

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 297** SLS 14RS 80

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 21, 2014	9:12 AM	Author: BROWN, TROY
Dept./Agy.: Revenue		Analyst: Deborah Vivien
Subject: Reimburses half of private infrastructure donations		

LOCAL AGENCIES

EG DECREASE LF RV See Note

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Authorizes the state and its political subdivisions or political corporations to enter into cooperative endeavor agreements with private entities relative to the funding of local infrastructure projects. (gov siq)

Current law allows local entities to engage in cooperative endeavors with each other, the federal government, or any public or private entities.

Proposed law allows cooperative endeavor agreements that provide for private donations for public infrastructure projects carried out on public property to be eligible for a local reimbursement payment, including a rebate, tax credit or other incentive, of one-half the value of the donation, up to \$500,000 per year per donor. The donation value would be reported by the donor to the appropriate public official. Mandatory provisions of the agreement include obligations, benefits, and a clawback mechanism. The public entity receiving the infrastructure promulgates rules. The local entity verifies the stated donation value.

Effective 7/1/14.

EXPENDITURES	2014-15	2015-16	2016-17	2017-18	2018-19	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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Annual Total						

REVENUES	2014-15	2015-16	2016-17	2017-18	2018-19	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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Annual Total						

EXPENDITURE EXPLANATION

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

Local governments may have additional duties related to valuation of donations and ensuring that documentation is handled according to procedure. Since the donation will presumably benefit the local area, these responsibilities are not expected to be fiscally prohibitive. The bill does not appear to authorize any activities that are not allowed under current law.

REVENUE EXPLANATION

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

This bill authorizes local entities to make payments to donors in the amount of one-half of a private donation related to public infrastructure for a public purpose, whether cash, goods or services, up to \$500,000 per year per donor. These activities appear to be allowed under current law. The donor provides the valuation of the donation. The bill is silent on carryforward provisions for donations valued above \$1 M which generate a reimbursement payment greater than \$500,000. The bill also provides no audit requirement and no program cap.

Local revenue will decline by the amount of rebate, tax credit or other incentive it chooses to provide. However, local revenue will increase if donations are cash since the reimbursement is one half of the donation amount up to \$500,000, though presumably the donated cash will be dedicated to the project. Aside from the reimbursement, local revenue will not be affected if donations are goods or services.

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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} |

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