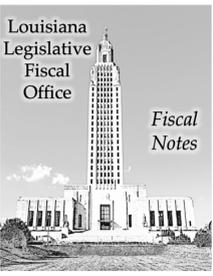


LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 642** HLS 21RS 773
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action: **w/ SEN COMM AMD**
 Proposed Amd.:
 Sub. Bill For.:

Date: May 27, 2021	8:21 AM	Author: SCHEXNAYDER
Dept./Agy.: Treasury		
Subject: Creates the Louisiana Rescue Plan Fund		Analyst: Alan M. Boxberger

FUNDS/FUNDING-GRANTS RE1 NO IMPACT SD EX See Note Page 1 of 2
 Provides for the disbursement of monies received from the American Rescue Plan Act of 2021

Proposed law creates the LA Rescue Plan Fund, the Water Sector 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 Nonprofit Assistance Fund, the LA Port Relief Fund, the LA Tourism Revival Fund, and the Southwest LA Hurricane Recovery 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 creates the Water Sector Commission and provides for membership and duties. 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>
Annual Total						

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 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 \$3,011,136,887 direct aid to the state. 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. 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

Provides grants to eligible timber harvesting and timber hauling businesses impacted by COVID-19 in amounts not to exceed \$25,000 per business. Proposed law directs the treasurer to deposit \$10 M into the Louisiana Loggers Relief 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 administrative costs.

Louisiana Save Our Screens Program

Provides 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 directs the treasurer to deposit \$4.5 M into the Louisiana Save Our Screens 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 administrative costs.

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. 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.
SEE EXPENDITURE EXPLANATION CONTINUED ON PAGE TWO

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 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
 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}

Christopher A. Keaton
Legislative Fiscal Officer



LEGISLATIVE FISCAL OFFICE
Fiscal Note

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CONTINUED EXPLANATION from page one: Page 2 of 2

EXPENDITURE EXPLANATION CONTINUED FROM PAGE ONE

Water Sector Program

Created to provide grant funding for repairs, improvements, and consolidation of community water systems. Proposed law directs the treasurer to deposit \$300 M into the Water Sector Fund. This program shall be administered by the LA Division of Administration (DOA) and Office of Facility Planning & Control. A Water Sector Commission, comprised of ten members (five each from the LA House and LA Senate) will develop guidance and recommendations for distribution of grants from the Water Sector Fund. The Commission shall establish a working panel, comprised of certain public officials from specified agencies, to review and rate applications submitted by community water systems, sewer systems, and local governing authorities. The Commission will make recommendations for funding to the JLCB. These entities will realize an indeterminable workload impact associated with the prescribed activities. The magnitude of any potential expenditures is speculative and will be determined through Commission planning and JLCB approval. The LFO assumes legislative members will be eligible for per diem and travel reimbursements paid from SGF. The LFO assumes agencies with staff participating on the working panel can absorb the workload and any expenditures arising from participation.

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 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).

Granting Unserved Municipalities Broadband Opportunities (GUMBO) Program

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

Capitol Technology Fund

Proposed law directs the treasurer to deposit \$15 M out of the Louisiana Rescue Plan Fund into the Capitol Technology Fund. NOTE: This is a second allocation of \$15 M into this Fund (see LA Coronavirus Capital Projects Program above).

Louisiana Nonprofit Assistance Program

Created to provide grant funding to nonprofits for COVID-19 response and relief efforts. Proposed law directs the treasurer to deposit \$10 M into the Louisiana Nonprofit Assistance Fund. This program shall be administered by DOR 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. The program shall provide grants to 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 directs the treasurer to deposit \$50 M into the Louisiana Port Relief Fund. This program shall be administered by the Division of Administration. Any balance remaining in the fund on 1/1/22 shall be transferred to the Louisiana Rescue Plan Fund.

Clearing Account of the Unemployment Compensation Fund

Proposed law directs the treasurer to deposit \$490 M out of the LA Rescue Plan Fund into the Clearing Account of the Unemployment Compensation Fund pursuant to R.S. 23:1491, of which no more than \$190 M shall be utilized to repay the federal government for the federal unemployment insurance (UI) Title XII advances.

Transportation Trust Fund - Construction Subfund

Proposed law directs the treasurer to deposit \$563 M into the Construction Subfund of the Transportation Trust Fund. Monies in the Subfund can be used for solely for the direct costs associated with actual project delivery, construction, and maintenance of transportation and capital transit infrastructure projects of the state and local government.

Major Events Fund

Proposed law directs the treasurer to deposit \$10 M into the Major Events Fund (administered in accordance with LA R.S. 39:100.126).

Health Care Employment Reinvestment Opportunity (H.E.R.O.) Program

Proposed law directs the treasurer to deposit \$5 M into the Health Care Employment Reinvestment Opportunity (H.E.R.O.) Fund in the event that SB 229 of the 2021 RS is enacted into law.

Louisiana Tourism Revival Program

Proposed law directs the treasurer to deposit \$77.5 M into the Louisiana Tourism Revival Fund. Monies in the fund shall be used to support efforts of state, local and regional tourism entities to invest in marketing and promoting Louisiana as a destination. \$17.5 M of the fund shall be appropriated to the Department of Culture, Recreation and Tourism for the Marketing Program and \$60 M to the Louisiana Tourism Revival Program as provided for in LA R.S. 39:100.55.2 (administered by DOA).

Louisiana Southwest Hurricane Recovery Program

Proposed law directs the treasurer to deposit \$30 M into the Southwest Louisiana Hurricane Recovery Fund. Monies in the fund shall be used to assist in repairing structural damages caused by the 2020 hurricane season in Southwest Louisiana.

Table with 2 columns: Senate and House. Rows include Dual Referral Rules for fiscal cost, tax or fee change, and tax or fee increase/decrease.

Signature of Christopher A. Keaton, Legislative Fiscal Officer.