LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 429** HLS 19RS 438
Bill Text Version: **ENGROSSED**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: May 7, 2019 4:57 PM
Author: CARTER, S.
Dept./Agy.: Parish Governments / Special Districts
Subject: College Economic Development Districts
Analyst: Greg Albrecht

DISTRICTS/ECONOMIC DEVEL EG SEE FISC NOTE SD RV See Note

Authorizes the creation of cooperative economic development districts affiliated with Louisiana public postsecondary education institutions

Proposed law authorizes the governing authorities of parishes which have public postsecondary education institutions in them to create economic development districts that incorporate property owned by the institution. The districts shall be governed by a four-member board of commissioners, each serving five-year terms without salary or per diem, but may be reimbursed for expenses. The districts are political subdivisions of the state, and can execute tax increment financing, incur debt, and levy sales taxes with the approval of the voters within the district, or parish governing authority if there are no voters in the district. Subdistricts can be created by the districts with the same powers as the districts. Districts may issue debt serviced solely by revenues of the district, and with the approval of the State Bond Commission. District debt is not full faith a credit of the State or parish government. Debt proceeds can be used for projects in the district, but can not fund a private hotel without JLCB approval.

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	$0	$0	$0	$0	**$0**
Ded./Other	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Federal Funds	$0	$0	$0	$0	$0	**$0**
Local Funds	$0	$0	$0	$0	$0	**$0**
Annual Total						

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

EXPENDITURE EXPLANATION

Expenses of districts can be paid with the resources of the district. These district resources are presumed to be funded by dedicated tax increment financing, discussed below. The bill is general in nature with no specificity of what level of expenses may be associated with any district.

REVENUE EXPLANATION

Revenues of districts can be generated by sales taxes and assessments, and bond proceeds. Tax increment financing is authorized by the bill; specifically, ad valorem property tax financing (R.S. 33:9038.33) and sales tax increment financing (R.S. 33:9038.34), including the use of state sales tax increments with specified procedures. These forms of financing are typically used to finance construction of infrastructure and improvements of projects that are expected to generate tax revenue when operational. Retail outlet projects are typically involved.

While the bill is general in nature with no specificity of what level of revenues/resources/increments may be associated with any district, tax receipt growth occurs without regard to the availability of any particular financing mechanism. Thus, the use of tax increment financing is essentially a dedication of tax receipts, that would otherwise support general government functions, to the purposes of the district (typically the debt service of the bonds sold to fund the projects). Consequently, to the extent the increment financing authorized by the bill is exercised, local and/or state general receipts are lower than otherwise, while dedicated receipts are higher than otherwise.

In addition, the bill allows districts to levy taxes or assessments of any type, with public notification and approval of the qualified electors of a district or subdistrict. If there are no electors, then the parish governing authority can approve the taxes or assessments.

There are over 70 institutions (not including agricultural extension offices) potentially eligible for the bill's provisions. A number of these institutions are located within a particular campus or within close proximity of another institution. Thus, the count of institutions that might realistically be eligible for the bill's provisions is smaller than the absolute count, but is still likely to be substantial.

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}

John D. Carpenter
Legislative Fiscal Officer