



**LEGISLATIVE FISCAL OFFICE**  
Fiscal Note

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

<b>Date:</b> March 27, 2000 4:42 PM	<b>Author:</b> HOLLIS
<b>Dept/Agy:</b> Department of Economic Development	
<b>Subject:</b> Economic Development	<b>Analyst:</b> 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. (SGF expd incr \$3 mill in FY 00-01. See fiscal note.)  
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.

<b>EXPENDITURES</b>	<b>2000-01</b>	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>	<b>5 YEAR TOTAL</b>
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
<b>Annual Total</b>	<b>\$3,000,000</b>					

  

<b>REVENUES</b>	<b>2000-01</b>	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>	<b>5 YEAR TOTAL</b>
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
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**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. (Continue on page 2)

**REVENUE EXPLANATION:**

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

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**



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PURPOSE OF BILL (continued from page one) :

EXPENDITURE EXPLANATION (continued from page one) :

Those entities within the Department of Economic Development, which will be transferred to other departments of the state, shall retain through transfer all assets, liabilities and contractual obligations. Entities included in R.S 36:803, licensing agencies, are self-contained and do not depend on DED for management or financial support and therefore no cost should be incurred for the transfer of these entities. Those entities included in R.S. 36:801 depend on DED's Office of the Secretary for Management and Finance and Legal support for functions related to payroll, personnel management, procurement, and contract management. These costs are financed through Inter Agency Transfers from the boards and commissions to the Agency. It has been explained to the Legislative Fiscal Office that these IAT's and T.O.'s will follow the boards and commissions to their new agencies and that there should be no additional cost to the state or need for additional positions.

REVENUE EXPLANATION (continued from page one) :

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
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