

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 496** HLS 19RS 252

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

| | | |
|--|---------|-----------------------------|
| Date: May 1, 2019 | 9:23 AM | Author: ABRAMSON |
| Dept./Agy.: Treasury | | Analyst: Ryan Guidry |
| Subject: Unclaimed Property Revolving Loan Commission | | |

CAPITAL OUTLAY EG INCREASE SG EX See Note Page 1 of 1
Establishes the Unclaimed Property Revolving Loan Commission to provide financial assistance to local governments and political subdivisions for certain capital infrastructure projects

Proposed law authorizes an unclaimed property revolving loan commission within State Treasury to make loans and provide other assistance to local governments and non-state public entities to carry out local infrastructure projects. A seven (7) member board of directors is established to govern the commission. The commission, acting through the board, can issue bonds, choose projects to be funded, establish a schedule of fees and charges for administrative costs, and operate a revolving loan fund to finance projects at or below market interest rates. Debts of the commission are excluded from the state debt limit, and shall not be secured by the full faith and credit of the state. Withdrawals from the fund to pay debt service shall not be subject to appropriation by the legislature.

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

| REVENUES | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 5 -YEAR TOTAL |
|---------------------|------------|----------|----------|----------|----------|---------------|
| State Gen. Fd. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Agy. Self-Gen. | \$0 | INCREASE | INCREASE | INCREASE | INCREASE | \$0 |
| Ded./Other | \$0 | INCREASE | INCREASE | INCREASE | INCREASE | \$0 |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Annual Total | \$0 | | | | | \$0 |

EXPENDITURE EXPLANATION

There will be an indeterminable increase of SGR expenditures for the Department of the Treasury related to administration of the unclaimed property revolving loan commission.

Proposed law establishes the Unclaimed Property Revolving Loan Commission within the Department of the Treasury which will essentially act as a lending source for use on local infrastructure projects. The treasury has indicated that administration of the revolving loan fund may be handled by current staff or by a third-party through a request-for-proposal process. While startup and early operation may be accomplished by current staff, as the number of project applications and approvals grows, additional dedicated personnel may be required. To the extent the administration is performed by current staff, proposed law would result only in a workload increase for Treasury. To the extent the board of directors hires an executive director and/or a third-party administrator is selected to administer the revolving loan fund, proposed law would result in an increase in SGR expenditures. Actual costs would vary based on the operational structure and activity level of the revolving loan fund.

REVENUE EXPLANATION

There will be an indeterminable increase in SGR for the Department of the Treasury for administrative fees assessed by the commission. Proposed law authorizes the commission to establish a a schedule of reasonable fees to pay for administrative costs. While the specific fees that would be adopted is unknown, presumably the established fees would adequately finance the administrative costs for the commission.

Additionally, there will be an indeterminable increase in the statutorily dedicated Unclaimed Property Support Fund (UCP Support Fund) for capitalization of the revolving loan fund should HB 291 and HB 292 of the current legislative session be enacted into law and the corresponding constitutional amendment be adopted by two-thirds of the electorate (October 2019). Capitalization of the revolving loan fund proposed in this bill would be provided through the UCP Support Fund to make loans for local infrastructure projects as approved by the board of directors and the state bond commission. However, should the companion legislation not be enacted into law or the constitutional amendment not be adopted, there will be no capitalization funding mechanism available from which to make loans.

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}

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