LEGISLATIVE FISCAL OFFICE Louisiana egislative 🛉 **Fiscal Note** Fiscal HB 642 HLS 21RS 773 Office Fiscal Note On: Fiscal Bill Text Version: REENGROSSED Notes Opp. Chamb. Action: Proposed Amd.: Sub. Bill For.: 5:05 PM Date: May 10, 2021 Author: SCHEXNAYDER Dept./Agy.: Treasury

Subject: Creates the Fiscal Year 2021 Reserve Fund

RE NO IMPACT SD EX See Note

Analyst: Alan M. Boxberger

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FUNDS/FUNDING-GRANTS Provides for the disbursement of monies received from the American Rescue Plan Act of 2021

Proposed law creates the LA Rescue Plan Fund, the LA Water Infrastructure Fund, the Granting Unserved Municipalities Broad Band Opportunities (GUMBO) Fund, the LA Loggers Relief Fund, the LA Save Our Screens Fund, the LA Coronavirus Capital Projects Fund, the LA Small Business and Nonprofit Assistance Fund and the LA Port Relief Fund, and directs the treasurer to deposit certain federal monies allocated to Louisiana pursuant to Coronavirus State Fiscal Recovery Fund of the American Rescue Plan Act of 2021 into each fund. Proposed law creates programs for the specific purpose of administering grants from the created funds. Proposed law provides for allowable uses from the created funds and establishes allowable administrative costs to be paid by the respective administrators of the programs making grants therefrom. Proposed law shall be effective upon signature of the governor or lapse of time for gubernatorial action, except for the GUMBO Fund and Program, which is enacted contingent upon passage of HB 648 of the 2021 Regular Session.

| EXPENDITURES   | 2021-22    | 2022-23    | 2023-24    | 2024-25    | 2025-26    | 5 -YEAR TOTAL |
|----------------|------------|------------|------------|------------|------------|---------------|
| State Gen. Fd. | SEE BELOW  | \$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   |            |            |            |            |            |               |
| 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  | SEE BELOW  |               |
|                |            |            |            |            |            |               |
| Local Funds    | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u>    |

# **EXPENDITURE EXPLANATION**

There is no anticipated direct material effect on governmental expenditures as a result of this measure. Proposed law creates the Louisiana Rescue Plan Fund and directs the treasurer to deposit all but \$400 M of federal monies allocated to Louisiana pursuant to Coronavirus State Fiscal Recovery Fund of the American Rescue Plan (ARP) Act of 2021 into the fund. Louisiana's allocation from the ARP includes \$3,208,887,206 direct aid to the state and \$1,795,920,682 direct aid to LA local governmental entities, for a total of \$5,004,807,888. The LFO assumes only the state allocation will be deposited into the fund, as the local allocations will largely be distributed directly to local governing authorities. The ARP also creates a Coronavirus Capital Projects Fund. This fund is intended for critical capital projects directly enabling work, education and health monitoring, including remote options, that respond to the COVID pandemic. The Act neither specifies that these funds are to be used for construction nor does it rule construction out. Louisiana's allocation from the Capital Projects Fund is \$179.8 M.

Proposed law provides for the allowable uses of monies in the Louisiana Rescue Plan Fund and makes allocations for specific deposits of monies from within the fund into other newly created funds for specific purposes as follows:

## Louisiana Loggers Relief Program

Created to provide grants to eligible timber harvesting and timber hauling businesses impacted by COVID-19 in amounts not to exceed \$25,000 per business. Proposed law creates the Louisiana Loggers Relief Fund and directs the treasurer to deposit \$10 M from the Louisiana Rescue Plan Fund. This program shall be administered by the state treasurer, who may utilize up to 5% (\$500,000) of monies in the fund to provide for administration of the program under the same provisions as the Main Street Recovery Program.

#### Louisiana Save Our Screens Program

Created to provide grants to eligible movie theater businesses impacted by COVID-19 in amounts not to exceed \$10,000 per movie screen located in Louisiana. Proposed law creates the Louisiana Save Our Screens Fund and directs the treasurer to deposit \$4.5 M from the Louisiana Rescue Plan Fund. This program shall be administered by the state treasurer, who may utilize up to 5% (\$225,000) of monies in the fund to provide for administration of the program.

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## **REVENUE EXPLANATION**

Proposed law will create no net change to revenue receipts for state or local governing entities. Proposed law creates the Louisiana Rescue Plan Fund and directs the treasurer to deposit all but \$400 M of federal monies allocated to Louisiana pursuant to Coronavirus State Fiscal Recovery Fund of the American Rescue Plan (ARP) Act of 2021 into the fund. Absent proposed law these monies may have been appropriated as a Federal (Direct) revenue source. The monies will now be appropriated as a Statutorily Dedicated source.

| Senate Dual Referral Rules                              | House  |   |
|---|--|---|
| 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}          | $6.8(F)(1) >= $100,000 \text{ SGF Fiscal Cost } \{H \& S\}$          | Churlet A. Kealon                                   |
| 13.5.2 >= \$500,000 Annual Tax or Fee<br>Change {S & H} | 6.8(G) >= \$500,000 Tax or Fee Increase<br>or a Net Fee Decrease {S} | Christopher A. Keaton<br>Legislative Fiscal Officer |

| Louisiana<br>Legislative   | LEGISLATIVE FISCAL OFFICE<br>Fiscal Note |                            |                  |  |  |  |
|--|--|----------------------------|------------------|--|--|--|
| Fiscal<br>Office<br>Fiscal<br>Notes  |  | Fiscal Note On: <b>HB</b>  | 642 HLS 21RS 773 |  |  |  |
| Fiscal<br>Notes  | Bill Text Version: REENGROSSED           |                            |                  |  |  |  |
| and the second sec |  | Opp. Chamb. Action:        |                  |  |  |  |
|  |  | Proposed Amd .:            |                  |  |  |  |
|  |  | Sub. Bill For.:            |                  |  |  |  |
| Date: May 10, 2021   | 5:05 PM                                  | Author: SCHEXNAYDER        |                  |  |  |  |
| Dept./Agy.: Treasury   |  |                            |                  |  |  |  |
| Subject: Creates the Fiscal  | Year 2021 Reserve Fund                   | Analyst: Alan M. Boxberger |                  |  |  |  |

### **CONTINUED EXPLANATION from page one:**

### **EXPENDITURE EXPLANATION CONTINUED FROM PAGE ONE**

NOTE: The Treasury reports that, like the Main Street Recovery Program administered in the Fall of 2020, the department may be required to procure a consulting services contract to execute the programs in the prescribed timeframe, including developing an application and verifying applicant tax information with the Department of Revenue prior to making grant disbursements. The Department of Revenue (DOR) is likely to realize a workload impact associated with the review and confirmation of tax information submitted by qualifying businesses. DOR developed a web portal for the Main Street Recovery Program that can be reactivated, which will allow Treasury to confirm a portion of claims. Claims that cannot be verified remotely will require manual review by DOR staff. DOR reports that it can generally absorb this workload if the number of claims is manageable. However, if a large volume of claims is filed, additional budgetary and short-term staffing resources may be necessary. DOR also reports that it will realize costs associated with printing and mailing relevant tax documents to grant recipients, with the cost scaled to the number of applicants.

#### Louisiana Water Infrastructure Program

Created to provide grant funding for repairs, improvements, and consolidation of community water systems. Proposed law creates the Louisiana Water Infrastructure Fund and directs the treasurer to deposit \$300 M from the Louisiana Rescue Plan Fund. This program shall be administered by the Louisiana Department of Health - Office of Public Health (OPH). OPH is to establish a review panel comprised of employees of OPH, the Office of Community Development, the Department of Environmental Quality and the legislative auditor in order to review and rate applications submitted by community water systems and local governing authorities and submit recommendations for funding to the Joint Legislative Committee (JLCB) on the Budget. These entities will realize an indeterminable workload impact associated with the prescribed activities. OPH is to submit a proposed budget outlining administrative expenses for the program to the JLCB for review and approval prior to implementation. The magnitude of any potential expenditures is speculative and will be determined through OPH planning and JLCB approval, presumably funded through an authorization for administrative expenses from the Fund.

#### Louisiana Coronavirus Capital Projects Program

Proposed law creates the Louisiana Coronavirus Capital Projects Fund and directs the treasurer to deposit \$179.8 M from the American Rescue Plan Act of 2021 pursuant to the Coronavirus Capital Project Fund found therein. Monies in the fund shall be used in accordance with the ARP Act and subsequent guidance promulgated by the U.S. Treasury. The state treasurer is authorized and directed to transfer \$15 M from the fund into the existing Legislative Capitol Technology Enhancement Fund. The state treasurer is authorized and directed to transfer \$90 M from the fund into the newly created Granting Unserved Municipalities Broadband Opportunities (GUMBO) Fund (see below).

#### Louisiana Small Business and Nonprofit Assistance Program

Created to provide grant funding to small businesses and nonprofits for the administration of COVID-19 response and relief efforts. Proposed law creates the Louisiana Small Businesses and Nonprofit Assistance Fund and directs the treasurer to deposit \$50 M from the Louisiana Rescue Plan Fund. This program shall be administered by the Louisiana Department of Revenue (DoR) utilizing the resources of the Louisiana Main Street Recovery Program and is allowed to use up to 5% for administrative costs. The LFO assumes DoR can expand its workload capacity within the 5% administrative allowance to dispense grant funds as prescribed. Proposed law provides that no grants shall be awarded after 6/30/22 and that any balance remaining in the fund on 6/30/23 shall be transferred to the Louisiana Rescue Plan Fund. The program shall provide grants to small businesses and eligible nonprofit organizations in amounts not to exceed \$25,000 per eligible entity.

#### Louisiana Port Relief Program

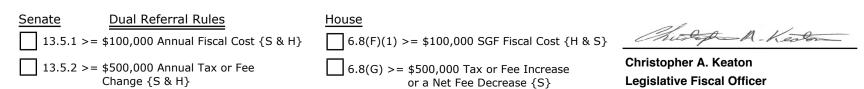
Created to provide grant funding to Louisiana port authorities for revenue loss and reimbursement of expenses related to COVID-19. Proposed law creates the Louisiana Port Relief Fund and directs the treasurer to deposit \$55 M from the Louisiana Rescue Plan Fund. This program shall be administered by the state treasurer, who may utilize up to 5% (\$2.75 M) of monies in the fund to provide for administration of the program under the same provisions as the Main Street Recovery Program. Any balance remaining in the fund on 1/1/22 shall be transferred to the Louisiana Rescue Plan Fund.

#### Granting Unserved Municipalities Broadband Opportunities (GUMBO) Program

Proposed law creates the GUMBO Fund and directs the treasurer to deposit \$90 M from the Louisiana Coronavirus Capital Projects Fund. This program shall be administered by office of broadband development and connectivity in the division of administration in accordance with the provisions of HB 648 of the 2020 Regular Session if enacted into law. HB 648 includes authorization for the office to use up to 1% of appropriated funds to administer the GUMBO Program.

#### State Treasury

Proposed law creates eight new statutory dedications. 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, there may be material additional costs 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 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.



Legislative Fiscal Officer

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