



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **HB 673** HLS 21RS 1074
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

| | | |
|--|---------|-----------------------------------|
| Date: April 28, 2021 | 6:26 PM | Author: CARTER, GARY |
| Dept./Agy.: Treasury | | |
| Subject: Dedicates funds to Home Ownership and Personal Equity Fd | | Analyst: Alan M. Boxberger |

FUNDS/FUNDING OR SEE FISC NOTE SD EX Page 1 of 2
 Dedicates funds from the American Rescue Plan Act of 2021 to the Home Ownership and Personal Equity Fund

Proposed law creates the Home Ownership and Personal Equity (HOPE) Fund and provides that monies in the fund may only be used to provide grants for financial and educational assistance for home buyers in Louisiana who are currently receiving affordable housing or other rental assistance. Proposed law directs the state treasurer to deposit \$50 million of federal monies allocated to Louisiana pursuant to the Coronavirus State Fiscal Recovery Fund of the American Rescue Plan Act of 2021 into the fund. Proposed law provides that grants from the fund shall be administered by the Office of Community Development.

| EXPENDITURES | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 5 -YEAR TOTAL |
|---------------------|-----------|-----------|-----------|------------|------------|---------------|
| State Gen. Fd. | SEE BELOW | SEE BELOW | SEE BELOW | \$0 | \$0 | \$0 |
| Agy. Self-Gen. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Ded./Other | SEE BELOW | SEE BELOW | SEE BELOW | \$0 | \$0 | \$0 |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Annual Total | | | | \$0 | \$0 | \$0 |

| 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 | SEE BELOW | SEE BELOW | \$0 | \$0 | \$0 |
| Federal Funds | SEE BELOW | SEE BELOW | SEE BELOW | \$0 | \$0 | \$0 |
| Local Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Annual Total | | | | \$0 | \$0 | \$0 |

EXPENDITURE EXPLANATION

Proposed law will transfer \$50 million from the state's allotment of the American Rescue Plan (ARP) Act of 2021 into the Home Ownership and Personal Equity (HOPE) Fund. Monies in the HOPE Fund may be expended to provide grants for financial and educational assistance for home buyers in Louisiana who are currently receiving affordable housing or other rental assistance. The grants shall be administered by the Office of Community Development (OCD).

The Office of Community Development reports that it assumes up to a 10% administrative cost, totaling \$5 M between FY 22 and FY 24, for implementing the program prescribed in this measure. OCD estimates that it will require up to three job appointment positions at an annual personnel services (salary and related benefits) cost of \$100,000 each, or \$300,000 annually. OCD additionally estimates professional services expenditures of \$1.6 M in FY 22, \$1.5 M in FY 23 and \$900,000 in FY 24, with a third party for the purposes of program management, outreach, communications and database services and management. The balance of \$45 M is projected to be distributed through grants to eligible citizens in the amounts of \$23.5 M in FY 22, \$16.4 M in FY 23 and \$5.2 M in FY 24.

Under the American Rescue Plan (ARP) Act of 2021, Louisiana will receive direct state aid in the amount of \$3.2 billion. The ARP Act provides for allowable uses of state aid as follows:

- 1) To respond to the COVID-19 public health emergency, or its negative economic impacts, including by providing assistance to households, small businesses, and nonprofits, or aid to impacted industries, such as tourism, travel, and hospitality;
- 2) Respond to workers performing essential work during the COVID-19 pandemic by providing premium pay to eligible workers of the State, territorial or Tribal government performing essential work or by providing grants to eligible employers that have eligible workers;
- 3) Provide government services, to the extent COVID-19 caused a reduction of revenues collected in the most recent full fiscal year of the State, territorial, or Tribal government
- 4) Make necessary investments in water, sewer, or broadband infrastructure.

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 directs the treasurer to deposit \$50 million of monies received from the Coronavirus State Fiscal Recovery Fund of the American Rescue Plan (ARP) Act of 2021 into the Home Ownership and Personal Equity (HOPE) 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 <u>Dual Referral Rules</u> <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H} <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H} | House <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} | |
|---|---|--|


Christopher A. Keaton
 Legislative Fiscal Officer

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CONTINUED EXPLANATION from page one:

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EXPENDITURE EXPLANATION CONTINUED FROM PAGE ONE

States are still awaiting guidance from the U.S. Treasury for specifics regarding eligible uses of state aid appropriated through the ARP Act. Expenditure of state aid dollars from the ARP Act will remain available through 12/31/24.

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.

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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