

Regular Session, 2014

SENATE BILL NO. 338

BY SENATOR DONAHUE

FISCAL CONTROLS. Provides relative to economic reports for projects submitted in conjunction with the request for the review or approval of the Joint Legislative Committee on the Budget. (7/1/14)

1 AN ACT

2 To enact R.S. 24:653(M), relative to duties and function of the Joint Legislative Committee  
3 on the Budget; to provide relative to economic reports for projects submitted in  
4 conjunction with the request for the review or approval of the Joint Legislative  
5 Committee on the Budget; to provide for an effective date; and to provide for related  
6 matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 24:653(M) is hereby enacted to read as follows:

9 §653. Duties and functions

10 \* \* \*

11 **M.(1) All economic reports for projects submitted in conjunction with**  
12 **the request for either the review or approval of the Joint Legislative Committee**  
13 **on the Budget shall be in accordance with the following procedures:**

14 **(a) The requesting department shall retain a non-public party or an**  
15 **economist that has experience in dynamic economic modeling and static**  
16 **economic modeling to perform an economic analysis of the proposed project**  
17 **using both models. The non-public party or economist shall be selected by the**

1 department from a list of not less than three non-public parties or economists  
2 recommended by the Legislative Fiscal Office.

3 (b) The department shall submit the request for Joint Legislative  
4 Committee on the Budget approval of the project with both the dynamic and  
5 static economic analyses to the committee for its review at least two full weeks  
6 prior to the meeting for which the department is seeking the committee's  
7 approval.

8 (2) For the purposes of this Section and notwithstanding any other  
9 provision of law to the contrary:

10 (a) Project shall mean any public-private partnership, agreement with  
11 a non-public party, lease, cooperative endeavor agreement, memorandum of  
12 understanding, or other contractual agreement which would result in or is  
13 expected to result in the obligation of state resources or the expenditure of  
14 revenues from the operation, management, or control of a state resource.

15 (b) Dynamic economic model shall mean a model that accounts for the  
16 input-output relationships between all industry sectors within the particular  
17 study locale, while also incorporating the effects of wage and price adjustments,  
18 consequent substitution effects in production inputs and the consumption of  
19 outputs, labor and population flows, and productivity changes as an initiating  
20 change or ripples through the economy. The model may also be used to  
21 determine what the project in question is actually doing to business costs, or  
22 household conditions and to determine the amount of economic activity that  
23 results from the project as implemented.

24 (c) Static input-output economic model shall mean a model based on  
25 data reflecting the inputs from all supplying industries that are necessary to  
26 produce a unit of output by a particular industry of interest. Further, the  
27 collection of input and output data for all industries is often transformed into  
28 tables of "multipliers" that reflect how much of a given change in the economic  
29 activity of a particular industry in a particular region will be associated with

1           **changes in all the other industries in the region. The models used shall be**  
 2           **expected, at a minimum, to trace the impacts of changes on directly and**  
 3           **indirectly affected industries, and generate estimates of total spending, value**  
 4           **added, earnings, and employment in the geographic area for which the model**  
 5           **data apply.**

6           Section 2. This Act shall become effective on July 1, 2014; if vetoed by the governor  
 7           and subsequently approved by the legislature, this Act shall become effective on July 1,  
 8           2014, or on the day following such approval by the legislature, whichever is later.

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The original instrument and the following digest, which constitutes no part  
 of the legislative instrument, were prepared by Jay R. Lueckel.

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#### DIGEST

Donahue (SB)

Proposed law provides that all economic reports for projects submitted in conjunction with the request for either the review or approval of the Joint Legislative Committee on the Budget (JLCB) shall be in accordance with the following procedures:

- (1) The requesting department shall retain a non-public party or an economist with experience in dynamic economic modeling and static economic modeling to perform an economic analysis of the proposed project using both models. The non-public party or economist shall be selected from a list of not less than three non-public parties or economists recommended by the Legislative Fiscal Office (LFO).
- (2) The department shall submit the request for JLCB approval of the project with both economic analyses for its review at least two full weeks prior to the meeting at which the department is seeking the committee's approval.

Proposed law also provides for definitions:

"Project" shall mean any public-private partnership, agreement with a non-public party, lease, cooperative endeavor agreement, memorandum of understanding, or other contractual agreement which would result in or is expected to result in the obligation of state resources or the expenditure of revenues from the operation, management, or control of a state resource.

"Dynamic economic model" shall mean a model that accounts for the input-output relationships between all industry sectors within the particular study locale, while also incorporating the effects of wage and price adjustments, consequent substitution effects in production inputs and the consumption of outputs, labor and population flows, and productivity changes as an initiating change or ripples through the economy.

"Static input-output economic model" shall mean a model based on data reflecting the inputs from all supplying industries that are necessary to produce a unit of output by a particular industry of interest. Also, the collection of input and output data for all industries is often transformed into tables of "multipliers" that reflect how much of a given change in the economic activity of a particular industry in a particular region will be associated with changes in all the other industries in the region.

SLS 14RS-273

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Effective July 1, 2014.

(Adds R.S. 24:653(M))