

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 900** HLS 18RS 3284

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.: **HB 884**

Date: May 3, 2018	3:33 PM	Author: ABRAMSON
Dept./Agy.: Treasury		Analyst: Greg Albrecht
Subject: Capital Outlay Revolving Loan Bank		

CAPITAL OUTLAY RE SEE FISC NOTE SD RV See Note Page 1 of 1

Establishes the Louisiana Capital Outlay Revolving Loan Bank to provide financial assistance to local governments and political subdivisions for certain capital infrastructure projects

Proposed law authorizes a capital outlay revolving loan bank within State Treasury to make loans and provide other assistance to local governments and non-state public entities to carry out local infrastructure projects. A board composed of the State Bond Commission members and chaired by the state treasurer. The bank, acting through the board, can issue bonds, choose projects to be funded, establish a schedule of fees and charges for administrative costs, and operate a revolving loan fund to finance projects at or below market interest rates. Debts of the bank are excluded from the state debt limit, and shall not be secured by the full faith and credit of the state. Withdrawals from the fund to pay debt service shall not be subject to appropriation by the legislature.

Effective upon governor's signature.

EXPENDITURES	2018-19	2019-20	2020-21	2021-22	2022-23	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW					
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>	<u>\$0</u>
Annual Total						
REVENUES	2018-19	2019-20	2020-21	2021-22	2022-23	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW					
Agy. Self-Gen.	SEE BELOW					
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

This bill authorizes a state capital outlay revolving loan bank which will essentially act as a lending bank operating within the State Treasury for use on local infrastructure projects. While such an entity would presumably require capitalization for operation, the bill contains no explicit capitalization of the bank. Thus, there are no immediate administrative expenses associated with the bank.

The treasury has indicated that administration of the bank may be handled by current staff or by a third-party through a request-for-proposal process. While startup and early operation may be accomplished by current staff, as the number of project applications and approvals grows, additional dedicated personnel may be required. Expenses might be expected to total some \$300,000-\$400,000 per year, including staff (Director, Analyst, Secretary), professional services for legal and financial advice and, associated supplies/equipment. Actual costs would likely vary from this range based on the actual operational structure and activity level of the bank. Presumably, the schedule of fees and charges authorized by the bill would be established sufficient to fund these costs, whether within the treasury or through an outside third-party. If administered within the treasury, expenses would presumably be classified as self-generated revenue expenditures.

REVENUE EXPLANATION

The bill does not itself provide for a capitalization funding mechanism, or specific fees and charges for operational costs. The bill does authorize the establishment of a schedule of fees and charges, which would presumably be established to adequately finance administrative costs, and be classified as self-generated revenue if administered within the treasury.

The fiscal implications of capitalization would presumably be evaluated upon identification of a revenue flow or seed for the bank and fund, which can include state funds, federal funds, or any other funds loaned, granted, or donated, including bond sales by the bank.

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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Legislative Fiscal Officer