

LEGISLATIVE FISCAL OFFICE
Fiscal Note

ACT 704

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

Bill Text Version: **ENROLLED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:



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| Date: June 27, 2014 2:07 PM | Author: DONAHUE |
| Dept./Agy.: Economic Development | Analyst: Greg Albrecht |
| Subject: Economic Reports | |

FISCAL CONTROLS EN 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 and financial 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, the relative importance of the incentive/subsidy package and other business fundamentals to the project, and cost/benefit comparisons over the same time horizons. A format for presentation of the information shall be developed in consultation with the LFO and the JLCB. Such information is to be submitted to the JLCB 17 business days in advance of the meeting unless a shorter time frame is approved by the chairman. The Legislative Fiscal Office is to provide the JLCB an evaluation of the submitted report. Effective July 1, 2014.

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

EXPENDITURE EXPLANATION

The Department of Economic Development currently obtains economic impact reports from the Division of Economic Development in the LSU College of Business, and provides an assessment of projects to the JLCB. The impact reports from LSU currently cost some \$20,000 each for large project analysis. This bill requires more information and analysis be included in those reports and the department's submittal to JLCB, 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, although not necessarily included in the final 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 and an assessment of the importance of various fundamental business costs and the incentive package. However, these items should not be unknown to the Department and the providers of these reports, and consideration of them can be standardized to some extent in the report format established. Some additional costs for this analysis may also be likely, though.

REVENUE EXPLANATION

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

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| <p><u>Senate</u></p> <p><input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}</p> <p><input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}</p> | <p><u>Dual Referral Rules</u></p> | <p><u>House</u></p> <p><input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}</p> <p><input type="checkbox"/> 6.8(F)(2) >= \$500,000 State Rev. Reduc. {H & S}</p> <p><input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}</p> |
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John D. Carpenter
Legislative Fiscal Officer