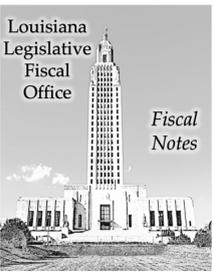


LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 569** HLS 21RS 966
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 9, 2021	3:38 PM	Author: KERNER
Dept./Agy.: Office of the Governor		Analyst: Monique Appeaning
Subject: Coastal Zone Recovery Authority		

COASTAL RES/COASTAL ZONE OR SEE FISC NOTE OF EX Page 1 of 2
 Provides for the disposition of funds recovered in settlement of the state and parish coastal zone litigation

Proposed law creates the Coastal Zone Recovery Authority (CZRA) in the office of the governor. It also creates a fund and an executive board. The board is created to exercise the powers and duties of the CZRA, oversee the implementation of the settlement agreements providing for the settlement of the coastal zone lawsuits, manage and approve all requests for projects submitted by settling parishes related to the use of funds, including the "resilience account" and the "land rights account." The board shall also oversee, manage, and administer any environmental bank program established in accordance with the settlement of the coastal zone lawsuits, including approval of the use of any revenues generated from the sale of environmental credits generated pursuant to the program. In coordination with Coastal Protection & Restoration Authority (CPRA) the board shall promulgate guidelines, rules, and regulations to implement the program. Proposed law provides that 60% of all monies in the newly created Coastal Zone Recovery Fund shall be dedicated to a "coastal master plan integrated coastal protection account" to implement integrated coastal protection projects and programs in the coastal master plan. Proposed law provides environmental credits "may" be generated from restoration activities consistent with the settlement agreements. State and Local governments are capped at 3% for planning and assistance and administrative costs from the fund.

EXPENDITURES	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW					
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						
REVENUES	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW					
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

The proposed law will have **no expenditure impact** as reported by the **Office of the Governor**. The proposed law **may result in an expenditure increase to the Coastal Protection and Restoration Authority** (CPRA) Board to provide the necessary reports, staff, assistance, and support to the CZRA and the CPRA Board CZR Subcommittee. CPRA reports this legislation requires significant roles and responsibilities for CPRA to support CZRA and the CZR Subcommittee, to administer the CZR Fund and the four accounts, to coordinate and implement additional projects, and to manage the associated contracting, invoicing, auditing, etc. CPRA does not have sufficient resources to absorb this level of increased workload. It anticipates the potential need for a Program Manager (\$94,334 salary and related benefits), a Project Manager (\$149,004 salary and related benefits), an Attorney for a legal consultant for implementation (\$108,015 salary and related benefits), an Accountant (\$100,948 salary and related benefits), and a Contract Analyst (\$75,567 salary and related benefits). The total personnel costs for the enumerated positions is \$527,868. However, the year(s) to place the costs are unknown as it is unknown when settlement proceeds would result from a coastal zone lawsuit to which the provisions of this proposed law would apply. The cost estimate assumes all positions are hired for a full-year beginning FY 22, but CPRA would only add staff as necessary when the workload requires it. The proposed law provides that not more than 3% of amounts received by an entity may be used for planning assistance and administration costs. CPRA assumes that any settlement proceeds would be sufficient to allow for the administrative expenditures within the 3% limit.

Monies deposited into the newly created Coastal Zone Recovery Fund shall be expended for those projects and programs that are consistent with the terms and conditions of any final settlement of the coastal zone lawsuits and consistent with the CPRA's master plan. Such projects are speculative until such time as the size and scope of any potential settlements are finalized and deposited into the fund. Proposed law provides a cap of 3% on expenditures related to planning and administration. To the extent sufficient funds are not deposited to provide for CPRA's expenses identified in the paragraph above within 3% of the total, CPRA may require additional state funds (assumed to be SGF), may be required to reallocate existing resources to this effort, or may be required to downsize its projected support and administrative assumptions.

Continued on Page 2

REVENUE EXPLANATION

Proposed law creates the Coastal Zone Recovery Fund in the State Treasury. There will be increased statutory dedication revenues in the newly created fund to the extent that any monies are collected from the coastal zone lawsuits and deposited into the fund. The timing, amount, and event of such collections are indeterminable.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input checked="" 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}

Alan M. Boxberger
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Staff Director



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CONTINUED EXPLANATION from page one:

Expenditure Explanation From Page 1

Proposed law will result in an indeterminable, but minimal, increase in SGF expenditures associated with legislative per diem and travel reimbursements within the Legislature as the Senate President and the Speaker of the House, or their designee, are members of the newly created CZRA. The legislative per diem is \$160 plus mileage reimbursement, which is currently \$0.56 per mile. The proposed law requires that CZRA shall meet at least quarterly and members shall serve without compensation, except travel expenses. Therefore, the legislative expenses under this measure are indeterminable but anticipated to be minimal. Also, the proposed law creates the Coastal Zone Recovery Subcommittee within the CPRA board and specifies that subcommittee members shall serve without compensation. The proposed law is silent with regard to subcommittee members receiving travel reimbursement. The Legislative Fiscal Office presumes that subcommittee members will be eligible for reimbursement of expenses similar to regular CPRA board members as detailed in the official state Policy and Procedure Manual (PPM49). For informational purposes, the current mileage reimbursement rate is \$0.56 per mile not to exceed a maximum of 99 miles per found trip and/or day.

Creating a new statutory dedication within the state treasury will result in a marginal workload increase for the Department of Treasury, which can generally be absorbed within existing resources. However, to the extent other legislative instruments create new statutory dedications, additional material costs are associated with the aggregate effort to administer these funds. The Treasury performs fund accounting, financial reporting, banking, and custodial functions for 404 special funds. When unable to absorb additional workload with existing resources, the Treasury anticipates that it will be required to add one T.O. position at a total personnel services cost of approximately \$71,000 plus approximately \$2,450 for a one-time purchase of office equipment. These expenditures are assumed to be SGF in this fiscal note.

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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