

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4734-01
Bill No.: HB 2161
Subject: Drainage and Levee Districts; Political Subdivisions
Type: Original
Date: January 31, 2020

Bill Summary: This proposal changes the law regarding levee and drainage districts.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Local Government	\$0 or Unknown	\$0 or Unknown to (Unknown)	\$0 or Unknown to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Office of Administration**, the **Office of the State Auditor** and the **Department of Natural Resources** each assume no fiscal impact to their respective agencies from this proposal.

Officials at the **Bois Brule Levee and Drainage District** assume no fiscal impact from this proposal.

Oversight notes the Office of Administration, the Office of the State Auditor, the Department of Natural Resources and the Bois Brule Levee And Drainage District have stated the proposal would not have a direct fiscal impact on their organizations.

Oversight notes this proposal is permissive to Levee or Drainage Districts and would have no impact unless the Levee or Drainage District decides to issue tax anticipation notes in order to repair damaged levees. Therefore, Oversight will reflect potential proceeds from the issuance of tax anticipation notes from \$0 (if no action is taken by the district) to an unknown amount in each of the fiscal years reflected in the fiscal note. Oversight will also reflect the potential cost of debt service of those tax anticipation notes from these districts of \$0 or unknown for this proposal.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other counties and levee & drainage districts were requested to respond to this proposed legislation, but did not. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
LEVEE OR DRAINAGE DISTRICTS			
<u>Revenue</u> - tax anticipation notes sale proceeds	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Costs</u> - debt service of tax anticipation notes	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON LEVEE OR DRAINAGE DISTRICTS	<u>\$0 or Unknown</u>	<u>\$0 or Unknown to (Unknown)</u>	<u>\$0 or Unknown to (Unknown)</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

Currently, the board of supervisors of a levee or drainage district in a county which has been declared a disaster area by declaration of the President of the United States during 1993 or 1995 may elect to issue tax anticipation notes. This bill authorizes such board of a levee or drainage district within whose boundaries a flood disaster has occurred may elect to issue tax anticipation notes following a public meeting held during or within 365 days of the end of the flood disaster.

A board of supervisors of a levee or drainage district within whose boundaries a flood disaster has occurred may, upon a vote of the majority of the members of the board at a public meeting held during or within 365 days of the end of such flood disaster, borrow funds for the use of the district and may issue negotiable notes. The aggregate outstanding principal amount of the notes may be up to but no more than the amount necessary for emergency protective measures and to repair levees damaged by a flood disaster that occurred within the previous five years.

No amount of tax anticipation notes issued by a levee or drainage district may be included in any debt ceiling computation required by current law, except that the district may not issue more than the amount necessary for emergency protective measures and to repair levees damaged by a flood disaster that occurred within the previous five years.

FISCAL DESCRIPTION (continued)

If a levee or drainage district refunds bonds, the amount refunded may not exceed the amount determined by the board of supervisors to be necessary to pay or provide for the payment of the principal of the outstanding bonds to be refunded, together with interest and premium amounts as specified in the bill.

All such refunding bonds will bear interest at rates set by the board of supervisors within the criteria set in the bill.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration
Office of the State Auditor
Department of Natural Resources
Bois Brule Levee And Drainage District



Julie Morff
Director
January 31, 2020



Ross Strobe
Assistant Director
January 31, 2020