

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 422** SLS 18RS 498
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action: **w/ HSE COMM AMD**
 Proposed Amd.:
 Sub. Bill For.:

Date: April 25, 2018 9:54 AM	Author: WHITE
Dept./Agy.: Higher Education	Analyst: Willis Brewer
Subject: Distribution of certain contractor fees to colleges	

FUNDS/FUNDING EG1 SEE FISC NOTE SG RV See Note Page 1 of 1

Provides for the distribution of certain contractor fees to accredited public universities and community colleges school of construction management or construction technology. (8/1/18)

Present law provides that to defray the cost of issuing licenses, the State Licensing Board for Contractors will fix reasonable fees to be assessed, and reasonable penalties to be assessed for late applications for renewal of licenses and other administrative infractions. Further provides that the basic license fee will be the sum of not more than \$100 and the fee for additional classifications will be a lesser amount as set by the board.

Present law provides that one-half of the funds collected pursuant to present law will be distributed on a pro rata basis to each accredited public university's or community college's school of construction management or construction technology. Proposed law retains present law but adds that each accredited public university will receive twice as much funds as each community college. Effective August 1, 2018.

EXPENDITURES	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

The proposed law is anticipated to have a net zero impact on the state's self-generated revenues (SGR). However, the proposed law will reduce the self-generated revenues (SGR) transferred to community colleges while increasing the SGR revenues to four-year universities.

These SGR revenues are collected by the State Licensing Board for Contractors and are derived from voluntary donations made by contractors at the time of their license renewal. The Board collects these donations each calendar year and transfers the funds to the institution the following fiscal year.

Currently, the funding (FY 17: \$550,034) is split evenly (50/50) into two pools of funding where half of the funds (FY 17: \$275,017) are distributed prorata and the other half is based on the number of graduates in construction management programs. Since there were four eligible institutions, each institution received 25% of the first funding pool in FY 17. The second funding pool (based on the number of graduates) was distributed in FY 17 as follows: ULM (10.4%), LSU (76.1%), La Tech (8.6%), and BRCC (5%). The number of graduates and the distribution is likely to change each year. In FY 17, the Board distributed \$550,034 to Louisiana postsecondary institutions including University of Louisiana Monroe (\$97,238), Louisiana State University A&M (\$277,964), Louisiana Tech (\$92,327), and Baton Rouge Community College (\$82,505).

Under the proposed law, each of the four-year universities will receive 28.6% (85.7% in total) and the community college (BRCC) will receive 14.3% of the first funding pool. This legislation does not impact the funding pool based on graduates. Using the FY 17 distribution as an **illustrative example**, the LFO estimates this will increase SGR by \$9,822 to each of the three universities (\$29,466 in total) and will reduce the funding to BRCC by \$29,466. However, this does not take into account any change in the available funding or any change in the number of graduates.

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}

Evan Brasseaux

Evan Brasseaux
Staff Director