial changes to the membership of the Board of International Commerce, including adding two airport representatives, and changes its responsibilities.

REVENUE EXPLANATION

In current law, LED may lease property under its control with Commissioner approval. The bill expands LED’s revenue options to include the selling or subleasing of LED property (allowing for JLCB oversight after the fact). Revenue generated flows to the Site Investment and Infrastructure Improvement Fund (apparently created in HB 433 of this session, though this bill is not contingent). To the extent LED sells or subleases property, the bill may increase statutory dedication revenue within LED by an amount that depends on the executed contracts. The bill creates the LED Innovation Fund with no specified source of revenue.

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| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> | |
| <input 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} | |
| <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} | <div>Deborah Vivien Chief Economist</div> |