



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

Fiscal Note On: **HB 391** HLS 19RS 507  
 Bill Text Version: **ENGROSSED**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.: **REVISED**

|   |         |                             |
|---|---------|-----------------------------|
| <b>Date:</b> May 2, 2019  | 4:17 PM | <b>Author:</b> FOIL         |
| <b>Dept./Agy.:</b> LA Dept. of Economic Development/Dept. of Veterans |         | <b>Analyst:</b> Zachary Rau |
| <b>Subject:</b> Creates the Veterans First Business Initiative        |         |                             |

VETERANS EG INCREASE GF EX See Note Page 1 of 1  
 Provides for the certification of veteran-owned businesses

Proposed law creates the Veterans First Business Initiative and provides legislative intent. Proposed law defines key term associated with proposed law. Proposed law outlines the application and certification process within the LA Dept. of Economic Development (LED) for veterans seeking to participate in the Veterans First Business Initiative. Proposed law requires LED to create an insignia for use by certified veteran-owned firms. Proposed law requires LED to create a database of certified veteran-owned businesses for display on its website. Proposed law requires LED to conduct outreach with the LA Dept. of Veterans Affairs and various regional and local economic development entities throughout the state. Proposed law grants LED rule-making authority for the purposes of implementing proposed law.

| <b>EXPENDITURES</b> | <b>2019-20</b> | <b>2020-21</b> | <b>2021-22</b> | <b>2022-23</b> | <b>2023-24</b> | <b>5 -YEAR TOTAL</b> |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd.      | INCREASE       | INCREASE       | INCREASE       | INCREASE       | INCREASE       |                      |
| Agy. Self-Gen.      | INCREASE       | SEE BELOW      | SEE BELOW      | SEE BELOW      | SEE BELOW      |                      |
| Ded./Other          | INCREASE       | 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> |                |                |                |                |                |                      |
| <b>REVENUES</b>     | <b>2019-20</b> | <b>2020-21</b> | <b>2021-22</b> | <b>2022-23</b> | <b>2023-24</b> | <b>5 -YEAR TOTAL</b> |
| State Gen. Fd.      | \$0            | \$0            | \$0            | \$0            | \$0            | <b>\$0</b>           |
| Agy. Self-Gen.      | \$0            | \$0            | \$0            | \$0            | \$0            | <b>\$0</b>           |
| Ded./Other          | \$0            | \$0            | \$0            | \$0            | \$0            | <b>\$0</b>           |
| 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> | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>           |

**EXPENDITURE EXPLANATION**

Proposed law will increase expenditures across various means of finance for the LA Dept. of Economic Development (LED) by an estimated \$92,500 in FY 20 and SGF expenditures by an estimated \$70,000 - \$72,500 in subsequent fiscal years. The proposed legislation creates the Veterans First Business Initiative, and tasks LED with registering and certifying that firms applying to the initiative are owned by LA veterans, as well as maintaining a public database of veteran-owned firms and conducting outreach with regional and local economic development entities throughout the state. LED reports that it will require one additional T.O. position for a Business Development Officer 1-2 to implement proposed law, as certifying veteran-owned firms represents a new service for the department. LED reports a \$67,500 SGF annual cost for the T.O. position that is comprised of a \$45,000 salary and an estimated \$22,500 related benefits expense. In addition, provisions to maintain a database of veteran-owned firms and design an insignia associated with the initiative will increase expenditures for LED that the department anticipates will be absorbed by professional services contracts.

The T.O. position would be tasked with administering day-to-day operations of the initiative, such as reviewing applications and certifying firms, as well as conducting outreach with economic development entities statewide. A 2017 report issued by the federal Small Business Administration indicates that Louisiana had 42,211 veteran-owned firms based upon 2012 census data. Based upon the aforementioned data, the new program may potentially be large in scope, requiring the addition of the 1 T.O. position.

LED reports that the provision of proposed law requiring the department to maintain and post a database of certified veteran-owned businesses online will carry an estimated cost of \$25,000 across various means of finance that will be covered by a new information technology services contract that is currently in the RFP stage. Additionally, LED projects an annual maintenance cost for the database totaling approximately 10% of the initial cost, approximately \$2,500 annually. Furthermore, LED reports a one-time, likely minimal expense associated with designing an insignia for use by veteran-owned firms registered with the initiative, and that it will utilize an existing marketing contract to comply with this provision of proposed law.

The LA Dept. of Veterans (LDVA) affairs reports that verifying if firms are owned by veterans will carry no additional cost, as their veterans assistance counselors can currently verify veteran status as part of their day-to-day duties at LDVA's 74 benefits offices statewide. Furthermore, LDVA indicates that it would include public outreach for the initiative in its current public messaging campaigns.

**REVENUE EXPLANATION**

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

|   |                            |  |
|---|----------------------------|--|
| <u>Senate</u>   | <u>Dual Referral Rules</u> | <u>House</u>   |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}       |                            | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}                    |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H} |                            | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |

**John D. Carpenter**  
**Legislative Fiscal Officer**