

LEGISLATIVE FISCAL OFFICE

Fiscal Note



Fiscal Note On: **HB 604** HLS 13RS 1128
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 19, 2013 3:13 PM	Author: BROSSETT
Dept./Agy.: Division of Administration (DOA)	
Subject: Unexpended federal hurricane funds	Analyst: Travis McIlwain

FUNDS/FUNDING-GRANTS OR SEE FISC NOTE FF EX Page 1 of 1
 To provide for the distribution and allocation of unspent federal funds available for recovery from Hurricanes Katrina and Rita

The proposed legislation provides that the office of community development within the Division of Administration shall allocate any unspent federal funds available for the recovery to the governing authority of each parish affected by Hurricane Katrina or Rita. If a parish seeks to modify its allocations among recovery programs, or to use all or part of its allocations for a purpose other than that permitted under the approved program, the office of community development shall seek the necessary federal approvals to permit the parish governing authority to provide an alternative use of the allocated monies. Provides that the parish governing authority may request the state (Office of Community Development) to continue to operate such program. If a parish governing authority elects not to accept a recovery program, the parish governing authority may thereafter request operation of that recovery program and the office of community development shall transfer administration of that program to such governing authority within thirty days of the request. Effective July 1, 2013.

EXPENDITURES	2013-14	2014-15	2015-16	2016-17	2017-18	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						

REVENUES	2013-14	2014-15	2015-16	2016-17	2017-18	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

The proposed legislation provides that the Office of Community Development (OCD) within the DOA shall allocate any "unspent" federal dollars available for the recovery to the governing authority of each parish impacted by Hurricane Katrina or Rita. Federal funds allocated to the state for recovery efforts must be spent according to approved action plans and within federal guidelines. The LFO assumes that any change to the method of distribution (funding transferred from one program to another) requires an action plan amendment and approval from HUD. The proposed legislation does require OCD to seek the necessary federal approval for a parish to modify its allocations among recovery programs or to use all or part of its allocations for a purpose other than that permitted under the approved program.

The DOA indicates the proposed legislation may result in additional legal costs in the anticipated amount of \$36,000. The legal costs associated with reallocating these "unspent" federal resources include modifying existing cooperative endeavor agreements with local governments.

The DOA has indicated to the LFO that the majority of unexpended program funds are currently obligated by contract, loan agreement or cooperative endeavor agreement. Based upon the latest publicly reported data from Hurricane Katrina/Rita funds (March 2013), there is approximately \$134.3 million unobligated. According to the DOA, \$110 million of these funds is from the third Congressional allocation, which was strictly limited to the Road Home Program. Thus, these funds are not allowed to be moved as per federal law. In addition, according to the DOA there is approximately \$8 million of the unobligated funds that are associated with an unsigned cooperative endeavor agreement (CEA). The DOA does not officially move funds from unobligated to obligated until a signed CEA is in place. Based upon this information, there is approximately \$16 million that could be considered "truly" unobligated.

The dollar amounts by program of the unobligated funds are in the following categories: Housing (\$123.6 million unobligated, of which \$110 million is from The Road Home), Infrastructure (\$4.5 million unobligated), Economic Development (\$5.8 million unobligated).

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

<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) >= \$500,000 Annual Fiscal Cost {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}

Evan Brasseaux

Evan Brasseaux
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