



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 773** HLS 15RS 1194
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

| | |
|---|------------------------------|
| Date: May 27, 2015 2:10 PM | Author: LEGER |
| Dept./Agy.: Economic Development | Analyst: Charley Rome |
| Subject: Authorizes Collection of Fees | |

ECONOMIC DEVELOP/DEPT RE +\$1,900,000 SG RV See Note Page 1 of 1
 Provides relative to fees assessed by the Department of Economic Development

Proposed law authorizes the secretary to recover costs for incentives or assistance granted by the department and authorizes the establishment of fees by rule promulgated in the APA, setting the following maximum amounts: (1) advance notification fee - \$250. (2) filing application fee, .5% of the amount of incentives or exempted taxes (min. amount of \$500 and max. of \$15,000). (3) loan guaranty fee, 4% of the guaranteed loan amount. (4) fee for affidavit of final cost or project completion report - \$250. (5) annual certification report fee - \$250. (6) contract amendment fee - \$250. (7) contract renewal fee - \$250. (8) statutorily required verification report fee - not to exceed the actual costs to the department. Proposed law repeals the fee schedule for the motion picture investor tax credit and provision that amounts deposited shall be credited to the Entertainment Promotion and Marketing Fund. The bill requires that fees collected be used solely for costs associated with the administration of department programs. Proposed law repeals the La. Economic Development Corporation fee schedule applications and other fees and provides that the corporation, through the secretary, may charge application fees in accordance with the schedule adopted pursuant to rule. Effective July 1, 2015.

| EXPENDITURES | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 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 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Annual Total | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

| REVENUES | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 5 -YEAR TOTAL |
|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| State Gen. Fd. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Agy. Self-Gen. | \$1,900,000 | \$1,900,000 | \$1,900,000 | \$1,900,000 | \$1,900,000 | \$9,500,000 |
| 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 | \$1,900,000 | \$1,900,000 | \$1,900,000 | \$1,900,000 | \$1,900,000 | \$9,500,000 |

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

The bill will increase self-generated fees at the Department of Economic Development (LED) by approximately \$1.9 M per year in Fiscal Year 2015-16 and thereafter. LED anticipates collecting the following amounts per year for each of the following fees proposed in the bill:

| | |
|--------------------------------------|----------------------|
| 1. Advance Notification Fee | \$199,250 |
| 2. Filing Application Fee | \$3,673,253 |
| 3. Affidavit of Final Cost Fee | \$206,250 |
| 4. Project Completion Report Fee | \$163,500 |
| 5. Annual Certification Report Fee | \$42,750 |
| 6. Employee Certification Report Fee | \$92,500 |
| 7. Annual Compliance Report Fee | \$1,000 |
| 8. Contract Charges Fee | \$64,250 |
| 9. Contract Renewal Fee | \$144,750 |
| Total Proposed Fees | \$4,587,503 |
| <i>Elimination of Existing Fees</i> | <i>(\$2,675,256)</i> |
| Net Increase in Fees | \$1,912,247 |

The bill includes a fee for a statutorily required verification report that shall not exceed the actual cost to LED based on hours expended at a rate not exceeding \$250 an hour for department-contracted services or salary and benefits for department employee services. The "statutorily required verification report" refers to legislation proposed in HB 604 of 2015 authorizing LED to impose and collect verification report fees to pay costs associated with CPAs and attorneys engaged and assigned by LED to provide independent verification of tax credit cost reports for the following tax credit programs: motion picture investor, digital interactive media/software, sound recording investor, musical/theatrical production income, and research and development tax credit. LED estimates that these fees will generate approximately \$4.76M per year. However, these fees are not included in the amounts associated with this bill because they are contingent upon passage of HB 604.

- 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 Rev. Red. to State {H & S}
- 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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