



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

Fiscal Note On: **HB 642** HLS 21RS 773  
 Bill Text Version: **ENROLLED**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> June 15, 2021	8:45 AM	<b>Author:</b> SCHEXNAYDER
<b>Dept./Agy.:</b> Treasury		
<b>Subject:</b> Creates the Louisiana Rescue Plan Fund		<b>Analyst:</b> Alan M. Boxberger

FUNDS/FUNDING-GRANTS EN NO IMPACT SD EX See Note Page 1 of 2  
 Provides for the disbursement of monies received from the American Rescue Plan Act of 2021

Proposed law creates the LA Rescue Plan Fund, the Water Sector Fund, the Granting Unserved Municipalities Broad Band Opportunities (GUMBO) Fund, the LA Main Street Recovery Rescue Plan Fund, the LA Coronavirus Capital Projects Fund, the LA Small Business and Nonprofit Assistance Fund, the LA Port Relief Fund, the LA Tourism Revival Fund, the Capital Outlay Relief Fund, and the Southwest LA Hurricane Recovery Fund, and directs the treasurer to deposit certain federal monies allocated to Louisiana pursuant to Coronavirus State Fiscal Recovery Fund of the American Rescue Plan Act of 2021 into each fund. Proposed law creates programs for the specific purpose of administering grants from the created funds. Proposed law provides for allowable uses from the created funds and establishes allowable administrative costs to be paid by the respective administrators of the programs making grants therefrom. Proposed law creates the Water Sector Commission and provides for membership and duties. Proposed law shall be effective upon signature of the governor or lapse of time for gubernatorial action, except for the GUMBO Fund and Program, which is enacted contingent upon passage of HB 648 of the 2021 Regular Session.

EXPENDITURES	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	SEE BELOW	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>						

REVENUES	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

There is no anticipated direct material effect on governmental expenditures as a result of this measure. Proposed law creates the Louisiana Rescue Plan Fund and directs the treasurer to deposit all federal monies allocated to Louisiana pursuant to Coronavirus State Fiscal Recovery Fund of the American Rescue Plan (ARP) Act of 2021 into the fund. Louisiana's allocation from the ARP includes \$3,011,136,887 direct aid to the state. The ARP also creates a Coronavirus Capital Projects Fund. This fund is intended for critical capital projects directly enabling work, education and health monitoring, including remote options, that respond to the COVID pandemic. Louisiana's allocation from the Capital Projects Fund is \$179.8 M.

Proposed law provides for the allowable uses of monies in the Louisiana Rescue Plan Fund and makes allocations for specific deposits of monies from within the fund into other newly created funds for specific purposes as follows:

**Louisiana Main Street Recovery Rescue Plan**

Proposed law directs the treasurer to transfer \$14.5 M into the LA Main Street Recovery Rescue Plan Fund from the Louisiana Rescue Plan Fund and provides for \$10 M to be used for economic grants to timber harvesting and hauling businesses and \$4.5 M to movie theater businesses.

**Louisiana Loggers Relief Program**

Provides grants to eligible timber harvesting and timber hauling businesses impacted by COVID-19 in amounts not to exceed \$25,000 per business. Proposed law provides for priority for \$10 M of the money granted by the LA Main Street Recovery Program Grants to eligible timber harvesting and hauling businesses. This program shall be administered by the state treasurer with up to 5% (\$500,000) of monies in the fund to provide for administrative costs.

**Louisiana Save Our Screens Program**

Provides grants to eligible movie theater businesses impacted by COVID-19 in amounts not to exceed \$10,000 per movie screen located in Louisiana. Proposed law provides for priority for \$4.5 M of the money granted by the LA Main Street Recovery Program to eligible movie theater businesses. This program shall be administered by the state treasurer, who may utilize up to 5% (\$225,000) of monies in the fund to provide for administrative costs.

NOTE: The Treasury reports that the department may be required to procure a consulting services contract to execute the programs in the prescribed timeframe. The Department of Revenue (DOR) is likely to realize a workload impact associated with the review and confirmation of tax information submitted by qualifying businesses. DOR developed a web portal for the Main Street Recovery Program that can be reactivated, which will allow Treasury to confirm a portion of claims. Claims that cannot be verified remotely will require manual review by DOR staff. DOR reports that it can generally absorb this workload if the number of claims is manageable. However, if a large volume of claims is filed, additional budgetary and short-term staffing resources may be necessary. DOR also reports that it will realize costs associated with printing and mailing relevant tax documents to grant recipients.

**SEE EXPENDITURE EXPLANATION CONTINUED ON PAGE TWO**

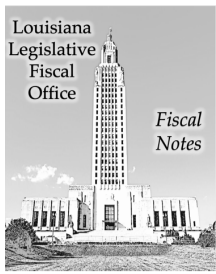
**REVENUE EXPLANATION**

Proposed law will create no net change to revenue receipts for state or local governing entities. Proposed law creates the Louisiana Rescue Plan Fund and directs the treasurer to deposit all federal monies allocated to Louisiana pursuant to Coronavirus State Fiscal Recovery Fund of the American Rescue Plan (ARP) Act of 2021 into the fund. Absent proposed law these monies may have been appropriated as a Federal (Direct) revenue source. The monies will now be appropriated as a Statutorily Dedicated source.

Senate      Dual Referral Rules  
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}  
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House  
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}  
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

**Christopher A. Keaton**  
 Legislative Fiscal Officer



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**CONTINUED EXPLANATION from page one:**

**EXPENDITURE EXPLANATION CONTINUED FROM PAGE ONE**

**Water Sector Program**

Created to provide grant funding for repairs, improvements, and consolidation of community water and sewer systems, and repairs and improvements necessitated by storm water. Proposed law directs the treasurer to deposit \$300 M into the Water Sector Fund. This program shall be administered by the LA Division of Administration (DOA), the Office of Facility Planning & Control and the Office of Community Development. A Water Sector Commission, comprised of ten members (five each from the LA House and LA Senate) will develop guidance and recommendations for distribution of grants from the Water Sector Fund. The Commission shall establish a working panel, comprised of certain public officials from specified agencies and with administrative support from specified legislative offices, to review and rate applications submitted by community water systems, sewer systems, and local governing authorities. The Commission will make recommendations for funding to the JLCB. These entities will realize an indeterminable workload impact associated with the prescribed activities. The magnitude of any potential expenditures is speculative and will be determined through Commission planning and JLCB approval. The LFO assumes legislative members will be eligible for per diem and travel reimbursements paid from SGF. The LFO assumes agencies with staff participating on the working panel can absorb the workload and any expenditures arising from participation. Proposed law requires each grant recipient to provide matching funds unless waived by the commission.

**Louisiana Coronavirus Capital Projects Program**

Proposed law creates the Louisiana Coronavirus Capital Projects Fund and directs the treasurer to deposit \$179.8 M from the American Rescue Plan Act of 2021 pursuant to the Coronavirus Capital Project Fund found therein. Monies in the fund shall be used in accordance with the ARP Act and subsequent guidance promulgated by the U.S. Treasury. The state treasurer is authorized and directed to transfer \$90 M from the fund into the newly created Granting Unserved Municipalities Broadband Opportunities (GUMBO) Fund (see below).

**Granting Unserved Municipalities Broadband Opportunities (GUMBO) Program**

Proposed law creates the GUMBO Fund and directs the treasurer to deposit \$90 M from the LA Coronavirus Capital Projects Fund. This program shall be administered by office of broadband development and connectivity in the DOA in accordance with the provisions of HB 648 if enacted into law. HB 648 includes authorization for use up to 1% of appropriated funds to administer the GUMBO Program.

**Capitol Technology Enhancements**

Proposed law directs the treasurer to deposit \$15 M out of the Louisiana Rescue Plan Fund into the Legislative Capitol Technology Enhancement Fund.

**Louisiana Small Business and Nonprofit Assistance Program**

Created to provide grant funding to small businesses and nonprofits for COVID-19 response and relief efforts. Proposed law directs the treasurer to deposit \$10 M into the Louisiana Small Business and Nonprofit Assistance Fund. This program shall be administered by DOR with up to 5% administrative cost allowed. The LFO assumes DOR can expand its workload capacity within the 5% administrative allowance to dispense grant funds as prescribed. Proposed law provides that no grants shall be awarded after 6/30/22. The program shall provide grants to eligible nonprofit organizations in amounts not to exceed \$25,000 per eligible entity.

**Louisiana Port Relief Program**

Created to provide grant funding to Louisiana port authorities for revenue loss, reimbursement of expenses related to COVID-19 and port security measures. Proposed law directs the treasurer to deposit \$50 M into the Louisiana Port Relief Fund. Proposed law provides that the funding from the program for security measures shall not exceed \$5 M. This program shall be administered by the DOA. Proposed law provides that no funds be distributed until the application period closes, and that all qualifying entities receive a pro rata distribution up to the qualifying limit of each entity. Proposed law provides that DOA may utilize an amount not to exceed \$250,000 collectively to administer the Port Relief Program and the Tourism Revival Program.

**Clearing Account of the Unemployment Compensation Fund**

Proposed law makes payments to the Clearing Account of the Unemployment Compensation Fund an allowable use of the LA Rescue Plan Fund.

**Transportation Trust Fund - Construction Subfund**

Proposed law directs the treasurer to deposit \$563 M into the Construction Subfund of the Transportation Trust Fund. Monies in the Subfund can be used for solely for the direct costs associated with actual project delivery, construction, and maintenance of transportation and capital transit infrastructure projects of the state and local government.

**Major Events Fund**

Proposed law directs the treasurer to deposit \$10 M into the Major Events Fund (administered in accordance with LA R.S. 39:100.126).

**Health Care Employment Reinvestment Opportunity (H.E.R.O.) Program**

Proposed law directs the treasurer to deposit \$5 M into the Health Care Employment Reinvestment Opportunity (H.E.R.O.) Fund in accordance with Act 109 of the 2021 RS.

**Louisiana Tourism Revival Program**

Proposed law directs the treasurer to deposit \$77.5 M into the Louisiana Tourism Revival Fund. Monies in the fund shall be used to support efforts of state, local and regional tourism entities to invest in marketing and promoting Louisiana as a destination. \$17.5 M of the fund shall be appropriated to the Department of Culture, Recreation and Tourism for the Marketing Program and \$60 M to the Louisiana Tourism Revival Program as provided for in LA R.S. 39:100.55.2 (administered by DOA). Proposed law provides that DOA may utilize an amount not to exceed \$250,000 collectively to administer the Port Relief Program and the Tourism Revival Program.

**Louisiana Southwest Hurricane Recovery Program**

Proposed law directs the treasurer to deposit \$30 M into the Southwest Louisiana Hurricane Recovery Fund. Monies in the fund shall be used to assist in repairing structural damages caused by the 2020 hurricane season in Southwest Louisiana.

**Capital Outlay Relief Program**

Proposed law directs the treasurer to deposit \$35 M into the Capital Outlay Relief Fund. Proposed law does not specify a purpose for these funds.

**Proposed law provides that pursuant to approval of a budget adjustment (BA-7) by the JLCB, monies in the fund may be used to provide funding for infrastructure projects administered by DOTD.**

Senate Dual Referral Rules


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

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

House

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

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