



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 74** SRS 00E- 115
 Bill Text Version: **ORIGINAL**
 Opp Chamb Action:
 Sub Bill For:
 Proposed Amd:

Date: March 21, 2000 7:39 AM	Author: HOLLIS
Dept/Agy: Economic Development	
Subject: Economic Development Organization	Analyst: Julie A. Samson

ECONOMIC DEVELOPMENT

Constitutional amendment to authorize the creation and provide for powers, duties, and functions of a corporation to serve as a central source principal economic development organization of the state.
Proposed legislation is the enabling instrument for SB 88 and will be submitted to the electors of the state of Louisiana at the statewide election to be held on October 7, 2000.

Proposed constitutional amendment authorizes the legislature by law to create a corporation to serve as a central source principal economic development organization of the state and to provide that such entity may receive state funds as appropriated by the legislature for economic development purposes.

EXPENDITURES	2000-01	2001-02	2002-03	2003-04	2004-05	5 YEAR TOTAL
State General Fd.	\$3,000,000	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Stat. Deds./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	\$3,000,000					

REVENUES	2000-01	2001-02	2002-03	2003-04	2004-05	5 YEAR TOTAL
State General Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Stat. Deds./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:

Transition costs to privatize the Department of Economic Development as Louisiana, Inc., were estimated to be \$3 million in FY 2001, per testimony by the Commissioner of Administration to the Joint Legislative Committee on the Budget. At the time of this writing, no specific information has been made available to the Fiscal Office as to how this estimate was calculated. This transition would take place on January 1, 2001 at which time DED would cease to exist and Louisiana Inc. would become DED's successor.

In FY 2001, Louisiana Inc. will assume the balance of approximately \$6.5 million that is anticipated to be appropriated to DED during the 2000 Regular Session for the performance of those functions which are currently being undertaken by DED and which will be retained by Louisiana, Inc. Funding for Louisiana, Inc. in subsequent years is anticipated to be roughly the same as would have been appropriated to DED to carry on these same functions. However, any funds appropriated to Louisiana Inc. in subsequent years will be considered property of the corporation, therefore these funds would not be available for expenditure in other areas in the event of budget shortfalls by the state, nor would unspent appropriations be subject to return to the State General Fund. Louisiana Inc. will not be deemed a budget unit or agency of the state and shall not be required to return any appropriation from the state not expended within a fiscal year. However, all appropriations to Louisiana Inc. will be listed in the Appropriations Bill. Louisiana Inc. may also receive funding from other sources such as borrowed funds, selling of tax exempt bonds, and self-generated revenue.

That portion of the Department of Economic Development which performs the functions to be transferred to Louisiana, Inc. has 127 positions funded through the current appropriation. Louisiana, Inc. will reportably have approximately 60 permanent employees and additional contract employees as needed, with the same approximate budget as currently used by DED to perform these functions.

A fund known as the "Louisiana, Inc. Fund", will be created in the treasury, into which monies appropriated to or otherwise received by Louisiana Inc. will be credited. This money would be drawn by warrant from the state's treasury at the beginning of each calendar quarter and shall be used for the implementation and execution of the powers, duties and functions of the corporation. Any funds generated or created by the corporation or any program administered by the corporation resulting in self-generated revenue or dedicated sources of funds shall not be considered money received by the state but rather property of the corporation and maintained by Louisiana Inc. outside the state's treasury.

REVENUE EXPLANATION:

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

Dual Referral Rules

Senate

13.5.1 >= \$500,000 Annual Fiscal Cost

13.5.2 >= \$500,000 Annual Tax or Fee Change

House

6.8(F) >= \$500,000 Annual Fiscal Cost

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease per year

Robert E. Hosse
ECONOMIST/SECTION DIRECTOR