

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



Fiscal Note On: **SB 338** SLS 14RS 273

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.: **w/ PROP SEN COMM AMD**

Sub. Bill For.:

<b>Date:</b> April 13, 2014 5:33 PM	<b>Author:</b> DONAHUE
<b>Dept./Agy.:</b> Economic Development	<b>Analyst:</b> Greg Albrecht
<b>Subject:</b> Economic Reports	

FISCAL CONTROLS OR INCREASE GF EX See Note Page 1 of 1  
Provides relative to economic reports for projects submitted in conjunction with the request for the review or approval of the Joint Legislative Committee on the Budget. (7/1/14)

The bill enumerates the information required to be included in all economic reports for projects submitted for review or approval to the Joint Legislative Committee on the Budget (JLCB) when the project involves more than \$10 million of total state commitment. Requirements include information concerning all input data and assumptions of the analysis, description of the analytical model used, particular result concepts to report, discussion of adverse effects on competing industries, direct costs to the state fisc, costs of additional public services required in the affected area of the project, the relative importance of the incentive/subsidy package and other business fundamentals to the project, comparison of costs and benefits over the same time horizons. A format for presentation of the information shall be developed in consultation with the JLCB. Such information is to be submitted to the JLCB 17 business days in advance. Effective July 1, 2014.

<b>EXPENDITURES</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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>REVENUES</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</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>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**EXPENDITURE EXPLANATION**

The Department of Economic Development currently obtains economic impact reports from the Division of Economic Development in the LSU College of Business. These reports currently cost some \$20,000 each for large project analysis. This bill requires more information and analysis be included in those reports, and may result in somewhat higher costs to generate them. However, much of what is required by the bill should already be part of generating the reports currently, although not necessarily included in the final report product as comprehensively as contemplated by the bill. Once a report format is established, as required by the bill, additional costs for much of what the bill requires should be relatively small.


There are certain items in the bill that will require additional analysis and inclusion that is not typical of the current reports, such as consideration of adverse effects on competing sectors, opportunity costs of state resources committed to the project, potential public services costs in affected areas, and the importance of the incentive package relative to other business fundamentals. However, these items should not be unknown to providers of these reports, and consideration of them can be standardized to some extent in the report format established. Additional costs for this analysis is likely, though.

While some additional costs are likely, establishment of a report format along with some standardization in how to consider the new required information, can work to moderate those additional costs.

**REVENUE EXPLANATION**

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

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|---|----------------------------|--------------|--|
| <u>Senate</u>   | <u>Dual Referral Rules</u> | <u>House</u> | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}                    |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}       |                            |              | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 State Rev. Reduc. {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} |

  
**John D. Carpenter**  
**Legislative Fiscal Officer**