



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **HB 280** HLS 23RS 389
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 12, 2023 6:21 PM **Author:** BAGLEY
Dept./Agy.: Treasury/Revenue **Analyst:** Deborah Vivien
Subject: Increases parish severance cap

TAX/SEVERANCE TAX Page 1 of 1
 OR SEE FISC NOTE GF RV
 Requires parishes to use portions of severance tax revenues received from the state for economic development activities and infrastructure projects
Current law allocates 1/5 or 20% of severance tax collections other than lignite, sulphur and timber to the governing authority of the parish in which the severance occurs up to a constitutional cap. The current cap is \$850,000 per parish, growing annually by the change in calendar year CPI-U from the previous year as adopted by the REC. Current law contains a trigger increasing the cap to \$1.85 M in the first year state severance collections exceed the levels of FY 09, increasing to \$2.85 M in the second year and beyond. Under the trigger, 50% of the increase over FY 12 parish remittances must be spent on transportation projects for the same purpose as the Parish Transportation Fund. The Atchafalaya Basin Conservation Fund receives 50% of revenue generated for use in the Basin.
Proposed law provides that 50% of excess severance tax will be split evenly between economic development and transportation/infrastructure. Excess severance tax is redefined to any amount over FY 23 parish remittances. Contingent upon voter approval of HB 277, which raises the cap to \$10 M and repeals the trigger language.

EXPENDITURES	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>2027-28</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$0
Annual Total	\$0					\$0

REVENUES	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>2027-28</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
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>	\$0
Annual Total	\$0					\$0

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on state governmental expenditures as a result of this measure. This bill states that parishes must split the severance allocation that is in excess of the FY 23 level equally between economic development and transportation. The amount of the allocation is not impacted by this bill.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

This bill alone constrains local spending of the severance allocation in excess of FY 23 levels. However, this bill is contingent upon voter approval of HB 277, which increases the parish severance cap to \$10 M in FY 25, which will substantially increase the local allocation at the expense of the state general fund.

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}

Alan M. Boxberger
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 Interim Legislative Fiscal Officer