

LEGISLATIVE FISCAL OFFICE
Fiscal Note



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

Bill Text Version: **ENROLLED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

| | | |
|---|---------|--------------------------------|
| Date: June 2, 2014 | 9:52 AM | Author: BROWN, TROY |
| Dept./Agy.: Revenue | | Analyst: Deborah Vivien |
| Subject: Reimburses half of private infrastructure donations | | |

LOCAL AGENCIES

EN 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.

Senate

Dual Referral Rules

House

13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

6.8(F)(2) >= \$500,000 State Rev. Reduc. {H & S}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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