JOINT LEGISLATIVE COMMITTEE ON THE BUDGET

STATE CAPITOL
P.O. BOX 44294, CAPITOL STATION
BATON ROUGE, LOUISIANA 70804
(225) 342-7244

REPRESENTATIVE CAMERON HENRY
CHAIRMAN

SENATOR ERIC LAFLEUR
VICE-CHAIRMAN

AGENDA

Thursday, December 13, 2018
1:30 p.m.
House Committee Room 5

I. CALL TO ORDER

II. ROLL CALL

III. BUSINESS

1. Fiscal Status Statement and Five-Year Base-Line Budget

2. BA-7 Agenda

3. Facility Planning and Control - Capital Outlay Change Orders

4. Review and approval of the request to reprogram funding for Coastal Restoration and Management Projects, as required by Act 20 of the 2009 Regular Legislative Session

5. Review and approval of a Tax Equalization Program contract renewal between the Louisiana Department of Economic Development and the Pool Corporation, as required by R.S. 47:3204

6. Review and approval of a contract between the Office of Group Benefits and HMO Louisiana, Inc., for fully insured Medicare Advantage Plan services, in accordance with the provisions of R.S. 42:802

7. Review and approval of an amendment to a contract between the Office of Group Benefits and Vantage Health Plan, Inc., for a fully insured Louisiana Health Management Organization network, in accordance with the provisions of R.S. 42:802

IV. CONSIDERATION OF ANY OTHER BUSINESS THAT MAY COME BEFORE THE COMMITTEE

V. ADJOURNMENT

THIS NOTICE CONTAINS A TENTATIVE AGENDA AND MAY BE REVISED PRIOR TO THE MEETING.

Representative Cameron Henry, Chairman

JOINT LEGISLATIVE COMMITTEE ON THE BUDGET
GENERAL FUND FISCAL STATUS STATEMENT
FISCAL YEAR 2018-2019
($ in millions)

December 13, 2018

	NOVEMBER 2018	DECEMBER 2018	DECEMBER 2018 Over/(Under) NOVEMBER 2018
GENERAL FUND REVENUE			
Revenue Estimating Conference, June 26, 2018	$9,443.800	$9,443.800	$0.000
Transfer of Funds - Act 10 of the 2018 Second Extraordinary Legislative Session	$53.333	$53.333	$0.000
Use of Prior Year Undesignated Fund Balance (FY 16-17 Surplus)	$62.952	$62.952	$0.000
FY17-18 Revenue Carried Forward into FY 18-19	$63.665	$63.665	$0.000
Total Available General Fund Revenue	**$9,623.750**	**$9,623.750**	**$0.000**
APPROPRIATIONS AND REQUIREMENTS			
Non-Appropriated Constitutional Requirements			
Debt Service	$422.651	$422.651	$0.000
Interim Emergency Board	$1.323	$1.323	$0.000
Revenue Sharing	$90.000	$90.000	$0.000
Total Non-Appropriated Constitutional Requirements	**$513.973**	**$513.973**	**$0.000**
Appropriations			
General (Act 2 of 2018 2nd ES and Act 2 of the 3rd ES)	$8,830.423	$8,830.423	$0.000
Ancillary (Act 49 of 2018 RLS)	$0.000	$0.000	$0.000
Judicial (Act 69 of 2018 RLS)	$153.531	$153.531	$0.000
Legislative (Act 79 of 2018 RLS)	$62.473	$62.473	$0.000
Capital Outlay (Act 29 of 2018 RLS)	$63.350	$63.350	$0.000
Total Appropriations	**$9,109.777**	**$9,109.777**	**$0.000**
Total Appropriations and Requirements	**$9,623.750**	**$9,623.750**	**$0.000**
General Fund Revenue Less Appropriations and Requirements	**$0.000**	**$0.000**	**$0.000**

II. FY 2017-2018 Fiscal Status Summary:

In accordance with Act 1092 of the 2001 Regular Session and Act 107 of the 2002 First Extraordinary Session (R.S. 39:75), the first budget status report presented after October 15th shall reflect the fund balance for the previous fiscal year.

FY18 GENERAL FUND DIRECT SURPLUS/DEFICIT - ESTIMATED (millions)		
FY17 Surplus/(Deficit)		**122.620**
FY18 General Fund - Direct Revenues:		
Actual General Fund Revenues	9,902.827	
General Fund - Direct Carryforwards from FY17 to FY18	19.157	
Drivers License Fee Transfer to the Drivers License Escrow Account (P41)	6.519	
Total FY18 General Fund - Direct Revenues		**9,928.504**
FY18 General Fund - Direct Appropriations & Requirements:		
Draws of General Fund - Direct Appropriations [including $12.262m FY17 Surplus]	(8,967.729)	
General Obligation Debt Service	(417.730)	
Transfers to Revenue Sharing Fund (Z06) - Constitution 7:26	(90.000)	
Transfers Out to Various Funds - 20-XXX, Act 1 (2017 2ES), Act 59 (2018 RLS), Act 8 (2018 2ES)	(53.908)	
Transfer Out to the Voting Technology Fund (SS2) - Department of State, Act 8 (2018 2ES)	(1.500)	
Capital Outlay Project Closeout (075, 057, 055, 051)	(1.424)	
Transfer Out to the Budget Stabilization (Z08) - Act 642 (2018 RLS) [FY17 Surplus]	(30.655)	
Other Transfers Out [$342,918.52 (from 000) + $5,334,387.50 (from B15)]	(5.677)	
Capital Outlay Act 29 (2018 RLS) Appropriated in FY18 [FY17 Surplus]	(16.677)	
Transfer Out to the New Opportunities Waiver Fund (H30) - R.S. 39:100.61	(19.944)	
Total FY18 General Fund - Direct Appropriations & Requirements		**(9,605.244)**
General Fund Direct Cash Balance		**445.880**
Obligations Against the General Fund Direct Cash Balance		
Unappropriated Use of FY17 Surplus	(0.074)	
Capital Outlay Act 29 (2018 RLS) Appropriated in FY19 [FY17 Surplus]	(22.486)	
Capital Outlay - DOTD Highway Improvements Appropriated in FY19 [FY17 Surplus]	(40.466)	
Pending Transfers - Coastal Protection and Restoration Fund (Z12)	(11.136)	
General Fund - Direct Carryforwards to FY19	(63.665)	
Total Obligated General Fund Direct		**(137.827)**
General Fund Direct Surplus/(Deficit) - Estimated		**308.053**

III. Current Year Items Requiring Action

Act 2 of 2018 3rd ES, Section 19B:

Executive Department - restoration of funding	$2.00	
Executive Office - restoration of funding	$0.34	
Secretary of State - restoration of funding	$0.13	
Secretary of State - restoration of step increases for Registrar of Voters	$0.48	
Attorney General - restoration of funding	$0.87	
Agriculture & Forestry - restoration of funding	$0.60	
Department of Economic Development - restoration of funding	$0.50	
Department of Corrections - personal services (including CSO pay raise), acquisitions & major repairs	$16.29	
Office of Juvenile Justice - Raise the Age Initiative, major repairs at the state centers for youth, operating expenses for Acadiana for the Youth	$10.80	
Department of Natural Resources - restoration of funding	$0.50	
Department of Natural Resources - Legacy Site Remediation program (2 positions)	$0.28	
Local Housing of State Adult Offenders - per diem to Sheriffs	$10.51	
Total Items Requiring Action		**$43.30**

IV. Horizon Issues Not Contained in 5-Year Plan

State share owed to FEMA upon the final closeout of various disasters, including Hurricane Katrina, for public assistance (state, local, and private non-profits) and hazard mitigation projects. Final closeouts of the various disasters are not expected until FY20 at the earliest but could extend beyond the 5-year baseline projection window.

FIVE YEAR BASE LINE PROJECTION
STATE GENERAL FUND SUMMARY
APPROPRIATED

	Prior Fiscal Year 2017-2018	Current Fiscal Year 2018-2019	Projected Fiscal Year 2019-2020	Projected Fiscal Year 2020-2021	Projected Fiscal Year 2021-2022
REVENUES:					
Taxes, Licenses & Fees	$12,065,200,000	$11,973,200,000	$12,144,300,000	$12,218,300,000	$12,475,200,000
Less Dedications	($2,476,800,000)	($2,529,400,000)	($2,538,700,000)	($2,553,900,000)	($2,571,100,000)
Carry Forward Balances	$19,157,479	$63,664,831	$0	$0	$0
Act 10 of the 2018 Second Extraordinary Session - Transfer of Funds	$0	$53,333,333	$0	$0	$0
Utilization of Prior Year Surplus	$29,013,210	$62,951,760	$0	$0	$0
TOTAL REVENUES	**$9,636,570,689**	**$9,623,749,924**	**$9,605,500,000**	**$9,664,400,000**	**$9,904,200,000**
ANNUAL GROWTH RATE		**-1.51%**	**1.71%**	**0.61%**	**2.48%**
EXPENDITURES:					
General Appropriation Bill (Act 2 of 2018 2nd ES and Act 2 of 2018 3rd ES)	$8,737,948,098	$8,830,422,889	$9,191,333,261	$9,469,731,759	$9,657,910,723
Ancillary Appropriation Bill (Act 49 of 2018 RS)	$0	$0	$5,382,783	$22,069,410	$33,938,446
Non-Appropriated Requirements	$507,903,581	$513,973,375	$514,742,663	$478,628,093	$465,151,454
Judicial Appropriation Bill (Act 69 of 2018 RS)	$151,530,944	$153,530,944	$153,586,682	$153,587,179	$153,587,696
Legislative Appropriation Bill (Act 79 of 2018 RS)	$62,472,956	$62,472,956	$62,550,725	$62,550,665	$62,550,611
Special Acts	$0	$0	$10,569,776	$10,569,776	$10,569,776
Capital Outlay Bill (Act 29 of 2018 RS)	$1,500,000	$63,349,760	$0	$0	$0
TOTAL EXPENDITURES	**$9,461,355,579**	**$9,623,749,924**	**$9,938,165,890**	**$10,197,136,882**	**$10,383,708,706**
ANNUAL GROWTH RATE		**1.72%**	**3.27%**	**2.61%**	**1.83%**
Mid-Year Adjustments after 12/1/2018	$175,141,210	$0	$0	$0	$0
PROJECTED BALANCE	**$73,900**	**$0**	**($332,665,890)**	**($532,736,882)**	**($479,508,706)**

Oil Prices included in the REC official forecast	$57.05	$59.42	$59.20	$58.91	$59.37

JOINT LEGISLATIVE COMMITTEE ON THE BUDGET
BA-7 AGENDA **REVISED**
December, 2018

A. **Fiscal Status Statement** ______

B. **5-Year Base Line Projection** ______

C. **Regular BA-7s**

~~1~~	~~EXEC~~	~~Executive Department~~ ~~(01-100) Executive Office~~	Withdrawn
~~2~~	~~EXEC~~	~~Executive Department~~ ~~(01-111) Governor's Office of Homeland Security & Emergency Preparedness~~	Withdrawn
~~3~~	~~ELOF~~	~~Department of State~~ ~~(04-139) Secretary of State~~	Withdrawn
~~4~~	~~ELOF~~	~~Department of Justice~~ ~~(04-141) Office of the Attorney General~~	Withdrawn
~~5~~	~~ELOF~~	~~Department of Agriculture and Forestry~~ ~~(04-160) Agriculture and Forestry~~	Withdrawn
~~6~~	~~ECON~~	~~Department of Economic Development~~ ~~(05-251) Office of the Secretary~~	Withdrawn
~~7~~	~~CORR~~	~~Department of Public Safety and Corrections~~ ~~(08A-400) Corrections Administration~~	Withdrawn
~~8~~	~~YSER~~	~~Youth Services~~ ~~(08C-403) Office of Juvenile Justice~~	Withdrawn
~~9~~	~~DNR~~	~~Department of Natural Resources~~ ~~(11-432) Office of Conservation~~	Withdrawn
~~10~~	~~DNR~~	~~Department of Natural Resources~~ ~~(11-435) Office of Coastal Management~~	Withdrawn
~~11~~	~~OREQ~~	~~Other Requirements~~ ~~(20-451) Local Housing of State Adult Offenders~~	Withdrawn
~~12~~	~~EXEC~~	~~Executive Department~~ ~~(01-116) Louisiana Public Defender Board~~	Withdrawn

13	CRT	Department of Culture, Recreation and Tourism (06-267) Office of Tourism	______
~~14~~	~~PSAF~~	~~Department of Public Safety and Corrections~~ ~~(08B-419) Office of State Police~~	Withdrawn
~~15~~	~~LDH~~	~~Louisiana Department of Health~~ ~~(09-306) Medical Vendor Payments~~	Withdrawn
16	DNR	Department of Natural Resources (11-431) Office of the Secretary	______
~~17~~	~~DEQ~~	~~Department of Environmental Quality~~ ~~(13-856) Office of Environmental Quality~~	Withdrawn
~~18~~	~~OREQ~~	~~Other Requirements~~ ~~(20-945) State Aid to Local Government Entities~~	Withdrawn

STATE OF LOUISIANA
DIVISION OF ADMINISTRATION, OFFICE OF PLANNING AND BUDGET
REQUEST FOR MID-YEAR BUDGET ADJUSTMENT

DEPARTMENT: Culture, Recreation and Tourism	**FOR OPB USE ONLY**	
AGENCY: Office of Tourism	OPB LOG NUMBER 145	AGENDA NUMBER 13
SCHEDULE NUMBER: 06-267		
SUBMISSION DATE: November 20, 2018	**Approval and Authority:**	
AGENCY BA-7 NUMBER: DCRT-OT-19-02 2nd Revision		
HEAD OF BUDGET UNIT: Nancy Watkins		
TITLE: Undersecretary		
SIGNATURE *(Certifies that the information provided is correct and true to the best of your knowledge):* Nancy Watkins		

MEANS OF FINANCING	CURRENT FY 2018-2019	ADJUSTMENT (+) or (-)	REVISED FY 2018-2019
GENERAL FUND BY:			
DIRECT	$900,000	$0	**$900,000**
INTERAGENCY TRANSFERS	$43,216	$0	**$43,216**
FEES & SELF-GENERATED	$26,292,550	$2,000,000	**$28,292,550**
STATUTORY DEDICATIONS	$0	$0	**$0**
Audubon Golf Trail Development Fund (CTA)	$0	$0	**$0**
[Select Statutory Dedication]	$0	$0	**$0**
Subtotal of Dedications from Page 2	$0	$0	**$0**
FEDERAL	$447,660	$0	**$447,660**
TOTAL	**$27,683,426**	**$2,000,000**	**$29,683,426**
AUTHORIZED POSITIONS	73	0	**73**
AUTHORIZED OTHER CHARGES	3	0	**3**
NON-TO FTE POSITIONS	0	0	**0**
TOTAL POSITIONS	**76**	**0**	**76**

PROGRAM EXPENDITURES	DOLLARS	POS	DOLLARS	POS	DOLLARS	POS
PROGRAM NAME:						
Administration	$1,728,998	0	$0	0	**$1,728,998**	**0**
Marketing	$22,462,392	0	$1,610,000	0	**$24,072,392**	**0**
Welcome Centers	$3,492,036	0	$390,000	0	**$3,882,036**	**0**
	$0	0	$0	0	**$0**	**0**
	$0	0	$0	0	**$0**	**0**
	$0	0	$0	0	**$0**	**0**
	$0	0	$0	0	**$0**	**0**
	$0	0	$0	0	**$0**	**0**
	$0	0	$0	0	**$0**	**0**
	$0	0	$0	0	**$0**	**0**
Subtotal of programs from Page 2:	$0	0	$0	0	**$0**	**0**
TOTAL	**$27,683,426**	**0**	**$2,000,000**	**0**	**$29,683,426**	**0**

STATE OF LOUISIANA
DIVISION OF ADMINISTRATION, OFFICE OF PLANNING AND BUDGET
REQUEST FOR MID-YEAR BUDGET ADJUSTMENT

DEPARTMENT: Culture, Recreation and Tourism	FOR OPB USE ONLY	
AGENCY: Office of Tourism	OPB LOG NUMBER	AGENDA NUMBER
SCHEDULE NUMBER: 06-267		
SUBMISSION DATE: November 20, 2018	ADDENDUM TO PAGE 1	
AGENCY BA-7 NUMBER: DCRT-OT-19-02 2nd Revision		

Use this section for additional Statutory Dedications, if needed.
The subtotal will automatically be transferred to Page 1.

MEANS OF FINANCING	CURRENT FY 2018-2019	ADJUSTMENT (+) or (-)	REVISED FY 2018-2019
GENERAL FUND BY:			
STATUTORY DEDICATIONS			
[Select Statutory Dedication]	$0	$0	**$0**
[Select Statutory Dedication]	$0	$0	**$0**
[Select Statutory Dedication]	$0	$0	**$0**
[Select Statutory Dedication]	$0	$0	**$0**
[Select Statutory Dedication]	$0	$0	**$0**
[Select Statutory Dedication]	$0	$0	**$0**
SUBTOTAL (to Page 1)	**$0**	**$0**	**$0**

Use this section for additional Program Names, if needed.
The subtotal will automatically be transferred to Page 1.

PROGRAM EXPENDITURES	DOLLARS	POS	DOLLARS	POS	DOLLARS	POS
PROGRAM NAME:						
	$0	0	$0	0	**$0**	**0**
	$0	0	$0	0	**$0**	**0**
	$0	0	$0	0	**$0**	**0**
	$0	0	$0	0	**$0**	**0**
	$0	0	$0	0	**$0**	**0**
	$0	0	$0	0	**$0**	**0**
	$0	0	$0	0	**$0**	**0**
	$0	0	$0	0	**$0**	**0**
	$0	0	$0	0	**$0**	**0**
	$0	0	$0	0	**$0**	**0**
SUBTOTAL (to Page 1)	**$0**	**0**	**$0**	**0**	**$0**	**0**

STATE OF LOUISIANA
DIVISION OF ADMINISTRATION, OFFICE OF PLANNING AND BUDGET
REQUEST FOR MID-YEAR BUDGET ADJUSTMENT

Policy and Procedure Memorandum No. 52, Revised, requires that all Requests for Changes in Appropriation be fully documented. At a minimum, the following questions and statements must be answered. Use Continuation Sheets as needed. FAILURE TO ANSWER ALL QUESTIONS COMPLETELY WILL BE CAUSE TO RETURN THIS DOCUMENT WITHOUT ACTION.

1. What is the source of funding (if other than General Fund (Direct))? Specifically identify any grant or public law and the purposes of the funds, if applicable. A copy of any grant application and the notice of approved grant or appropriation must accompany the BA-7. What are the expenditure restrictions of the funds?

$2,907,450 - the source of funding is Fees and Self Generated Revenue from the Louisiana Tourism Promotion District. As a result of the passage of HB 10 of the Third Extraordinary Legislative Session, the Revenue Estimating Conference recognized $3,000,000 in revenue for the Louisiana Tourism Promotion District.

Approval of this BA-7 would increase FSGR from :	26,292,550
	2,000,000
Adopted REC forecast 6/26/18	**28,292,550**

2. Enter the financial impact of the requested adjustment for the next four fiscal years.

MEANS OF FINANCING OR EXPENDITURE	FY 2018-2019	FY 2019-2020	FY 2020-2021	FY 2021-2022	FY 2022-2023
GENERAL FUND BY:					
DIRECT	$0	$0	$0	$0	$0
INTERAGENCY TRANSFERS	$0	$0	$0	$0	$0
FEES & SELF-GENERATED	$2,000,000	$0	$0	$0	$0
STATUTORY DEDICATIONS	$0	$0	$0	$0	$0
FEDERAL	$0	$0	$0	$0	$0
TOTAL	**$2,000,000**	**$0**	**$0**	**$0**	**$0**

3. If this action requires additional personnel, provide a detailed explanation below:

No additional personnel needed.

4. Explain why this request can't be postponed for consideration in the agency's budget request for next fiscal year.

We are requesting to add the additional budget authority for revenue collected in FY19/20.

5. Is this an after the fact BA-7, e.g.; have expenditures been made toward the program this BA-7 is for? If yes, explain per PPM No.52.

No expenditures have been made
to date.

STATE OF LOUISIANA
DIVISION OF ADMINISTRATION, OFFICE OF PLANNING AND BUDGET
REQUEST FOR MID-YEAR BUDGET ADJUSTMENT

PERFORMANCE IMPACT OF MID-YEAR BUDGET ADJUSTMENT

1. Identify and explain the programmatic impacts (positive or negative) that will result from the approval of this BA-7.

The additional FSGR will positively impact all of the performance indicators for the Office of Tourism. The additional funding will allow the office to sponsor more local fairs and festivals and increase our domestic and international marketing and advertisng efforts.

2. Complete the following information for each objective and related performance indicators that will be affected by this request. *(Note: Requested adjustments may involve revisions to existing objectives and performance indicators or creation of new objectives and performance indicators. Repeat this portion of the request form as often as necessary.)*

OBJECTIVE:

LEVEL	PERFORMANCE INDICATOR NAME	PERFORMANCE STANDARD		
		CURRENT FY 2018-2019	ADJUSTMENT (+) OR (-)	REVISED FY 2018-2019

JUSTIFICATION FOR ADJUSTMENT(S): Explain the necessity of the adjustment(s).

3. Briefly explain any performance impacts other than or in addition to effects on objectives and performance indicators. (*For example: Are there any anticipated direct or indirect effects on program management or service recipients ? Will this BA-7 have a positive or negative impact on some other program or agency?*)

Approval of this BA-7 will allow us to positively impact both the State and local economies through increased sales tax collections.

4. If there are no performance impacts associated with this BA-7 request, then fully explain this lack of performance impact.

There will be no measurable impact in the current year. Marketing and advertising efforts will be increased through out the fiscal year and impact will be seen in the out years.

5. Describe the performance impacts of failure to approve this BA-7. (Be specific. Relate performance impacts to objectives and performance indicators.)

If the BA-7 is not approved, performance will remain unchanged.

STATE OF LOUISIANA
DIVISION OF ADMINISTRATION, OFFICE OF PLANNING AND BUDGET
REQUEST FOR MID-YEAR BUDGET ADJUSTMENT

PROGRAM LEVEL REQUEST FOR MID-YEAR BUDGET ADJUSTMENT

PROGRAM 1 NAME: Administration

MEANS OF FINANCING:	CURRENT FY 2018-2019	REQUESTED ADJUSTMENT	REVISED FY 2018-2019	ADJUSTMENT OUTYEAR PROJECTIONS FY 2019-2020	FY 2020-2021	FY 2021-2022	FY 2022-2023
GENERAL FUND BY:							
Direct	$0	$0	**$0**	$0	$0	$0	$0
Interagency Transfers	$0	$0	**$0**	$0	$0	$0	$0
Fees & Self-Generated	$1,728,998	$0	**$1,728,998**	$0	$0	$0	$0
Statutory Dedications *	$0	$0	**$0**	$0	$0	$0	$0
FEDERAL FUNDS	$0	$0	**$0**	$0	$0	$0	$0
TOTAL MOF	**$1,728,998**	**$0**	**$1,728,998**	**$0**	**$0**	**$0**	**$0**
EXPENDITURES:							
Salaries	$422,056	$0	**$422,056**	$0	$0	$0	$0
Other Compensation	$0	$0	**$0**	$0	$0	$0	$0
Related Benefits	$405,071	$0	**$405,071**	$0	$0	$0	$0
Travel	$31,000	$0	**$31,000**	$0	$0	$0	$0
Operating Services	$81,524	$0	**$81,524**	$0	$0	$0	$0
Supplies	$14,695	$0	**$14,695**	$0	$0	$0	$0
Professional Services	$0	$0	**$0**	$0	$0	$0	$0
Other Charges	$0	$0	**$0**	$0	$0	$0	$0
Debt Services	$0	$0	**$0**	$0	$0	$0	$0
Interagency Transfers	$770,852	$0	**$770,852**	$0	$0	$0	$0
Acquisitions	$3,800	$0	**$3,800**	$0	$0	$0	$0
Major Repairs	$0	$0	**$0**	$0	$0	$0	$0
UNALLOTTED	$0	$0	**$0**	$0	$0	$0	$0
TOTAL EXPENDITURES	**$1,728,998**	**$0**	**$1,728,998**	**$0**	**$0**	**$0**	**$0**
POSITIONS							
Classified	6	0	**6**	0	0	0	0
Unclassified	1	0	**1**	0	0	0	0
TOTAL T.O. POSITIONS	**7**	**0**	**7**	**0**	**0**	**0**	**0**
OTHER CHARGES POSITIONS	0	0	**0**	0	0	0	**0**
NON-TO FTE POSITIONS	0	0	**0**	0	0	0	**0**
TOTAL POSITIONS	**7**	**0**	**7**	**0**	**0**	**0**	**0**
* **Statutory Dedications:**							
[Select Statutory Dedication]	$0	$0	**$0**	$0	$0	$0	$0
[Select Statutory Dedication]	$0	$0	**$0**	$0	$0	$0	$0
[Select Statutory Dedication]	$0	$0	**$0**	$0	$0	$0	$0
[Select Statutory Dedication]	$0	$0	**$0**	$0	$0	$0	$0
[Select Statutory Dedication]	$0	$0	**$0**	$0	$0	$0	$0
[Select Statutory Dedication]	$0	$0	**$0**	$0	$0	$0	$0
[Select Statutory Dedication]	$0	$0	**$0**	$0	$0	$0	$0
[Select Statutory Dedication]	$0	$0	**$0**	$0	$0	$0	$0

STATE OF LOUISIANA
DIVISION OF ADMINISTRATION, OFFICE OF PLANNING AND BUDGET
REQUEST FOR MID-YEAR BUDGET ADJUSTMENT

PROGRAM LEVEL REQUEST FOR MID-YEAR BUDGET ADJUSTMENT

PROGRAM 1 NAME: Administration

MEANS OF FINANCING:	State General Fund	Interagency Transfers	Fees & Self-Generated Revenues	Statutory Dedications	Federal Funds	TOTAL
AMOUNT	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
EXPENDITURES:						
Salaries	$0	$0	$0	$0	$0	**$0**
Other Compensation	$0	$0	$0	$0	$0	**$0**
Related Benefits	$0	$0	$0	$0	$0	**$0**
Travel	$0	$0	$0	$0	$0	**$0**
Operating Services	$0	$0	$0	$0	$0	**$0**
Supplies	$0	$0	$0	$0	$0	**$0**
Professional Services	$0	$0	$0	$0	$0	**$0**
Other Charges	$0	$0	$0	$0	$0	**$0**
Debt Services	$0	$0	$0	$0	$0	**$0**
Interagency Transfers	$0	$0	$0	$0	$0	**$0**
Acquisitions	$0	$0	$0	$0	$0	**$0**
Major Repairs	$0	$0	$0	$0	$0	**$0**
UNALLOTTED	$0	$0	$0	$0	$0	**$0**
TOTAL EXPENDITURES	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
OVER / (UNDER)	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

STATE OF LOUISIANA
DIVISION OF ADMINISTRATION, OFFICE OF PLANNING AND BUDGET
REQUEST FOR MID-YEAR BUDGET ADJUSTMENT

PROGRAM LEVEL REQUEST FOR MID-YEAR BUDGET ADJUSTMENT

PROGRAM 2 NAME: Marketing

MEANS OF FINANCING:	CURRENT FY 2018-2019	REQUESTED ADJUSTMENT	REVISED FY 2018-2019	ADJUSTMENT OUTYEAR PROJECTIONS FY 2019-2020	FY 2020-2021	FY 2021-2022	FY 2022-2023
GENERAL FUND BY:							
Direct	$900,000	$0	**$900,000**	$0	$0	$0	$0
Interagency Transfers	$43,216	$0	**$43,216**	$0	$0	$0	$0
Fees & Self-Generated	$21,071,516	$1,610,000	**$22,681,516**	$0	$0	$0	$0
Statutory Dedications *	$0	$0	**$0**	$0	$0	$0	$0
FEDERAL FUNDS	$447,660	$0	**$447,660**	$0	$0	$0	$0
TOTAL MOF	**$22,462,392**	**$1,610,000**	**$24,072,392**	**$0**	**$0**	**$0**	**$0**
EXPENDITURES:							
Salaries	$739,053	$0	**$739,053**	$0	$0	$0	$0
Other Compensation	$3,865	$0	**$3,865**	$0	$0	$0	$0
Related Benefits	$488,672	$0	**$488,672**	$0	$0	$0	$0
Travel	$169,000	$0	**$169,000**	$0	$0	$0	$0
Operating Services	$4,609,781	$0	**$4,609,781**	$0	$0	$0	$0
Supplies	$16,000	$0	**$16,000**	$0	$0	$0	$0
Professional Services	$9,169,654	$1,610,000	**$10,779,654**	$0	$0	$0	$0
Other Charges	$2,233,580	$0	**$2,233,580**	$0	$0	$0	$0
Debt Services	$0	$0	**$0**	$0	$0	$0	$0
Interagency Transfers	$5,025,487	$0	**$5,025,487**	$0	$0	$0	$0
Acquisitions	$7,300	$0	**$7,300**	$0	$0	$0	$0
Major Repairs	$0	$0	**$0**	$0	$0	$0	$0
UNALLOTTED	$0	$0	**$0**	$0	$0	$0	$0
TOTAL EXPENDITURES	**$22,462,392**	**$1,610,000**	**$24,072,392**	**$0**	**$0**	**$0**	**$0**
POSITIONS							
Classified	15	0	**15**	0	0	0	0
Unclassified	0	0	**0**	0	0	0	0
TOTAL T.O. POSITIONS	**15**	**0**	**15**	**0**	**0**	**0**	**0**
OTHER CHARGES POSITIONS	3	0	**3**	0	0	0	0
NON-TO FTE POSITIONS	0	0	**0**	0	0	0	0
TOTAL POSITIONS	**18**	**0**	**18**	**0**	**0**	**0**	**0**
*** Statutory Dedications:**							
Audubon Golf Trail Development Fund (CTA)	$0	$0	**$0**	$0	$0	$0	$0
[Select Statutory Dedication]	$0	$0	**$0**	$0	$0	$0	$0
[Select Statutory Dedication]	$0	$0	**$0**	$0	$0	$0	$0
[Select Statutory Dedication]	$0	$0	**$0**	$0	$0	$0	$0
[Select Statutory Dedication]	$0	$0	**$0**	$0	$0	$0	$0
[Select Statutory Dedication]	$0	$0	**$0**	$0	$0	$0	$0
[Select Statutory Dedication]	$0	$0	**$0**	$0	$0	$0	$0
[Select Statutory Dedication]	$0	$0	**$0**	$0	$0	$0	$0

STATE OF LOUISIANA
DIVISION OF ADMINISTRATION, OFFICE OF PLANNING AND BUDGET
REQUEST FOR MID-YEAR BUDGET ADJUSTMENT

PROGRAM LEVEL REQUEST FOR MID-YEAR BUDGET ADJUSTMENT

PROGRAM 2 NAME: Marketing

MEANS OF FINANCING:	State General Fund	Interagency Transfers	Fees & Self-Generated Revenues	Statutory Dedications	Federal Funds	TOTAL
AMOUNT	**$0**	**$0**	**$1,610,000**	**$0**	**$0**	**$1,610,000**
EXPENDITURES:						
Salaries	$0	$0	$0	$0	$0	**$0**
Other Compensation	$0	$0	$0	$0	$0	**$0**
Related Benefits	$0	$0	$0	$0	$0	**$0**
Travel	$0	$0	$0	$0	$0	**$0**
Operating Services	$0	$0	$0	$0	$0	**$0**
Supplies	$0	$0	$0	$0	$0	**$0**
Professional Services	$0	$0	$1,610,000	$0	$0	**$1,610,000**
Other Charges	$0	$0	$0	$0	$0	**$0**
Debt Services	$0	$0	$0	$0	$0	**$0**
Interagency Transfers	$0	$0	$0	$0	$0	**$0**
Acquisitions	$0	$0	$0	$0	$0	**$0**
Major Repairs	$0	$0	$0	$0	$0	**$0**
UNALLOTTED	$0	$0	$0	$0	$0	**$0**
TOTAL EXPENDITURES	**$0**	**$0**	**$1,610,000**	**$0**	**$0**	**$1,610,000**
OVER / (UNDER)	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

STATE OF LOUISIANA
DIVISION OF ADMINISTRATION, OFFICE OF PLANNING AND BUDGET
REQUEST FOR MID-YEAR BUDGET ADJUSTMENT

PROGRAM LEVEL REQUEST FOR MID-YEAR BUDGET ADJUSTMENT

PROGRAM 3 NAME: Welcome Centers

MEANS OF FINANCING:	CURRENT FY 2018-2019	REQUESTED ADJUSTMENT	REVISED FY 2018-2019	ADJUSTMENT OUTYEAR PROJECTIONS FY 2019-2020	FY 2020-2021	FY 2021-2022	FY 2022-2023
GENERAL FUND BY:							
Direct	$0	$0	**$0**	$0	$0	$0	$0
Interagency Transfers	$0	$0	**$0**	$0	$0	$0	$0
Fees & Self-Generated	$3,492,036	$390,000	**$3,882,036**	$0	$0	$0	$0
Statutory Dedications *	$0	$0	**$0**	$0	$0	$0	$0
FEDERAL FUNDS	$0	$0	**$0**	$0	$0	$0	$0
TOTAL MOF	**$3,492,036**	**$390,000**	**$3,882,036**	**$0**	**$0**	**$0**	**$0**
EXPENDITURES:							
Salaries	$1,414,149	$0	**$1,414,149**	$0	$0	$0	$0
Other Compensation	$301,640	$0	**$301,640**	$0	$0	$0	$0
Related Benefits	$795,061	$0	**$795,061**	$0	$0	$0	$0
Travel	$15,500	$0	**$15,500**	$0	$0	$0	$0
Operating Services	$255,551	$0	**$255,551**	$0	$0	$0	$0
Supplies	$80,500	$0	**$80,500**	$0	$0	$0	$0
Professional Services	$0	$0	**$0**	$0	$0	$0	$0
Other Charges	$200,000	$390,000	**$590,000**	$0	$0	$0	$0
Debt Services	$0	$0	**$0**	$0	$0	$0	$0
Interagency Transfers	$219,500	$0	**$219,500**	$0	$0	$0	$0
Acquisitions	$28,400	$0	**$28,400**	$0	$0	$0	$0
Major Repairs	$181,735	$0	**$181,735**	$0	$0	$0	$0
UNALLOTTED	$0	$0	**$0**	$0	$0	$0	$0
TOTAL EXPENDITURES	**$3,492,036**	**$390,000**	**$3,882,036**	**$0**	**$0**	**$0**	**$0**
POSITIONS							
Classified	51	0	**51**	0	0	0	0
Unclassified	0	0	**0**	0	0	0	0
TOTAL T.O. POSITIONS	**51**	**0**	**51**	**0**	**0**	**0**	**0**
OTHER CHARGES POSITIONS	0	0	**0**	0	0	0	**0**
NON-TO FTE POSITIONS	0	0	**0**	0	0	0	**0**
TOTAL POSITIONS	**51**	**0**	**51**	**0**	**0**	**0**	**0**
*** Statutory Dedications:**							
[Select Statutory Dedication]	$0	$0	**$0**	$0	$0	$0	$0
[Select Statutory Dedication]	$0	$0	**$0**	$0	$0	$0	$0
[Select Statutory Dedication]	$0	$0	**$0**	$0	$0	$0	$0
[Select Statutory Dedication]	$0	$0	**$0**	$0	$0	$0	$0
[Select Statutory Dedication]	$0	$0	**$0**	$0	$0	$0	$0
[Select Statutory Dedication]	$0	$0	**$0**	$0	$0	$0	$0
[Select Statutory Dedication]	$0	$0	**$0**	$0	$0	$0	$0
[Select Statutory Dedication]	$0	$0	**$0**	$0	$0	$0	$0

STATE OF LOUISIANA
DIVISION OF ADMINISTRATION, OFFICE OF PLANNING AND BUDGET
REQUEST FOR MID-YEAR BUDGET ADJUSTMENT

PROGRAM LEVEL REQUEST FOR MID-YEAR BUDGET ADJUSTMENT

PROGRAM 3 NAME: Welcome Centers

MEANS OF FINANCING:	State General Fund	Interagency Transfers	Fees & Self-Generated Revenues	Statutory Dedications	Federal Funds	TOTAL
AMOUNT	**$0**	**$0**	**$390,000**	**$0**	**$0**	**$390,000**
EXPENDITURES:						
Salaries	$0	$0	$0	$0	$0	**$0**
Other Compensation	$0	$0	$0	$0	$0	**$0**
Related Benefits	$0	$0	$0	$0	$0	**$0**
Travel	$0	$0	$0	$0	$0	**$0**
Operating Services	$0	$0	$0	$0	$0	**$0**
Supplies	$0	$0	$0	$0	$0	**$0**
Professional Services	$0	$0	$0	$0	$0	**$0**
Other Charges	$0	$0	$390,000	$0	$0	**$390,000**
Debt Services	$0	$0	$0	$0	$0	**$0**
Interagency Transfers	$0	$0	$0	$0	$0	**$0**
Acquisitions	$0	$0	$0	$0	$0	**$0**
Major Repairs	$0	$0	$0	$0	$0	**$0**
UNALLOTTED	$0	$0	$0	$0	$0	**$0**
TOTAL EXPENDITURES	**$0**	**$0**	**$390,000**	**$0**	**$0**	**$390,000**
OVER / (UNDER)	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

GENERAL PURPOSE

1. The Louisiana Office of Tourism is requesting to increase FSGR to $28.2 million for FY 19/20

REVENUES

(Explain the Means of Financing. Provide details including Source, authority to spend, etc.)

4. **Self-Generated Revenues**
   Explain how funds are generated:
   The funds are generated through sales and use tax. Per R.S. 51:1286 ...to provide funds for the purpose of assisting the state in the promotion of tourism, the district is hereby authorized, to levy and collect a sales and use tax not to exceed three one hundredths of one percent.
   Provide original fund balance and revised fund balance: Current $26,262,550 Revised $28,262,550
   Provide amount of original fund balance that was originally budgeted - For FY19 the SGR appropriation is $26,112,703
   Provide amount of revised fund balance that will be budgeted if this BA-7 is approved - if approved the appropriated SGR is $28.2 million

7. **If Federal Funds**

8. **All Grants:**

EXPENDITURES

9. Provide detailed expenditure information including how the amount requested was calculated.

   Calculated using the adopted 6/26/18 REC forecast for the Louisiana Tourism Promotion District fund.

10. If funds are being transferred, please explain how excess funds became available.

    No funds are being transferred.

11. Provide object details as part of explanation.

AFS	Program	Org	Object	Amount	Means of Finance
	200	6787	3460	$ 1,610,000	FSGR
	300	6788	3740	$ 390,000	FSGR

LaGov	Fund	Cost Center	G/L Acct	Amount
	2670000200	2672038700	5510028	$ 1,610,000
	2670000200	2673108816	5620064	$ 390,000
			Total	$ 2,000,000

12. Provide names, phone numbers and e-mail addresses of agency contacts that can provide further information on this item and will attend JLCB to testify.

Billy Nungesser, LT Governor	bnungesser@crt.la.gov	(225)342-7009
Richard Hartley, Deputy Secretary	rhartley@crt.la.gov	(225)342-8607
Nancy Watkins, Undersecretary	nwatkins@crt.la.gov	(225)342-8201
Douglas Bougeois, Asst Secretary, Office of Tourism	dbourgeois@crt.la.gov	(225)342-8125

Louisiana Office of Tourism
Proposed Budget and Projects

Project	Description	Cost
Welcome Center Upgrades	Interactive kiosks and guest book, social media and video wall, platforms (CMS) extensions and mobile app. This upgrade will be done at the Slidell, New Orleans and Mound welcome centers. This will replace paper and pencil sign-in sheets to gather more information on visitors to our state. The video wall will allow us to showcase through video all the great things to see and do throughout Louisiana as well as show real time webcam from festivals and events happening throughout the state and social media posts from Louisiana Travel. Free standing double and single sided kiosks will allow visitors to plan their own itineraries and download them to an app to take with them paperlessly. The kiosk will be able to offer information in multiple languages and will have the ability to work without wifi in the event service is interrupted.	$390,000
International Marketing	Increase Louisiana's brand in the top international markets, including Canada, France, UK, Germany, China, and Japan. Additionally, plans are to investigate entering the Australian market. All through Brand USA, the commerce department's international tourism marketing agency, as well as the Louisiana Office of Tourism's official advertising agencies. This will be done through billborads, digital ads, video screens, print ads, tour operator coops, travel agent training, and taxi/bus wraps.	$770,000
Spring Advertising Campaign	Increase the reach of the Spring Advertising Campaign. This will increase advertising in existing and new markets with additional print and digital ad buys as well as cable.	$600,000

Project	Description	Cost
Clicktivated	Clicktivated is a company that developed exciting new technology that is on point in the tourism sector, so much so they were invited to incubate at a Microsoft development center for a month. The company runs videos (:30 spots, :15 spots, longer format pieces) online, optimizing delivery by predictive behavior of those who engage the most with the videos. Their twist on this is that the viewer is told to click on the screen whenever they see something in the video that they want to learn more about. The click does not interrupt the video, and viewers can click as many times as they want. At the completion of the video, the viewer is presented a library of links that was self-curated. From this, they can further engage in content related to the video. An additional value is that LOT gets a report of considerable heft, giving us measurable data on: - What are the elements within the spot that garner the most interest (fishing, plantations, music, etc) - How much time did the viewer then spend on micro-pages on LOT's website (our music, culinary, paddling pages) - All this is cross-referenced with IP geography so we can learn if we should be targeting different parts of the country with different messages	$90,000
Pop-Up Kiosks	This will be three (3) branded Louisiana pop-up tents that will have digial assets to allow visitors to sign up for the Louisiana Bayou Krewe program and louisianatravel.com newsletters. It is done in a photo booth enviroment where visitors can take photos that have filters with Louisiana Tourism and event or festival logo and share the photos digitally with their own social media platforms.	$150,000
	Project Total	**$2,000,000**

STATE OF LOUISIANA
DIVISION OF ADMINISTRATION, OFFICE OF PLANNING AND BUDGET
REQUEST FOR MID-YEAR BUDGET ADJUSTMENT

DEPARTMENT: NATURAL RESOURCES	**FOR OPB USE ONLY**
AGENCY: OFFICE OF THE SECRETARY	OPB LOG NUMBER: 141 / AGENDA NUMBER: 16
SCHEDULE NUMBER: 11-431	
SUBMISSION DATE: November 19, 2018	**Approval and Authority:**
AGENCY BA-7 NUMBER: 3	
HEAD OF BUDGET UNIT: THOMAS F. HARRIS	
TITLE: SECRETARY	
SIGNATURE *(Certifies that the information provided is correct and true to the best of your knowledge):* TFH	

MEANS OF FINANCING	**CURRENT FY 2018-2019**	**ADJUSTMENT (+) or (-)**	**REVISED FY 2018-2019**
GENERAL FUND BY:			
DIRECT	$699,393	$0	**$699,393**
INTERAGENCY TRANSFERS	$4,700,941	$0	**$4,700,941**
FEES & SELF-GENERATED	$260,639	$0	**$260,639**
STATUTORY DEDICATIONS	$8,585,899	$3,000,000	**$11,585,899**
Fisherman's Gear Compensation Fund (N04)	$632,000	$0	**$632,000**
Oilfield Site Restoration Fund (N05)	$7,953,899	$3,000,000	**$10,953,899**
Subtotal of Dedications from Page 2	$0	$0	**$0**
FEDERAL	$2,293,328	$0	**$2,293,328**
TOTAL	**$16,540,200**	**$3,000,000**	**$19,540,200**
AUTHORIZED POSITIONS	40	0	**40**
AUTHORIZED OTHER CHARGES	0	0	**0**
NON-TO FTE POSITIONS	0	0	**0**
TOTAL POSITIONS	**40**	**0**	**40**

PROGRAM EXPENDITURES	**DOLLARS**	**POS**	**DOLLARS**	**POS**	**DOLLARS**	**POS**
PROGRAM NAME:						
Executive	$16,540,200	40	$3,000,000	0	**$19,540,200**	**40**
	$0	0	$0	0	**$0**	**0**
	$0	0	$0	0	**$0**	**0**
	$0	0	$0	0	**$0**	**0**
	$0	0	$0	0	**$0**	**0**
	$0	0	$0	0	**$0**	**0**
	$0	0	$0	0	**$0**	**0**
	$0	0	$0	0	**$0**	**0**
	$0	0	$0	0	**$0**	**0**
	$0	0	$0	0	**$0**	**0**
Subtotal of programs from Page 2:	$0	0	$0	0	**$0**	**0**
TOTAL	**$16,540,200**	**40**	**$3,000,000**	**0**	**$19,540,200**	**40**

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STATE OF LOUISIANA
DIVISION OF ADMINISTRATION, OFFICE OF PLANNING AND BUDGET
REQUEST FOR MID-YEAR BUDGET ADJUSTMENT

DEPARTMENT: NATURAL RESOURCES	FOR OPB USE ONLY	
AGENCY: OFFICE OF THE SECRETARY	OPB LOG NUMBER	AGENDA NUMBER
SCHEDULE NUMBER: 11-431		
SUBMISSION DATE: November 19, 2018	ADDENDUM TO PAGE 1	
AGENCY BA-7 NUMBER: 3		

Use this section for additional Statutory Dedications, if needed.
The subtotal will automatically be transferred to Page 1.

MEANS OF FINANCING	CURRENT FY 2018-2019	ADJUSTMENT (+) or (-)	REVISED FY 2018-2019
GENERAL FUND BY:			
STATUTORY DEDICATIONS			
[Select Statutory Dedication]	$0	$0	**$0**
[Select Statutory Dedication]	$0	$0	**$0**
[Select Statutory Dedication]	$0	$0	**$0**
[Select Statutory Dedication]	$0	$0	**$0**
[Select Statutory Dedication]	$0	$0	**$0**
[Select Statutory Dedication]	$0	$0	**$0**
SUBTOTAL (to Page 1)	**$0**	**$0**	**$0**

Use this section for additional Program Names, if needed.
The subtotal will automatically be transferred to Page 1.

PROGRAM EXPENDITURES	DOLLARS	POS	DOLLARS	POS	DOLLARS	POS
PROGRAM NAME:						
	$0	0	$0	0	**$0**	**0**
	$0	0	$0	0	**$0**	**0**
	$0	0	$0	0	**$0**	**0**
	$0	0	$0	0	**$0**	**0**
	$0	0	$0	0	**$0**	**0**
	$0	0	$0	0	**$0**	**0**
	$0	0	$0	0	**$0**	**0**
	$0	0	$0	0	**$0**	**0**
	$0	0	$0	0	**$0**	**0**
	$0	0	$0	0	**$0**	**0**
SUBTOTAL (to Page 1)	**$0**	**0**	**$0**	**0**	**$0**	**0**

STATE OF LOUISIANA
DIVISION OF ADMINISTRATION, OFFICE OF PLANNING AND BUDGET
REQUEST FOR MID-YEAR BUDGET ADJUSTMENT

Policy and Procedure Memorandum No. 52, Revised, requires that all Requests for Changes in Appropriation be fully documented. At a minimum, the following questions and statements must be answered. Use Continuation Sheets as needed. FAILURE TO ANSWER ALL QUESTIONS COMPLETELY WILL BE CAUSE TO RETURN THIS DOCUMENT WITHOUT ACTION.

1. What is the source of funding (if other than General Fund (Direct))? Specifically identify any grant or public law and the purposes of the funds, if applicable. A copy of any grant application and the notice of approved grant or appropriation must accompany the BA-7. What are the expenditure restrictions of the funds?

The source of funding is the Statutorily Dedicated Oilfield Site Restoration fund (N05). The N05 fund had a rollover of $5,925,612 from FY18 to FY19. A $1,480,595 carryforward BA-7 for FY18 contract liabilities has been accounted for in the current FY19 budget. This leaves a remaining $4,445,017 available in unbudgeted cash. We have identified expenditures totaling $3,000,000 for projects eligible to use this funding.

2. Enter the financial impact of the requested adjustment for the next four fiscal years.

MEANS OF FINANCING OR EXPENDITURE	FY 2018-2019	FY 2019-2020	FY 2020-2021	FY 2021-2022	FY 2022-2023
GENERAL FUND BY:					
DIRECT	$0	$0	$0	$0	$0
INTERAGENCY TRANSFERS	$0	$0	$0	$0	$0
FEES & SELF-GENERATED	$0	$0	$0	$0	$0
STATUTORY DEDICATIONS	$3,000,000	$0	$0	$0	$0
FEDERAL	$0	$0	$0	$0	$0
TOTAL	**$3,000,000**	**$0**	**$0**	**$0**	**$0**

3. If this action requires additional personnel, provide a detailed explanation below:

This is work performed by outside contractors.

4. Explain why this request can't be postponed for consideration in the agency's budget request for next fiscal year.

This BA-7 is needed to expend N05 funds which have been collected for OSR projects. The department does not currently have the budget authority to approve these project expenditures.

5. Is this an after the fact BA-7, e.g.; have expenditures been made toward the program this BA-7 is for? If yes, explain per PPM No.52.

No

PERFORMANCE IMPACT OF MID-YEAR BUDGET ADJUSTMENT

1. Identify and explain the programmatic impact (positive or negative) that will result from the approval of this BA-7.

Project Number	Project Field	Estimated Cost
EMER2019-001 Poole #001; SN:109896	Poole Field	$150,000
EMER2019-002 SL5049 #001; SN:124288	Breton Sound Blk31	$350,000
EMER2019-003 Warren Harang et al # 003; SN: 213022	Valentine Field	$250,000
431-PA19-007	South Timbalier Block 8	$1,250,000
Projects funded by Financial Securities	Various	$500,000
Estimated Additional Emergency Projects	Various	$500,000
	TOTAL	$3,000,000

What this transaction proposes is to increase the Oilfield Site Restoration Program budget by $3,000,000 to perform the following:

Poole #001; SN:109896 estimated amount of $150,000 to plug a well (1 High Priority)
SL5049 #001; SN:124288 estimated amount of $350,000 to plug a well (1 High Priority)
Warren Harang et al # 003; SN: 213022 estimated amount of $250,000 to plug a well (1 High Priority)
431-PA19-007; estimated amount of $1,250,000 to plug 3 wells (3 High Priority - includes restoring sites and removing associated facilities)
Additional projects funded by financial securities in escrow estimated at $500,000 (2 High Priority)
Budget is estimated for additional emergency projects in the amount of $500,000 (2 High Priority)

2. Complete the following information for each objective and related performance indicators that will be affected by this request. *(Note: Requested adjustments may involve revisions to existing objectives and performance indicators or creation of new objectives and performance indicators. Repeat this portion of the request form as often as necessary.)*

OBJECTIVE:

LEVEL	PERFORMANCE INDICATOR NAME	PERFORMANCE STANDARD CURRENT FY 18-19	ADJUSTMENT (+) OR (-)	REVISED FY 18-19
K	**Number of urgent and high priority orphaned well sites restored during the fiscal year (LAPAS CODE - 24415)**	**40**	**10**	**50**
K	**Percentage of program revenue utilized to restore urgent and high priority orphaned well sites during the fiscal year (LAPAS CODE - 24416)**	**60**		**60**
K	**Number of orphaned well sites restored during fiscal year (LAPAS CODE - 3401)**	**178**	**10**	**188**

JUSTIFICATION FOR ADJUSTMENT(S): Explain the necessity of the adjustment(s).

The additional funding is to plug and abandon emergency and high priority wells as a part of on-going FY18-19 projects.

3. Briefly explain any performance impacts other than or in addition to effects on objectives and performance indicators. *(For example: Are there any anticipated direct or indirect effects on program management or service recipients ? Will this BA-7 have a positive or negative impact on some other program or agency?)*

If the $3 million is approved, the funding will be used to plug emergency and high priority orphaned wells, and limit the possible negative affects on the environment.

4. If there are no performance impacts associated with this BA-7 request, then fully explain this lack of performance impact.

NA

5. Describe the performance impacts of failure to approve this BA-7. (Be specific. Relate performance impacts to objectives and performance indicators.)

Failure to approve this BA-7 means the Department will not be able to fund the emergency and high priority well plugging activity
and meet the goals of efficient service delivery.

STATE OF LOUISIANA
DIVISION OF ADMINISTRATION, OFFICE OF PLANNING AND BUDGET
REQUEST FOR MID-YEAR BUDGET ADJUSTMENT

PROGRAM LEVEL REQUEST FOR MID-YEAR BUDGET ADJUSTMENT

PROGRAM 1 NAME: EXECUTIVE

MEANS OF FINANCING:	CURRENT FY 2018-2019	REQUESTED ADJUSTMENT	REVISED FY 2018-2019	ADJUSTMENT OUTYEAR PROJECTIONS FY 2019-2020	FY 2020-2021	FY 2021-2022	FY 2022-2023
GENERAL FUND BY:							
Direct	$699,393	$0	**$699,393**	$0	$0	$0	$0
Interagency Transfers	$4,700,941	$0	**$4,700,941**	$0	$0	$0	$0
Fees & Self-Generated	$260,639	$0	**$260,639**	$0	$0	$0	$0
Statutory Dedications *	$8,585,899	$3,000,000	**$11,585,899**	$0	$0	$0	$0
FEDERAL FUNDS	$2,293,328	$0	**$2,293,328**	$0	$0	$0	$0
TOTAL MOF	**$16,540,200**	**$3,000,000**	**$19,540,200**	**$0**	**$0**	**$0**	**$0**
EXPENDITURES:							
Salaries	$3,188,340	$0	**$3,188,340**	$0	$0	$0	$0
Other Compensation	$108,732	$0	**$108,732**	$0	$0	$0	$0
Related Benefits	$1,948,435	$0	**$1,948,435**	$0	$0	$0	$0
Travel	$50,882	$0	**$50,882**	$0	$0	$0	$0
Operating Services	$7,027,669	$3,000,000	**$10,027,669**	$0	$0	$0	$0
Supplies	$114,509	$0	**$114,509**	$0	$0	$0	$0
Professional Services	$76,977	$0	**$76,977**	$0	$0	$0	$0
Other Charges	$1,437,701	$0	**$1,437,701**	$0	$0	$0	$0
Debt Services	$0	$0	**$0**	$0	$0	$0	$0
Interagency Transfers	$2,586,955	$0	**$2,586,955**	$0	$0	$0	$0
Acquisitions	$0	$0	**$0**	$0	$0	$0	$0
Major Repairs	$0	$0	**$0**	$0	$0	$0	$0
UNALLOTTED	$0	$0	**$0**	$0	$0	$0	$0
TOTAL EXPENDITURES	**$16,540,200**	**$3,000,000**	**$19,540,200**	**$0**	**$0**	**$0**	**$0**
POSITIONS							
Classified	33	0	**33**	0	0	0	0
Unclassified	7	0	**7**	0	0	0	0
TOTAL T.O. POSITIONS	**40**	**0**	40	**0**	**0**	**0**	**0**
OTHER CHARGES POSITIONS	0	0	**0**	0	0	0	**0**
NON-TO FTE POSITIONS	0	0	**0**	0	0	0	**0**
TOTAL POSITIONS	**40**	**0**	40	**0**	**0**	0	**0**
*** Statutory Dedications:**							
Fisherman's Gear Compensation Fund (N04)	$632,000	$0	**$632,000**	$0	$0	$0	$0
Oilfield Site Restoration Fund (N05)	$7,953,899	$3,000,000	**$10,953,899**	$0	$0	$0	$0
[Select Statutory Dedication]	$0	$0	**$0**	$0	$0	$0	$0
[Select Statutory Dedication]	$0	$0	**$0**	$0	$0	$0	$0
[Select Statutory Dedication]	$0	$0	**$0**	$0	$0	$0	$0
[Select Statutory Dedication]	$0	$0	**$0**	$0	$0	$0	$0
[Select Statutory Dedication]	$0	$0	**$0**	$0	$0	$0	$0
[Select Statutory Dedication]	$0	$0	**$0**	$0	$0	$0	$0

STATE OF LOUISIANA
DIVISION OF ADMINISTRATION, OFFICE OF PLANNING AND BUDGET
REQUEST FOR MID-YEAR BUDGET ADJUSTMENT

PROGRAM LEVEL REQUEST FOR MID-YEAR BUDGET ADJUSTMENT

PROGRAM 1 NAME: EXECUTIVE

MEANS OF FINANCING:	State General Fund	Interagency Transfers	Fees & Self-Generated Revenues	Statutory Dedications	Federal Funds	TOTAL
AMOUNT	$0	$0	$0	$3,000,000	$0	$3,000,000
EXPENDITURES:						
Salaries	$0	$0	$0	$0	$0	$0
Other Compensation	$0	$0	$0	$0	$0	$0
Related Benefits	$0	$0	$0	$0	$0	$0
Travel	$0	$0	$0	$0	$0	$0
Operating Services	$0	$0	$0	$3,000,000	$0	$3,000,000
Supplies	$0	$0	$0	$0	$0	$0
Professional Services	$0	$0	$0	$0	$0	$0
Other Charges	$0	$0	$0	$0	$0	$0
Debt Services	$0	$0	$0	$0	$0	$0
Interagency Transfers	$0	$0	$0	$0	$0	$0
Acquisitions	$0	$0	$0	$0	$0	$0
Major Repairs	$0	$0	$0	$0	$0	$0
UNALLOTTED	$0	$0	$0	$0	$0	$0
TOTAL EXPENDITURES	$0	$0	$0	$3,000,000	$0	$3,000,000
OVER / (UNDER)	$0	$0	$0	$0	$0	$0
POSITIONS						
Classified	0	0	0	0	0	0
Unclassified	0	0	0	0	0	0
TOTAL T.O. POSITIONS	0	0	0	0	0	0
OTHER CHARGES POSITIONS	0	0	0	0	0	0
NON-TO FTE POSITIONS	0	0	0	0	0	0
TOTAL POSITIONS	0	0	0	0	0	0

BA-7 QUESTIONNAIRE

(Provide answers on the Questionnaire Analysis Form; answer all questions applicable to the requested budget adjustment.)

GENERAL PURPOSE

1. I.E.-This BA-7 is to avoid deficit expenditures in the Administration Program. This BA-7 is to budget a Supplemental Appropriation. This BA-7 is to budget receipt of a federal grant. This BA-7 budgets funding approved at March I.E.B. meeting.

REVENUES

(Explain the Means of Financing. Provide details including Source, authority to spend, etc.)

2. **If STATE GENERAL FUND**
   - Provide details

3. **If IAT**
   - List sending agency
   - Attach signed IAT agreement or signed letter that sending agency concurs with the need for this BA-7
   - Provide original Source of Funding (Where did the sending agency get the funds?)

4. **If Self-Generated Revenues**
   - Explain how funds are generated
   - Provide original fund balance and revised fund balance
   - Provide amount of original fund balance that was originally budgeted
   - Provide amount of revised fund balance that will be budgeted if this BA-7 is approved

5. **If Statutory Dedications**
   - Provide creating authority (Louisiana Revised Statutes and/or Administrative Code citations)
   - Current fund balance
   - Current year anticipated revenue

6. **If Interim Emergency Board Appropriations**
   - Attach I.E.B. notification approval (will serve as BA-7 justification)

7. **If Federal Funds**
   - Provide a copy of the grant award from the Federal Agency
   - Explain matching requirements associated with the proposed source of funding (be specific)

8. **All Grants:**
   - Explain the purpose of the grant
   - Provide a copy of the grant application and notification of grant award
   - Provide spending plan for each year of multi-year grants

EXPENDITURES

9. Provide detailed expenditure information including how the amount requested was calculated.
10. If funds are being transferred, pleased explain how excess funds became available.
11. Provide object details as part of explanation.

OTHER

12. Provide names, phone numbers and e-mail addresses of agency contacts that can provide further information on this item and will attend JLCB to testify.

QUESTIONNAIRE ANALYSIS
BA-7 #3 Increase OSR Budget Authority

GENERAL PURPOSE

1. This BA-7 is needed to expend escrowed funds that have been collected for specific projects. The department does not currently have the budget authority to approve these projects.

REVENUES

2. N/A
3. N/A
4. N/A
5. The source of funding is the Statutorily Dedicated Oilfield Site Restoration fund (N05). The N05 fund had a rollover of $5,925,612 from FY18 to FY19. A $1,480,595 carryforward BA-7 for FY18 contract liabilities has been accounted for in the current FY19 budget. This leaves a remaining $4,445,017 available in unbudgeted cash. We have identified expenditures totaling $3,000,000 for projects eligible to use this funding.
6. N/A
7. N/A
8. N/A

EXPENDITURES

9. See table below for breakdown of operating services (pollution remediation) expenditures by contractor.

Project Number	Project Field	Estimated Cost
EMER2019-001 Poole #001; SN:109896	Poole Field	$150,000
EMER2019-002 SL5049 #001; SN:124288	Breton Sound Blk31	$350,000
EMER2019-003 Warren Harang et al # 003; SN: 213022	Valentine Field	$250,000
431-PA19-007	South Timbalier Block 8	$1,250,000
Projects funded by Financial Securities	Various	$500,000
Estimated Additional Emergency Projects	Various	$500,000
	TOTAL	**$3,000,000**

10. N/A
11. These expenditures will be coded to the Operating Services object category.

OTHER

12.

Beverly Hodges, Undersecretary
Department of Natural Resources-Office of the Secretary
Phone: 225.342.8844 Fax: 225.342.8210
E-mail address: Beverly.Hodges@la.gov

Karen B. Young, Fiscal Administrator
Department of Natural Resources-Office of the Secretary
Phone: 225.342.2583 Fax: 225.342.8210
E-mail address: Karen.Young2@La.gov

Benjamin Spears, Budget Manager
Department of Natural Resources-Office of the Secretary
Phone: 225.342.9161 Fax: 225.342.8210
E-mail address: Benjamin.Spears2@La.gov

JOHN BEL EDWARDS
GOVERNOR

THOMAS F. HARRIS
SECRETARY

State of Louisiana

DEPARTMENT OF NATURAL RESOURCES
OFFICE OF MANAGEMENT AND FINANCE

November 19, 2018

Ms. Tevoy Dyson
Office of Planning and Budget
Division of Administration
P.O. Box 94095
Baton Rouge, LA 70804-9095

Dear Ms. Dyson:

Enclosed are the following FY19 BA-7 documents for the Department of Natural Resources:

BA-7 #3   431 - Office of the Secretary – Increase OSR Budget Authority

The Department has determined that there is a sufficient cash balance in the Oilfield Site Restoration Fund to support the requested increase in budget authority. If there are any questions concerning these BA-7 documents, please feel free to call me at 225-342-2583 or email me at Karen.Young2@la.gov.

Sincerely,

Karen Young

Karen Young
Accountant Administrator

Enclosures

Cc: Willis Brewer
Legislative Fiscal Office

Chris Henry
House Fiscal Division

Raynel Gascon
Joint Legislative Committee on Budget

STATE OF LOUISIANA
LEGISLATIVE FISCAL OFFICE
BATON ROUGE

John D. Carpenter
Legislative Fiscal Officer

Post Office Box 44097
Capitol Station
Baton Rouge, Louisiana 70804
Phone: 225.342.7233
Fax: 225.342.7243

To: The Honorable Cameron Henry, Chairman
Joint Legislative Committee on the Budget
The Honorable Members of the Joint Legislative Committee on the Budget

From: John D. Carpenter, Legislative Fiscal Officer
Evan Brasseaux, LFO Staff Director

Date: December 10, 2018

Subject: LFO BA-7 Write-Ups
Meeting December 13, 2018

Attached are the Legislative Fiscal Office BA-7 (Budget Adjustment) write-ups for the December meeting of the Joint Legislative Committee on the Budget. The LFO recommends approval of BA-7's 13 & 16. All other BA-7's have been withdrawn.

Please contact me if you have questions or need additional information.

LEGISLATIVE FISCAL OFFICE
ANALYSIS OF BA-7 REQUEST

DEPARTMENT: Culture, Recreation & Tourism **AGENDA NO.:** 13

AGENCY: Tourism **ANALYST:** Monique Appeaning

Means of Financing		**Expenditures by Program**		**T. O.**
State General Fund:	$0	Administrative	$0	0
Interagency Transfers:	$0	Marketing	$1,610,000	0
Self-Generated Revenue:	$2,000,000	Welcome Centers	$390,000	0
Statutory Dedications:	$0			
Federal Funds:	$0			
Total	**$2,000,000**	**Total**	**$2,000,000**	**0**

I. SUMMARY/COMMENTS

The purpose of this BA-7 request is to increase the Fees & Self-generated budget authority by $2 M for the Department of Culture Recreation and Tourism, Office of Tourism. The revenue source is Louisiana Tourism Promotion District (LTPD). On June 26, 2018, the Revenue Estimating Conference (REC) Official Forecast increased the revenue forecast of LTPD by $3 M, from $26.2 M to $29.2 M. This BA-7 requests $2 M for expenditures outlined below.

NOTE: The revenue estimate recommendations presented by the state's economists to the REC on November 27th and December 10th, if adopted would have lowered the LTPD forecast by $3 M (DOA) or $6 M (LFO). While there is a potential that current year revenues may not fully cover the $2 M in the BA-7 request, there is a sufficient fund balance to draw funds if the current revenue forecast is not realized.

REVENUE

LTPD was created as a special taxing district by Act 1038 of 1990 to promote and develop tourism in Louisiana. The District is a political subdivision of the state with the authority to levy and collect a 3/100 of 1% sales and use tax on retail sales of personal property and services subject to Revised Statute 47:331 (Imposition of Tax).

Historical Beginning Balances of LTPD
FY 19 beginning balance was $9 M
FY 18 beginning balance was $6.6 M (Currently recognized in June 26, 2018, REC Official Forecast)
FY 17 beginning balance was $3.8 M
FY 16 beginning balance was $3.9 M
FY 15 beginning balance was $2.9 M

EXPENDITURES

The $2 M increase provides for the following:

1)Welcome Center Upgrades - $390,000 - provides for interactive kiosks and guest book, social media and video wall, platform (Content Management System) extensions and mobile apps for the Slidell, New Orleans and Mound locations. Currently one welcome center (Vinton) has these types of updates. This funding provides enhancements and upgrades at three (3) additional welcome centers to offer digital options to get information to visitors. NOTE: there are currently 10 welcome centers, including the Vinton welcome center that are open statewide.

2) International Marketing - $770,000 - provides for increased marketing efforts in Canada, France, United Kingdom, Germany, China, and Japan through billboards, digital ads, video screens, print ads, tour operator coops, travel agent training, and taxi/bus wraps. This will occur through Brand USA, the commerce department's international tourism marketing agency, as well as the Louisiana Office of Tourism's official advertising agencies. Additional plans are to investigate entering the Australian market. In FY 18 the agency expended $554,775 with Brand USA and in FY 17 $245,225. In FY 19, the agency has approved two work orders that total $887,000. Brand USA is a non-profit, private partnership dedicated to increasing inbound international travel to the United States. Established by the Travel Promotion Act of 2009 as the nation's first public-private partnership to spearhead a globally coordinated marketing effort to promote the United States as a premier travel destination and communicate U.S. entry policies.

3) Spring Advertising Campaign - $600,000 - provides funding for advertising in existing and new markets with additional print and digital ad buys as well as cable. In the current budget, $2.3 M is budgeted for the Spring Advertising Campaign. This will increase the budget to $2.9 M. In FY 17 and FY 18 $1.75 M was expended annually.

4) Clicktivated - $90,000 - provides funding for a customized on-demand interactive video like a chef preparing a meal on LouisianaTravel.com that could provide the recipe or the restaurant. In FY 18, the agency tested this new technology at a cost of $60,000 to evaluate its worth.

5) Pop-Up Kiosks - $150,000 - provides for three (3) branded Louisiana pop-tents that will have digital assets to allow visitors to sign-up for the Louisiana Bayou Krewe program and LouisianaTravel.com newsletters. In FY 17 funding was provided for one Kiosk. The additional Kiosks will expand the agency's reach and brand awareness at promotional events.

II. IMPACT ON FUTURE FISCAL YEARS

Approval of this BA-7 request will have a negligible impact on future fiscal years that is primarily associated with the updates at the three (3) Welcome Centers for ongoing maintenance fees as a result of the technology updates. It is estimated to cost not more than $15,000 to cover equipment failures, software updates, and other operational elements. While the agency plans a spring campaign each year, these requested funds are for designated one time expenditures.

III. LEGISLATIVE FISCAL OFFICE RECOMMENDATION

The Legislative Fiscal Office recommends approval of this BA-7 request.

LEGISLATIVE FISCAL OFFICE
ANALYSIS OF BA-7 REQUEST

DEPARTMENT: Natural Resources

AGENDA NO.: 16

AGENCY: Office of Secretary

ANALYST: Willis Brewer

Means of Financing	
State General Fund:	$0
Interagency Transfers:	$0
Self-Generated Revenue:	$0
Statutory Dedications:	$3,000,000
Federal Funds:	$0
Total	**$3,000,000**

Expenditures by Program		**T. O.**
Executive	$3,000,000	0
Management & Finance	$0	0
Technology Assessment	$0	0
Atchafalaya Basin	$0	0
Auxiliary Account	$0	0
Total	**$3,000,000**	**0**

I. SUMMARY/COMMENTS

The purpose of this BA7 request is to provide $3 M Statutory Dedications out of the Oilfield Site Restoration Fund to plug and abandon six (6) high priority wells and a potential four (4) emergency wells in FY 19. Department of Natural Resources (DNR) is currently budgeted to restore 178 orphaned well sites during FY 19 and 40 of these are identified as urgent and high priority.

Contracts include the following:
Poole Field ($150,000) to plug one high priority well in Bossier Parish; Breton Sound ($350,000) to plug one high priority well in Plaquemines Parish; Valentine Field ($250,000) to plug one high priority well in Lafourche Parish; and South Timbalier Block 8 ($1,250,000) to plug three high priority wells in Terrebonne Parish, remove the associated facilities, and restore the site. The final $1 M in budget authority is for financial security and emergency funding for projects that may arise due to unforeseen events during the fiscal year that would require immediate attention. Based on an average cost to plug a well ($250,000), these funds would be able to plug four high priority wells.

II. IMPACT ON FUTURE FISCAL YEARS

Approval of this BA-7 request will have no impact on future fiscal years.

III. LEGISLATIVE FISCAL OFFICE RECOMMENDATION

The Legislative Fiscal Office recommends approval of this BA-7 request.

DIVISION OF ADMINISTRATION

Facility Planning & Control

JOINT LEGISLATIVE COMMITTEE

ON THE

BUDGET

Briefing Book

FOR

December 2018

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JOINT LEGISLATIVE COMMITTEE ON THE BUDGET
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Office of the Commissioner
State of Louisiana
Division of Administration

JOHN BEL EDWARDS
GOVERNOR

JAY DARDENNE
COMMISSIONER OF ADMINISTRATION

November 15, 2018

The Honorable Cameron Henry, Chairman
Joint Legislative Committee on the Budget
Post Office Box 44294, Capitol Station
Baton Rouge, Louisiana 70804

Re: Adjustments in Supplemental Funds Authority
Interagency Transfer
Rockefeller Refuge Fish Lab Complex
Louisiana Department of Wildlife and Fisheries
Grand Chenier, Louisiana
Project No. 01-107-05B-13 Part LX; WBS F.01000609

Dear Chairman Henry:

The Joint Legislative Committee on the Budget approved interagency transfers (IAT) for the Louisiana Department of Wildlife and Fisheries Rockefeller Refuge Fish Lab Complex project as follows:

- April 2013 - $1,600,000.00 from Rockefeller Wildlife Refuge and Game Preserve Fund
- November 2014 - $1,960,000.00 from Rockefeller Wildlife Refuge and Game Preserve Fund
- October 2016 - $1,100,000.00 of Alligator Resource Funds

The Louisiana Department of Wildlife and Fisheries is now requesting that previously approved Rockefeller Wildlife Refuge and Game Preserve Funds be decreased by $1,500,000.00 from $3,560,000.00 to $2,060,000.00 and Alligator Resource Funds be increased by $1,500,000.00 from $1,100,000.00 to $2,600,000.00. The total project funds will remain unchanged.

Therefore, we are requesting the Committee's approval of these adjustments in previously approved supplemental funding.

Please place this item on the agenda for the next meeting of the Committee.

Sincerely,

Mark A. Moses
Director

Jay Dardenne
Commissioner of Administration

CC: Mr. Mark Moses, FPC
Mr. Mark Gates, FPC
Mr. Stephen Losavio, FPC
Ms. Lisa Smeltzer, FPC
Ms. Sue Wheeler, FPC
Ms. Ternisa Hutchinson, OPB
Mr. Barry Dusse, OPB
Mr. Samuel Roubique, OPB
Mr. Paul Fernandez, OPB
Ms. Linda Hopkins, House Fiscal Division
Ms. Ashley Albritton, House Fiscal Division
Ms. Martha Hess, Senate Counsel
Ms. Raynel Gascon, Senate Fiscal Division

Office of the Commissioner
State of Louisiana
Division of Administration

JOHN BEL EDWARDS
GOVERNOR

JAY DARDENNE
COMMISSIONER OF ADMINISTRATION

November 15, 2018

The Honorable Cameron Henry, Chairman
Joint Legislative Committee on the Budget
Post Office Box 44294, Capitol Station
Baton Rouge, Louisiana 70804

Re: Supplemental Funds Request
Coastal Protection Projects, Planning and Construction
Coastal Protection and Restoration Agency (CPRA)

Dear Chairman Henry:

Act 29 of the 2018 appropriated $55,250,000 in Federal Funds, $150,000 in Interagency Transfers and $93,000,000 in a Statutory Dedication from the Coastal Protection and Restoration Fund and $211,522,500 from the Natural Resources Restoration Trust Fund to the Office of Coastal Protection and Restoration for the "Coastal Protection Projects, Planning and Construction" project for Fiscal Year 2019. CPRA has advised us that two amounts were reversed and $93,000,000 of funding for this project for Fiscal Year 2019 should have been appropriated from the Natural Resource Restoration Trust Fund (NRR) and the amount appropriated from the Coastal Protection and Restoration Fund should have been $211,522,500.

We are requesting that the Committee approve a supplemental Statutory Dedication from the Coastal Protection and Restoration Trust Fund in the amount of $118,522,500 and a decrease in the appropriation from the Natural Resource Restoration Trust Fund in the same amount. There should be no net change to the total funding for the project. The result will be $150,000 in Interagency Transfers, $55,250,000 in Federal Funds, $211,522,500 in a Statutory Dedication from the Coastal Protection and Restoration Fund and $93,000,000 in a Statutory Dedication from the Natural Resources Restoration Trust Fund appropriated for Fiscal Year 2019.

Please place this item on the agenda for the next meeting of the Committee.

Sincerely,

Mark A. Moses
Director

Jay Dardenne
Commissioner of Administration

CC: Mr. Mark Moses, FPC
Mr. Mark Gates, FPC
Mr. Stephen Losavio, FPC
Ms. Lisa Smeltzer, FPC
Ms. Sue Wheeler, FPC
Ms. Ternisa Hutchinson, OPB
Mr. Barry Dusse, OPB
Mr. Samuel Roubique, OPB
Mr. Paul Fernandez, OPB
Ms. Linda Hopkins, House Fiscal Division
Ms. Ashley Albritton, House Fiscal Division
Ms. Martha Hess, Senate Counsel
Ms. Raynel Gascon, Senate Fiscal Division

State of Louisiana

JOHN BEL EDWARDS
GOVERNOR

October 26, 2018

The Honorable Cameron Henry, Chairman
Joint Legislative Committee on the Budget
Post Office Box 94062
Baton Rouge, LA 70804

Dear Representative Henry:

Act 20 of the 2009 Regular Legislative Session provided an appropriation of surplus funding to the Office of Coastal Restoration and Management within the Department of Natural Resources, which is now the Coastal Protection and Restoration Authority (CPRA) within the Executive Department, for coastal protection and restoration projects in accordance with the Coastal Master Plan and Annual Plan. The Act further provided that approval of the Joint Legislative Committee on the Budget (JLCB) is required for obligations of the funding for any project which has been approved by the CPRA Board. CPRA submitted a list of projects to the JLCB on August 5, 2009 and received approval from the JLCB on August 14, 2009. Since that time, we requested one revision on August 22, 2014 and received approval from the JLCB on September 19, 2014. For reference, attached are both requests with approval by the JLCB.

I am writing to request another revision to the list for a project in Vermillion Parish. As you can see on the previous August 22, 2014 request, we reprogrammed $6,280,000.00 from the Four Mile Canal Storm Surge Reduction Construction project to the Bayou Tigre Flood Control Complex for design and construction. The pump station feature of the Complex was at 5% design when Vermillion Parish officials along with CPRA leadership determined that it is not feasible to construct it due to hydraulics and hydrology issues relative to FEMA regulations. Therefore, the Vermillion Parish Police Jury has proposed to fund another Master Plan project, North Vermillion Bay Shoreline Protection. This project will install 9,500 linear feet of shoreline protection along the north rim of Vermilion Bay in an area adjacent to the mouth of Boston Canal. In coordination with Vermillion Parish officials, we believe it is in the best interest of the State to reprogram the remaining $6,094,847, which would be utilized for the design, land rights, and construction of the North Vermillion Bay Shoreline Protection Project.

Therefore, we would greatly appreciate the opportunity to present this request to the JLCB at its next regularly scheduled meeting. Please note that the CPRA Board passed a motion supporting the proposed reprogramming at its October 24, 2018 meeting, and the signed resolution is attached. Also attached is a letter from Vermillion Parish Policy Jury, which requests the funding be reallocated to the North Vermillion Bay Shoreline Protection Project.

Executive Division
Post Office Box 44027 • Baton Rouge, Louisiana 70804-4027 • The Water Campus • 150 Terrace Avenue • Baton Rouge, Louisiana 70802
(225) 342-7308 • Fax (225) 342-4674 • http://www.coastal.la.gov
An Equal Opportunity Employer

We look forward to meeting with you to present our proposed reprogramming of 2009 Surplus funds. If you have any questions or need additional information, please contact me at 342-7764 or Janice Lansing, Chief Financial Officer at 342-4698.

Sincerely,

Michael Ellison
Executive Director

Attachments

c: Janice Lansing, Chief Financial Officer, CPRA
The Honorable Eric Lafleur, Chairman, Senate Finance Committee

COASTAL PROTECTION AND RESTORATION AUTHORITY
STATE OF LOUISIANA
October 24, 2018

RESOLUTION NO. 2018-10-01

A Resolution Approving Re-allocation of 2009 State Surplus Funds in Vermilion Parish

WHEREAS, during the 2009 Regular Session of the Louisiana Legislature, the Joint Legislative Committee of the Budget (the "JLCB") approved the funding of various coastal projects that were presented to the JLCB on August 14, 2009 by Governor Bobby Jindal's then-Executive Assistant for Coastal Activities (the "Coastal Projects"). The Coastal Projects previously had been approved by the Coastal Protection and Restoration Authority (the "CPRA") Board for implementation with Surplus Funds appropriated by Act 20 of the 2009 Regular Session of the Louisiana Legislature ("FY 2009 Surplus Funds"); and

WHEREAS, on September 5, 2018, the Coastal Protection and Restoration Authority (CPRA) provided correspondence to the Vermilion Parish Policy Jury (VPPJ) confirming the parties' mutual agreement to terminate the Intergovernmental Agreement (IGA) between the Parish and the State relative to the Bayou Tigre Flood Control Project (TV-0067) and the Bayou Tigre Flood Control Complex (TV-0075) (the Bayou Tigre IGA) effective October 8, 2018, which projects were partially allocated FY 2009 Surplus Funds; and

WHEREAS, in connection with the termination of the Bayou Tigre IGA, CPRA requested that VPPJ submit to CPRA projects in the 2017 Coastal Master Plan to be considered for the re-allocation of the FY 2009 Surplus Funds in the amount of approximately $6,094,847 in FY 2009 Surplus Funds; and

WHEREAS, on September 17, 2018, the VPPJ recommended that the FY 2009 Surplus Funds be reallocated to the Shoreline Protection along the North Shore of Vermilion Bay (TV-77) and on October 1, 2018 submitted this reallocation request to CPRA;

WHEREAS, after consultation with and recommendation of Vermillion Parish officials (who support this resolution and its adoption), the CPRA believes that it is in the best interest of the State of Louisiana to re-program and re-allocate the funding approved under the Bayou Tigre IGA to the Shoreline Protection along the North Shore of Vermilion Bay; and

THEREFORE, BE IT RESOLVED, that subject to approval of the Joint Legislative Committee on the Budget of the Louisiana Legislature, the Coastal Protection and Restoration Authority does hereby authorize the re-programming of approximately $6,094,847 of the Surplus Funds appropriated by Act 20 of the 2009 Regular Session of the Louisiana Legislature from the Bayou Tigre IGA to a project recommended by Vermilion Parish, the Shoreline Protection along the North Shore of Vermillion Bay in Vermilion Parish;

BE IT FURTHER RESOLVED THAT, the Chairman of the Board and/or the Executive Director of the Coastal Protection and Restoration Authority are authorized to make a request to the JLCB for legislative approval of such authorized reprogramming of the Surplus Funds appropriated by Act 20 of the 2009 Regular Session of the Louisiana Legislature;

BE IT FURTHER RESOLVED THAT, that pursuant to schedule 11/435 of Act 20 of the Regular Legislative Session of 2009, the Board, with the support of the Vermillion Parish Police Jury, hereby approves the reallocation of approximately $6,094,847 in FY 2009 surplus funds from the Bayou Tigre IGA to the Shoreline Protection along the North Shore of Vermilion Bay Project and recommends that the JLCB approve such reprogramming of funds of the Surplus Funds appropriated by Act 20 of the 2009 Regular Session of the Louisiana Legislature.

This Resolution was declared adopted this 24th day of October, 2018.

****

I hereby certify that the above is a true and correct copy of a resolution duly adopted by the Coastal Protection and Restoration Authority Board at its meeting of October 24, 2018 Cameron, Louisiana, at which a quorum was present.

JOHNNY B. BRADBERRY, CHAIR
COASTAL PROTECTION AND
RESTORATION AUTHORITY OF LOUISIANA

This 24th day of October, 2018, at Cameron, Louisiana.

Vermilion Parish

VERMILION PARISH POLICE JURY

Courthouse Bldg.
100 N. State St., Suite 200
Abbeville, Louisiana 70510
PH: 337-898-4300 • FAX: 337-898-4310 • www.vermilionparishpolicejury.com

October 1, 2018

Mr. William Feazel, P.E., P.L.S.
COASTAL PROTECTION & RESTORATION AUTHORITY
P.O. Box 44027
Baton Rouge, LA 70804

Re: Re-allocation of 2007 & 2009 State Surplus Funds

Dear Mr. Feazel:

The Vermilion Parish Police Jury (VPPJ) is in receipt of correspondence from Janice Lansing dated September 5, 2018, providing notice that the Intergovernmental Agreement (IGA) between the Parish and the State relative to the Bayou Tigre Flood Control Project (TV-0067) and the Bayou Tigre Flood Control Complex (TV-0075) is being terminated. Her letter confirms that the termination is mutually agreed upon by both parties and that it will be effective October 8, 2018.

On numerous occasions during the recent discussions between the VPPJ and CPRA, it has been agreed upon that the funds allocated to this IGA from 2007 and 2009 State Surplus funds would remain allocated to projects in Vermilion Parish. CPRA has requested that the VPPJ submit to CPRA projects to be considered for this re-allocation of these funds. During a recent VPPJ meeting, it was approved for the VPPJ to submit the following two (2) projects to CPRA for their consideration for the re-allocation of the Surplus funds associated with the aforementioned IGA:

1. Shoreline Protection along the North Shore of Vermilion Bay, and
2. Shoreline Protection along Freshwater Bayou near Little Vermilion Bay

Attached to this letter is an excerpt from the minutes of the September 17th meeting of the VPPJ which provide for the submittal of these two (2) projects for CPRA's consideration. We are hopeful that CPRA will consider the VPPJ's request and approve to fund these much needed projects in Vermilion Parish.

Should you have any questions or require any additional information, please do not hesitate to contact me.

Sincerely,
VERMILION PARISH POLICE JURY

Keith Roy
Parish Administrator

KR\TAV\K Roy to Bill Feazell 10012018.wpd
Enclosure

COASTAL PROTECTION & RESTORATION COMMITTEE
SEPTEMBER 12, 2018
ABBEVILLE, LOUISIANA

AS A RESULT OF A COASTAL PROTECTION & RESTORATION COMMITTEE MEETING HELD ON SEPTEMBER 12, 2018, THE FOLLOWING ITEMS ARE RESPECTFULLY SUBMITTED FOR THE JURY'S CONSIDERATION:

1. It is recommended the Police Jury approve to support the renewal of the Teche-Vermilion Tax.

2. It is recommended the Police Jury approve to amend our engineering agreement increasing the upset limit on the grant application and administration by $4,500.00 to total of $11,000.00 and to decrease the upset limit on land rights by $1,000.00 for a total contract increase of $3,500.00.

3. It is recommended the Police Jury approve an ordinance requiring vessels 50' or larger to maintain idle speed as they proceed through Freshwater Bayou from Cole's Bayou to the north end of the existing shoreline protection on the east bank of Freshwater Bayou for the duration of construction of the Cole's Bayou project.

4. It is recommended the Police Jury authorize Ralph Libersat to submit the following projects to CPRA: The North Shoreline Protection project on the northern rim of Vermilion Bay and Shoreline Protection reducing the gap on the north side of Little Vermilion Bay.

5. It is recommended the Police Jury approve to table the following until the next Costal Protection & Restoration Committee meeting:
   - SW Pass Shoreline Protection Project - $6.5M
   - Extending SP at Chenier Au Tigre - $2M
   - Extending SP at Tiger Point - $1.5M

6. It is recommended the Police Jury approve the payment of the bills that were submitted.

Respectfully submitted
Mr. Sandrus Stelly
Chairman

State of Louisiana

BOBBY JINDAL
GOVERNOR

RECEIVED
AUG 28 2014
BY:

August 22, 2014

The Honorable James R. Fannin, Chairman
House Appropriations Committee
Post Office Box 94062
Baton Rouge, LA 70804

Dear Representative Fannin:

On August 14, 2009, Garret Graves, Governor Jindal's former Executive Assistant for Coastal Activities, presented the following list (see table below) of coastal projects to the Joint Legislative Committee on the Budget (JLCB) for approval. These projects had been previously approved by the Coastal Protection and Restoration Authority (CPRA) Board for implementation with Surplus funds appropriated by Act 20 of the 2009 Regular Legislative Session. Following his presentation and ensuing discussion, the JLCB approved the proposed project list and associated funding amounts. Attached for reference is the approval letter.

CPRA Approved 2009 Surplus Funded Projects

Projects	Funding ($ Million)
Southeast La. Hurricane Land Easements, Right of Ways, Relocation and Disposal Areas (LERRDS)	**193.30**
Southeast La. Flood Projects	
Morganza to the Gulf	7.73
Lafittee Hurricane Protection	7.73
Larose to Golden Meadow	4.82
Donaldsonville to the Gulf	1.45
North Shore Hurricane/Flood Protection Plan	0.96
Subtotal	**22.69**
South-Central and Southwest La.	
Cameron-Creole levee	11.60
Four-Mile Canal Storm Surge Reduction Construction	6.28
Morgan City/St. Mary Flood Protection	3.87
Delcambre-Avery Canal Engineering-Design	0.97
Alexandria to the Gulf	0.97
South Central Coastal Plan	0.97
Subtotal	**24.66**
Other Allocations	
Beneficial Use (dredged material and twin spans)	6.29
Barrier Island Maintenance Program	3.39
Conservation/Restoration Partnerships	3.39
Atchafalaya Basin Natural Resources Inventory and Assessment	1.45
Rehabilitation and Repair of State Restoration Projects	1.94
Reserve Fund Contingency	13.55
Coastal Wetlands Planning, Protection and Restoration (CWPPRA)	14.50
Innovative Programs	1.94
University Partnerships	1.93
Louisiana Coastal Area (LCA)	0.97
Subtotal	**49.35**
Total	**290.00**

Approved by the Joint Legislative Committee on the Budget

DATE: 9-19-14

re programmed to Bayou Tigre Flood Control Complex

The Four Mile Canal Storm Surge Reduction Construction project in the approved list was funded at $6,280,000.00. However, to date, there have been no expenditures on the project. Modeling and simulation studies performed have shown constructing this standalone feature without tying it into a levee system, would not provide anticipated storm surge reduction benefits. Therefore, after working with Vermillion Parish officials, we believe it would be in the best interest of the state to re-program this funding to a flood control project on Bayou Tigre. The funding would be utilized for necessary design and construction activities to complete the Bayou Tigre Flood Control Complex.

Therefore, we would greatly appreciate the opportunity to present to the JLCB at it's next regularly scheduled meeting, a request for approval to reprogram $6,280,000.00 from the Four Mile Canal Storm Surge Reduction Construction project to the Bayou Tigre Flood Control Complex. Please note that the CPRA Board passed a motion supporting the proposed reprogramming at its August 20, 2014 meeting. The request is also supported by the Vermillion Parish Policy Jury, as indicated in the attached resolution.

We look forward to meeting with you to present our proposed reprogramming of 2009 Surplus funds. If you have any questions or need additional information, please contact me at 342-7308.

Sincerely,

Kyle Graham,
Executive Director

Attachments

c: The Honorable Jack Donahue, Chairman
Senate Finance Committee

COASTAL PROTECTION AND RESTORATION AUTHORITY BOARD

STATE OF LOUISIANA
August 20, 2014

RESOLUTION NO. 2014-08-01

A Resolution to Reallocate Certain 2009 Surplus Funds

WHEREAS, during the 2009 Regular Session of the Louisiana Legislature, the Joint Legislative Committee of the Budget (the "JLCB") approved the funding of various coastal projects that were presented to the JLCB on August 14, 2009 by Governor Bobby Jindal's then-Executive Assistant for Coastal Activities (the "Coastal Projects"). The Coastal Projects previously had been approved by the Coastal Protection and Restoration Authority Board ("Board") for implementation with Surplus Funds appropriated by Act 20 of the 2009 Regular Session of the Louisiana Legislature; and

WHEREAS, among the Coastal Projects was the *Four-Mile Canal Storm Surge Reduction Construction* project in Vermilion Parish (the "Four-Mile Project"). $6,280,000.00 was approved for the Four-Mile Project; however, to date, no funds have been expended on the Four-Mile Project; and

WHEREAS, modeling and simulation studies performed and conducted concerning the Four-Mile Project have shown that constructing it as a stand-alone feature (as originally planned) without tying it into a levee system would not provide the storm surge reduction benefits originally envisioned; and

WHEREAS, after consultation with Vermilion Parish officials (who support this resolution and its adoption), the Board believes that it is in the best interest of the State of Louisiana to re-program and re-allocate the funding approved for the Four-Mile Project to the *Bayou Tigre Flood Control Complex* where the $6,280,000.00 originally approved for the Four-Mile Project will be utilized for design and construction activities to complete the *Bayou Tigre Flood Control Complex*.

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THEREFORE, BE IT RESOLVED, that subject to approval of the Joint Legislative Committee on the Budget of the Louisiana Legislature, the Board does hereby authorize the re-programming of $6,280,000.00 of the Surplus Funds appropriated by Act 20 of the 2009 Regular Session of the Louisiana Legislature from the *Four-Mile Canal Storm Surge Reduction Construction* project in Vermilion Parish to the *Bayou Tigre Flood Control Complex,* also in Vermilion Parish; and

BE IT FURTHER RESOLVED THAT, the Chairman of the Board is authorized to make a request to the JLCB for legislative approval of such authorized reprogramming of the Surplus Funds appropriated by Act 20 of the Regular Session of the Louisiana Legislature; and

BE IT FURTHER RESOLVED THAT, the Board, with the support of the Vermilion Parish Police Jury, recommends that the JLCB approve such reprogramming of funds of the Surplus Funds appropriated by Act 20 of the Regular Session of the Louisiana Legislature.

This Resolution was declared adopted this 20th day of August, 2014.

****

I hereby certify that the above is a true and correct copy of a resolution duly adopted by the Coastal Protection and Restoration Authority Board at its meeting of August 20, 2014, in Baton Rouge, Louisiana, at which a quorum was present.

JEROME ZERINGUE, CHAIRMAN
COASTAL PROTECTION AND RESTORATION
AUTHORITY BOARD OF LOUISIANA

This 20 day of August, 2014 at Baton Rouge, Louisiana.

VERMILION PARISH POLICE JURY
Courthouse Bldg.
100 N. State St., Suite 200
Abbeville, Louisiana 70510

337-898-4300
FAX 337-898-4310

August 19, 2014

Mr. William Feazel, P.E., P.L.S.
COASTAL PROTECTION & RESTORATION AUTHORITY
450 Laurel Street, Suite 1200
Baton Rouge, LA 70801

Re: Re-allocation of 2009 State Surplus Funds

Dear Mr. Feazel,

The Vermilion Parish Police Jury adopted Resolution Number 2013-R-06 on August 5, 2013, a copy of which is attached to this letter. This Resolution supported CPRA's proposal that the CDBG funds allocated to the Boston Canal Flood Control Structure (TV-58) be re-allocated to the Bayou Tigre Flood Control Structure, which is now being designed and is being designated as TV-67.

The aforementioned resolution further supported having the funds allocated to the Four Mile Canal Storm Surge Reduction Structure (TV-56) re-allocated to the proposed northern Bayou Tigre Flood Control Structure. Through further project development it is our understanding that the proposed northern Bayou Tigre Flood Control Structure referred to in our aforementioned resolution is now a pump station that will be constructed on the north or protected side of the Bayou Tigre Flood Control Structure (TV-67).

The Vermilion Parish Police Jury (VPPJ) fully supports CPRA's decision that the "proposed northern Bayou Tigre Flood Control Structure" be further defined as a pump station. The VPPJ also would like to reiterate our full support that the design and construction of this pump station be paid for with the re-allocation of Four Mile Canal Project (TV-56) 2009 State Surplus Funds, totaling $6,280,000.

Should you wish to discuss these projects further, please do not hesitate to contact me.

Sincerely,
VERMILION PARISH POLICE JURY

LINDA DUHON
Parish Administrator

LD\TAV\L Duhon to Bill Feazell 08192014-M.wpd
Enclosure

RESOLUTION

2013-R-06

WHEREAS, the Vermilion Parish Police Jury has considerable concerns about the Delcambre-Avery Canal-Closure Structure Evaluation-Vermilion Bay Four Closure plans; and indicated the proposed locations for the Boston Canal and Four Mile Canal structures will provide little to no storm protection for the benefit area as stand-alone projects; and

WHEREAS, tandem structures located further inland on Bayou Tigre and the Delcambre-Avery Canal will provide the same storm surge protection; and

NOW THEREFORE BE IT HEREBY RESOLVED, the Vermilion Parish Police Jury is in full support of the Coastal Protection and Restoration Authority (CPRA) re-allocating the Boston Canal Flood Control Structure (TV-58) Community Development Block Grant funds to the proposed Bayou Tigre Flood Control Structure; and the Four Mile Canal Project (TV-56) 2009 Surplus Funds to the construction of the proposed northern Bayou Tigre Flood Control Structure (TV-58);

THEREUPON, the above resolution was declared adopted.

****

I, Linda Duhon, Parish Administrator of the Vermilion Parish Police Jury, do hereby certify that the above is a true and exact copy of a resolution adopted by the Vermilion Parish Police Jury at their meeting held on August 5, 2013, at which a quorum was present and acting.

Linda Duhon, Parish Administrator
Vermilion Parish Police Jury

State of Louisiana

BOBBY JINDAL
GOVERNOR

CPRA
Coastal Protection and Restoration Authority of Louisiana

August 5, 2009

The Honorable Michael J. Michot
Chairman, Senate Finance Committee
Post Office Box 94183
Baton Rouge, Louisiana 70804

Approved by Jt. Legislative Comm. on the Budget
Date: 8-14-09

Dear Senator Michot:

Act 20 of the regular legislative session of 2009 provides in schedule 11/435, Office of Coastal Restoration and Management, provides that approval of the Joint Legislative Committee on the budget shall be obtained prior to the obligation or commitment of any fund appropriated herein for a project which has been approved by the authority. In accordance with that provision, the following list of projects is submitted for approval of the Joint Legislative Committee on the Budget.

CPRA Approved 2009 Surplus Funded Projects:

Projects	Funding ($Million)
* **Southeast La. Hurricane Land Easements, Right of Ways, Relocations and Disposal Areas (LERRDS)**	193.30
Southeast La. Flood Projects	
Morganza to the Gulf	7.73
Lafitte Hurricane Protection	7.73
Larose to Golden Meadow	4.82
Donaldsonville to the Gulf	1.45
North Shore Hurricane/Flood Protection Plan	0.96
Subtotal	**22.69**
South - Central and Southwest La.	
Cameron-Creole levee	11.60
Four-Mile Canal Storm Surge Reduction Construction	6.28
Morgan City/St. Mary Flood Protection	3.87
Delcambre-Avery Canal Engineering-Design	0.97
Alexandria to the Gulf	0.97
South Central Coastal Plan	0.97
Subtotal	**24.66**
Other Allocations	
Beneficial Use (dredged material and twin spans)	6.29
Barrier Island Maintenance Program	3.39
Conservation/Restoration Partnerships	3.39
Atchafalaya Basin Natural Resources Inventory and Assessment	1.45
Rehabilitation and Repair of State Restoration Projects	1.94
Reserve Fund Contingency	13.55
Coastal Wetlands Planning, Protection and Restoration Act (CWPPRA)	14.50
Innovative Programs	1.94
University Partnerships	1.93
Louisiana Coastal Area (LCA)	0.97
Subtotal	**49.35**
Total	**290.00**

Executive Division
Post Office Box 44027 • Baton Rouge, Louisiana 70804-4027 • 450 Laurel Street • 15th Floor Chase Tower North • Baton Rouge, Louisiana 70801
(225) 342-7308 • Fax (225) 342-4711 • http://www.lacpra.org/
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Approved by Jt. Legislative Comm. on the Budget
Date: 8-14-09

We look forward to meeting with you Friday, August 14th to further explain our plans for this funding and appreciate the confidence you have displayed in the new Office of Coastal Protection and Restoration by this appropriation.

Sincerely,

Jerome Zeringue
Acting Executive Director
Office of Coastal Protection and Restoration

RDH/mh

cc: The Honorable James R. Fannin, Chairman
House Appropriations Committee

(FILE:ACCOUNT/APPROVECOASTALCAPOUTLAY10)

Pool Corporation and Subsidiaries
Tax Equalization Subsequent Renewal Request
Contract # 040057
Response to R.S. 24:653(M)

M. (1) All economic and financial reports for projects submitted in conjunction with the request for approval of the Joint Legislative Committee on the Budget in excess of a total state commitment of ten million dollars for the term of the project shall provide the following information:

(a) Inclusion of all input information, data, and assumptions, including but not limited to data sources, economic growth assumptions, and an assessment/basis of the reasonableness of each.

Attached:

- Tax Equalization Application received September 7, 2018
- Tax Equalization Narrative and Term Sheet as pesented to the Board of Commerce & Industry
- Economic Impact Statement prepared by ULM, dated August 24, 2018
- CPA Attestation from Postlethwaite & Netterville, dated August 29, 2018
- Tax Equalization Contract # 040057, draft dated October 24, 2018

(b) A description of the analytical model employed for the report and how each input was utilized with that model.

All estimates presented in the Economic Impact Statement prepared by ULM were calculated using the most recent 2016 RIMS II Multipliers for the State of Louisiana, obtained from the U.S. Bureau of Labor Statistics. Weighted average multiplier values are computed from the following:

- Industry 42000 Wholesale Trade
- Type I multipliers consider the effects of direct and indirect (supply-chain) activities.
- Type II multipliers consider the added effects of induced activities, i.e., spending of payroll on operationally-unrelated goods and services by households.

(c) Results in terms of value-added, household earnings, and employment, and a description of each concept.

The Economic Impact Statement from ULM provides an estimate of the direct and indirect effects that Pool Corp has on the State.

ULM Study, Table 4: The total economic impact of Pool Corporation and Affiliates (aggregated transactions)

	Direct + Indirect Effects	Induced Effects	Total (Direct + Indirect + Induced)
Single year impact	**$100,266,926**	**$49,423,316**	**$149,690,242**
10-year present value of impact	**$788,263,549**	**$388,548,852**	**$1,176,812,401**

Pool Corporation and Affiliates also pays substantial property taxes as a by-product of its Louisiana operations. In 2017, Pool Corporation and Affiliates paid $320,000 in property taxes. Assuming zero nominal growth in property taxes over the next 10 years and using the risk-adjusted discount rate mentioned above **we compute the 10-year present value of property taxes to be: $2,318,173.**

Present value of Pool Corporation and Affiliates' economic impact on household income over the next 10 years:

ULM Study, Table 1: Impact of Pool Corp. on Household Income

	Direct + Indirect Effects	Induced Effects	Total (Direct + Indirect + Induced)
Single year impact	**$42,639,867**	**$14,036,973**	**$56,676,840**
10-year present value of impact	**$335,207,554**	**$110,349,765**	**$445,557,319**

ULM Study, Table 2: Full-time equivalent jobs created in Louisiana by Pool Corporation.

	Direct Employment	Indirect Employment	Induced Employment	Total Employment (Direct + Indirect + Induced)
Employment Effects	**399**	**165**	**375**	**939**

The Table 2 employment number (939) is a minimum estimate. That is, if we use the payroll data as the basis for our calculation, the RIMS II multiplier estimates 725 indirect and induced jobs which suggests a statewide total of 1,124 jobs when combined with Pool Corporation and Affiliates' direct employment. The difference is likely due to Pool Corporation and Affiliates having its headquarters in Louisiana. Compensation per FTE in 2017 is $82,855.

ULM Study, Table 5: Present Value of Sales Taxes paid to Louisiana from Pool Corporation and Affiliates' Impact on Household Income.

	Direct Effects	Indirect + Induced Effects	Total (Direct + Indirect + Induced)
2018	$758,990	$249,990	$1,008,848
2019	$717,383	$236,161	$953,544
2020	$678,057	$223,215	$901,273
2021	$640,888	$210,979	$851,867
2022	$605,755	$199,414	$805,169
2023	$572,549	$188,482	$761,031
2024	$541,163	$178,150	$719,312
2025	$511,497	$168,384	$679,881
2026	$483,458	$159,153	$642,611
2027	$456,955	$150,429	$607,384
10-year Present Value of Sales Taxes	$5,966,694	$1,964,226	$7,930,920

ULM Study, Table 6: Present Value of Income Taxes paid to Louisiana from Pool Corporation and Affiliates' Impact on Household Income.

	Direct Effects	Indirect + Induced Effects	Total (Direct + Indirect + Induced)
2018	$943,635	$494,100	$1,437,735
2019	$891,419	$466,759	$1,358,179
2020	$842,093	$440,931	$1,283,025
2021	$795,496	$416,533	$1,212,029
2022	$751,478	$393,484	$1,144,962
2023	$709,895	$371,711	$1,081,606
2024	$670,614	$351,142	$1,021,756
2025	$633,506	$331,712	$965,218
2026	$598,451	$313,357	$911,808
2027	$565,336	$296,017	$861,353
10-year Present Value of Income Taxes	$6,458,288	$3,381,647	$9,839,935

Table 7: Combined State Sales and Income Tax Revenue (in thousands)

	Direct	Total
2018	$1,703	$2,447
2019	$1,609	$2,312
2020	$1,520	$2,184
2021	$1,436	$2,064
2022	$1,357	$1,950
2023	$1,282	$1,843
2024	$1,211	$1,741

The impact on value added by industry to the State is calculated from the final demand. Since we are assuming a constant real value of payroll, the annual value-added figures are also in constant dollars.

(d) Results by industry sector, with an assessment of possible adverse effects on sectors that compete with the subsidized company for in-state customers.

ULM Study, Table 3: Value Added by Industry Sector (millions of current year dollars).

Sector	Value Added – Direct and Indirect
Wholesale trade	$74.0
Real estate and rental and leasing	$5.9
Health Care and Social Assistance	$4.4
Retail trade	$4.1
Transportation and warehousing	$3.7
Professional, scientific, and technical services	$3.2
Finance and insurance	$2.9
Administrative and waste management services	$2.3
Other Services	$2.1
Management of companies and enterprises	$1.8
Information	$1.8
Nondurable goods manufacturing	$1.7
Food Services	$1.4
Utilities	$1.2
Other	$3.3
Total – Single Year, Not Discounted	$113.8

(e) Explicit identification of the project's effect on direct expenditure requirements in the state budget or any reduction in taxes or state revenues, including but not limited to tax exemptions, exclusions, deductions, reductions, repeals, rebates, incentives, abatements, or credits.

The cost/benefit table included in section (g) below includes all state costs associated with this project.

(f) An additional assessment by the secretary of the Department of Economic Development regarding the extent to which the project would not have occurred but for the proposed state financial support. The secretary's assessment shall reference other business factors which contributed to the project activity occurring and factors which will be required for ongoing sustainability including but not limited to labor, transportation, energy, among others.

Please see the attached document titled "POOLCORP Tax Equalization Retention Assessment."

(g) Cost/benefit comparisons of the incentives in the package compared to the costs in the package shall be for the same period of time or the same term, both for the direct benefits to the state as well as the indirect benefits to the state.

Pool Corporation
Estimated State Tax Revenues and Incentive Costs, $$Millions

	2019	2020	2021	2022	2023	Total
State Tax Revenues						
State Sales & Income Tax Revenue Impact from Pool's Impact on Household Income; Source: ULM Table 8	2.5	2.6	2.7	2.8	2.9	13.5
Direct Corporate Sales, Income, & Franchise Taxes; Source: PoolCorp pro forma projections	3.4	3.5	3.7	3.8	4.0	18.4
Total Revenues	5.9	6.1	6.4	6.6	6.9	31.9
State Incentives						
Tax Equalization Credit Forecast (Source: Pool Application)	3.1	3.1	3.2	3.3	3.4	16.1
Total Incentives	3.1	3.1	3.2	3.3	3.4	16.1
Revenues in Excess of Cost	2.8	3.0	3.2	3.3	3.5	15.8

In addition to state corporate tax payments, the company projects that it will make the following local property tax payments in St. Tammany Parish over the 2019 – 2023 time period:

Estimated Local Tax Revenues (Headquarters Location), $$Thousands

	2019	2020	2021	2022	2023	Total
Property Tax Payments*	89	94	98	103	108	492
Local Sales Tax Payments*	740	814	895	985	1,100	4,500

*Source: PoolCorp pro forma projections

STATE OF LOUISIANA
LEGISLATIVE FISCAL OFFICE
BATON ROUGE

JOHN D. CARPENTER
Legislative Fiscal Officer

P. O. Box 44097
Capitol Station
Baton Rouge, Louisiana 70804
Phone: (225) 342-7233
Fax: (225) 342-7243

To: Honorable Members of the Joint Legislative Committee on the Budget

From: Greg Albrecht, Chief Economist, Legislative Fiscal Office
John D. Carpenter, Legislative Fiscal Officer

Date: November 16, 2018

Subject: Pool Corp. Tax Equalization Renewal Request
Act 704 of 2014 and Act 389 of 2007

Act 704 of the 2014 Regular Session requires a standard set of economic and financial information be submitted to the Joint Legislative Committee on the Budget (JLCB) for projects that involve a state commitment in excess of $10 million over the term of a project. The Act requires the Legislative Fiscal Office to provide an evaluation of the submitted project assessment.

The Department of Economic Development (LED) is submitting such information for JLCB approval of a five-year renewal of a tax equalization benefit for various business entities collectively referred to as POOL. In addition, Act 389 of 2007 requires third and subsequent renewals of tax equalization exemptions be approved by the JLCB under the provisions of R.S. 47:3204. This renewal would be the fourth five-year exemption period for POOL. The analysis of the renewal under both requirements is discussed below.

Act 704 of 2014 Provisions

a) State Commitment: The estimated state tax benefits to POOL over the five-year renewal period (2019 – 2023) are $16.1 million in reduced corporate income and franchise tax liabilities. This commitment of state resources exceeds the $10 million threshold required for consideration under Act 704.

b) Analytical Model: Estimates of the economic impact in Louisiana of the operations of POOL were provided by Paul S. Nelson and Robert C. Eisenstadt; professors of economics at the University of Louisiana at Monroe. They utilized the RIMS II multipliers for the wholesale trade industry of Louisiana, generated by the Bureau of Economic Analysis of the U.S. Department of Commerce. These are standard input/output multipliers commonly utilized for economic impact analysis. Economic impacts were generated from POOL's direct employment of 399 full-time equivalent employees (386 full-time and 27 part-time in 2017) and payroll of $33 million.

c) Economic Impacts: Estimates of economic impact generated by Nelson and Eisenstadt are as follows:

   i) Value Added was estimated for fourteen specific industries and a catchall Other industry for a single initial year, and totaled $113.8 million. This is the industry level and state level equivalent of gross domestic product, and is a broad measure of total economic activity, although it includes components that do not necessarily reflect economic impacts on the households of the state.

   ii) Household Income was estimated for an initial single year and for a ten-year present value. For the single year, total household income in the economy was estimated at $56.7 million; 75% of which are attributable to the direct operations of POOL (it's purchases) and the indirect effect of the firm on other firms (purchases by its suppliers), and 25% of which are attributable to the induced effects in the economy (purchases by employees and other consumers).

   iii) Employment was estimated for a single initial period. POOL is estimated to directly employ 399 full-time equivalent employees; 386 full-time and 27 part-time employees, where 2 part-time employees are assumed to be 1 full-time employee. Total economy-wide employment is estimated at 939, with indirect employment by supplier firms estimated at 165 (18%), and employment induced in other industries estimated at 375 (40%).

d) Impacts By Industry: Value added was estimated for fourteen industry groups. Of the $113.8 million total estimate, $74 million or 65% was attributable to the wholesale trade industry. A large portion of impact obviously occurs in the industry within which the subject firm operates. Effects step down sharply across the remaining industries with the next two largest effects in real estate-rentals-leasing at $5.9 million (5.2%) and healthcare-social assistance at $4.4 million (3.9%) of the total, respectively. The smallest effects were estimated in the industries of food services and utilities, at $1.4 million (1.2%) and $1.2 million (1.1%) of the total, respectively.

e) Fiscal Costs: Tax Equalization credits extended to POOL over the life of the five-year renewal period are reported by the Department of Economic Development to total $16.1 million. Credits range from $3.1 million for 2019 to $3.4 million by 2023. These credits are taken against corporate income and franchise tax liabilities.

f) Incentive Significance: According to the Department of Economic Development, factors such as transportation, energy, and infrastructure are not critical for the POOL headquarters location, and that the primary factor contributing to a Louisiana location is the comparative tax liabilities between Louisiana and Florida or Nevada. In addition, according to the Department, POOL has indicated that if the Tax Equalization renewal is not provided, the company will strongly consider relocating the corporate headquarters to another state.

g) Fiscal Cost/Benefits: The impact analysis estimated the economy-wide amount of state sales tax and personal income tax associated with the operations of POOL in the state. Effectively 1.8% of total household income was estimated as paid in state sales tax (40% of household earnings were assumed spent on goods & services taxed at 4.45%). These assumptions resulted in estimated initial-year total state sales tax receipts of $1.0 million. The average compensation for POOL FTE-employees ($82,855 and 399 FTE-employees) and the average Louisiana labor income for the indirect and induced employment in the economy ($41,590 and 540 FTE-employment) were used to estimate personal income tax liabilities assuming two-person joint returns with only federal income tax deductions claimed. These assumptions resulted in estimated initial-year total personal income tax receipts of $1.4 million. For these two major state taxes, the combined economy-wide receipts were estimated at $2.5 million for 2019. Non-discounted tax receipts were provided for ten years, with the estimates for 2019 – 2023 growing by 3.4% per year to $2.9 million in 2023. This growth rate is a combination of 5% annual growth projected for compensation at POOL, and an assumed growth in wages for indirect and induced employees of 2.09%, the projected inflation rate in the analysis. Added to these labor based tax estimates were sales tax and corporate tax payments attributable directly to POOL, resulting in total estimated tax payments of $5.9 million in 2019, growing to $6.9 million in 2023. These fiscal benefit estimates are compared to the fiscal cost estimates of the tax exemption ranging from $3.1 million in 2019 to $3.4 million in 2023. By these estimates, fiscal benefits exceed fiscal costs in each year of the renewal period; 2019 by $2.8 million, 2020 by $3.0 million, 2021 by $3.2 million, 2022 by $3.3 million, and 2023 by $3.5 million. Over the entire five-year period estimated benefits exceed estimated costs by a total of $15.8 million.

General Evaluation

The absolute levels of economic impacts estimated from input/output multipliers should be taken with considerable caution. These multipliers are based on dated relationships between industries, in this case as far back as 2007 for detailed industries and only as recent as 2016 for aggregated industries. In addition, multiplier analysis is static and linear, and tends to overstate economic impacts and, consequently, fiscal benefits.

Notably, the majority of estimated total impact is attributable to the indirect and induced components of the analysis (58% as reflected in the employment estimates). These components are the estimates of the analysis and, as such, are necessarily less reliable than the direct effects of the firm's own reported, and presumably confirmable, employment and payroll. While impact analysis might be acceptable as a ranking tool, assuming all projects are analyzed consistently, its weaknesses, combined with the various assumptions that have to be made to extend its economic results to governmental fiscal results, do not provide absolute point estimates of economic impact and consequent fiscal impact adequate for state budgeting decisions.

The analysis also does not account for the state's balanced budget requirement. This omission is common in impact analysis, but means that the $16.1 million total fiscal cost of the exemption, that have to be paid for elsewhere in the state budget, is not considered in the analysis. Lower government expenditures are a negative spending change that have their own multiplier effects that work to dampen the positive effect of the presence of POOL in the economy. Thus, this omission results in total economic and fiscal benefits that are overstated and, consequently, net fiscal benefits that are overstated, as well.

Finally, LED asserts that no other business costs or conditions (such as transportation, energy, and infrastructure) other than comparative tax liabilities are instrumental in the location of POOL in Louisiana. This is a strong assertion and would seem unlikely to be the case for any enterprise, especially in light of the fact that state tax liabilities are typically very small components of total business costs, whereas costs of transportation, energy, infrastructure, labor etc are typically much more significant components of total business costs. However, according to LED, the company has indicated that it will strongly consider relocating to another state if the tax equalization renewal is not provided. If that is true, at best the fiscal costs of the renewal result in relatively small net annual benefit to the state fisc. If not true, the renewal results in absolute costs to the state fisc.

Act 389 of 2007 Provisions

Without regard to Act 704 of 2014, the renewal of the tax equalization exemption for POOL has to be approved by the JLCB under the provisions of R.S. 47:3204, the tax equalization program, as amended by Act 389 of the 2007 Regular Session. Act 389 of 2007 removed the then current ten-year maximum number of years of tax exemption, and allowed unlimited five-year renewals of tax exemption if the applicant can demonstrate that its activities generate economic benefits to the state economy that exceed twenty times the tax exemption benefit to the applicant. Economic benefits to the state are to be determined by the use of the appropriate nationally recognized multipliers published by the U.S. Department of Commerce.

The economic impact analysis discussed above is utilized by LED to test whether the activities of POOL generate economic benefits to the state economy that exceed twenty times the tax exemption benefit for the year preceding the request for renewal. The analysis estimated total aggregate transactions of POOL and affiliates at $149.7 million, presumably encompassing all purchases made by POOL (direct effect) plus all purchases made by supplier firms (indirect effect), and all purchases made by the employees of POOL and supplier firms as well as all other consumers in the economy (induced effect), and presumably the typical output multiplier effect of RIMS II tables. This amount is then compared to the latest year of tax exemption benefits, reportedly $2.990 million in 2018. The resulting multiple is 50.06, significantly exceeding the 20-times threshold required in law.

While the aggregate transactions concept is the typical headline number of economic impact analysis, it significantly overstates true economic impact. It includes substantial double counting of spending as gross purchases at each stage of production are added together rather than the net purchases after production costs (also counted as purchases in various stages) are deducted at each stage. This double counting is further evidenced by the fact that estimated total household earnings (labor being the largest production input in the economy) in the analysis is $56.7 million, only 38% of the aggregate transactions estimate.

The concept in impact analysis that reflects the economic benefit to the residents of a state is the household earnings concept, in this case totaling some $56.7 million; itself likely to be overstated by the nature of input/output analysis and the omission of a balanced budget requirement. This concept reflects the earnings benefits received by the residents of the state employed by POOL, its suppliers, and all other firms receiving induced purchases. Dividing that amount by $2.990 million results in a multiple of 18.955, close to but under the 20-times threshold. The 20-times multiple could be calculated utilizing the value-added concept, estimated by the analysis at $113.8 million current dollars. That concept avoids the double-counting of the aggregate transactions concept, but reflects more than just the income earnings of the state's residents. The multiple using that concept is 38.06. Thus, if the aggregate transactions or value-added concepts are utilized to reflect economic benefit to the state, then for all practical purposes, it is impossible for the 20-times threshold to not be met.

Finally, R.S. 47:3204.B.(1)(b)(ii) requires that the application for subsequent renewal include an attestation by an independent public accounting firm of the calculation of the economic benefit to the state. An attestation was provided but attests only to the Louisiana payroll expenses and number of employees of the Louisiana Operations of Pool Corporation and Affiliates. The attestation appears to apply only to the direct employment and payroll of Pool Corporation and Affiliates, and not the subsequent estimates of indirect and induced effects of economic impact analysis. Regardless, neither the reported direct payroll of POOL or the estimated economy-wide earnings are what LED utilized as reflecting the economic benefits to the state. As discussed above, gross purchases in the economy (referred to as aggregate transactions in the impact analysis), inclusive of the double counting also discussed above, are utilized to reflect economic benefits in the 20-times multiple test; the use of which essentially guarantees exceeding the 20-times multiple test.

Contract No.040057 October 24, 2018

STATE OF LOUISIANA
BOARD OF COMMERCE AND INDUSTRY
and
POOL CORPORATION, ALLIANCE TRADING INC., SUPERIOR COMMERCE LLC, and CYPRESS INC
RENEWAL CONTRACT FOR TAX EQUALIZATION

THIS AGREEMENT, made by and between the STATE OF LOUISIANA, herein represented by the Louisiana Board of Commerce and Industry ("Board") and Alliance Trading, Inc. and its successors upon recommendation of Louisiana Economic Development ("LED") and approval of the Board, ("Alliance") Superior Commerce, LLC, and its successors upon recommendation of LED and approval of the Board ("Commerce"), Cypress, Inc., and its successors upon recommendation of LED and approval of the Board, (Alliance, Commerce and Cypress collectively referred to herein as the "Nevada Entities") and Pool Corporation, its affiliated domestic entities owned directly or indirectly fifty percent or more by Pool Corporation, and the successors to Pool Corporation upon recommendation of LED and approval of the Board, and the aforementioned affiliated entities, (collectively referred to herein as "POOL"); and with approval of the Governor of the State of Louisiana who joins herein for the purpose of giving approval, action herein under and by virtue of the authority vested in them by provisions of R.S. 47:3201, et seq., of Sub-Title V, Chapter 1, Exemptions for Industry.

Witnessed:

WHREAS, Alliance is primarily engaged in the management of intellectual property and other intangibles, including without limitation registration, maintenance, licensing and oversight of EPA registrations, trademarks, service marks, and patents;

AND WHEREAS, Commerce is primarily engaged in the business of acquiring certain trade receivables for fair market value and securing third party financing;

AND WHEREAS, Cypress is primarily engaged in the procurement of swimming pool supplies, equipment, related pool parts and supplies and other leisure related products and merchandise for POOL and certain non-affiliated businesses;

AND WHEREAS, bringing these Nevada entities to this State has resulted in the employment of new employees in this State and the potential for growth through the best efforts of those companies in the future;

AND WHEREAS, each of the Nevada Entities has moved its headquarters from Las Vegas, Nevada to Covington, Louisiana;

AND WHEREAS, the state of Nevada has a greater tax advantage to the Nevada Entities than the taxing structure of the State;

AND WHEREAS, Louisiana recognizes that the encouragement of new headquarters to located in the State is essential to the continued growth and development of the State and to the continued prosperity and welfare of the people of the State;

AND WHEREAS, Louisiana recognizes that new headquarters, which might otherwise locate in the State, located in other states because of lower taxes imposed by such other states;

AND WHERAS, Louisiana desires to encourage the Nevada Entities to remain in the State by equalizing taxes imposed upon the Nevada Entities to the levels imposed by Nevada;

AND WHEREAS, POOL is primarily engaged in the wholesale distribution of swimming pool suppliers, equipment, related pool parts and supplies and other leisure related products and merchandise to retailers, dealers, service contractors and pool builders;

AND WHEREAS, POOL is contemplating locating in another state, Florida, which has a greater tax advantage than the taxing structure of Louisiana;

AND WHEREAS, Louisiana acknowledges that the continued operation and maintenance of POOL's chief corporate headquarters in St. Tammany Parish will provide significant economic benefit to Louisiana;

AND WHEREAS, R.S. 47:3201, provides, in part, that its purpose is "to encourage the establishment and retention of manufacturing establishments, headquarters, or warehousing and distribution establishments in Louisiana by providing a procedure whereby the total state and local taxes imposed upon such establishments may be reduced, after all other tax incentives for specific sites are applied, to the levels imposed by other competing states;

AND WHREAS, La. R.S. 47;3204. B (I)(a) provides that "each contract of exemption entered into under authority of this Chapter shall be reviewed and reevaluated, and shall be subject to renegotiation, five years from the date of the execution of the contract and may be renewed for an additional five-year period", and the Nevada Entities and POOL applied for renewal of the tax credit under that provision;

AND WHEREAS, The Board of Commerce and Industry previously granted and the Nevada Entities and POOL received a five-year Tax Equalization Program contract for tax credits for the years 2004 through 2008 and the Board also previously granted and the Nevada Entities and POOL received five-year renewals of the original Tax Equalization Program contract for the years 2009 through 2013 and the years 2014 through 2018;

AND WHEREAS on October 31, 2018 the Board of Commerce and Industry approved the Nevada Entities and POOL's application for a renewal;

AND WHEREAS the Nevada Entities and POOL agree that they, their successors, or assigns, shall continue to own, operate and maintain their headquarters facilities located in Covington, Louisiana, St. Tammany Parish (the "Covington Site") and the operation of which is estimated to maintain employment of at least approximately 330 people;

AND, WHEREAS, all requirements of the law on behalf of the Nevada Entities and POOL having been complied with and the Governor and the State Board of Commerce and Industry having deemed this contract to be in the best interest of the State;

NOW THEREFORE, the parties hereto do mutually covenant and agree to the following:

ARTICLE I

The Nevada Entities agree and warrant that, as set forth in R.S. 47:3204 G, the amount of credit under this contract shall be only such amount of tax credit or credits as is necessary to effect equality in amount between the total state and local taxes payable in Covington, St. Tammany Parish, Louisiana and the total state and local taxes which would have been payable had the Nevada Entities located in Las Vegas, Clark County, Nevada. The tax equalization shall apply to the respective tax burdens only after application of all of the tax incentives offered at the respective locations attributable to the facility. It is assumed that any taxes due to other states and to the federal government would remain the same no matter where the enterprise is located.

POOL agrees and warrants that, as set forth in R.S. 47:3204 G, the amount of credit under this contract shall be only such amount of tax credit or credits as is necessary to effect equality in amount between the total state and local taxes payable in Covington, St. Tammany Parish, Louisiana and the total state and local taxes which would have been payable had POOL located its headquarter in Broward County (including applicable municipal taxes), Florida. The tax equalization shall apply to the respective tax burdens only after application of all of the tax incentives offered to the company at the respective location attributable to the facility. It is assumed that any taxes due to other states and to the federal government would remain the same no matter where the enterprise is located.

In consideration of the Tax Equalization Program contract, the Nevada Entities and POOL agree to maintain their headquarters in the State and shall continue to employ at least 330 employees at that headquarters. Any new employees conducting administrative/headquarters functions added to either the Nevada Entities or Pool Corporation shall be added to a Louisiana location unless the companies have a compelling business reason to have the employees located elsewhere. The Nevada Entities and Pool Corporation shall make an annual report of all new domestic administrative/headquarters hires according to the function of the position, salary range, and location of the employee to the Louisiana Department of Economic Development. This annual report shall be due on or before thirty (30) days after the fiscal year end of the Nevada Entities and Pool Corporation. Pool Corporation's participation under the Agreement shall not prohibit Pool Corporation's ability to participate in any other additional incentive programs offered by the state.

ARTICLE II

This renewal contract is subject to R.S. 47:3201 et. seq. and to the rules promulgated by the Board of Commerce and Industry for the Tax Equalization Program.

ARTICLE III

The first year of this five-year tax equalization renewal contract period shall be the taxable years of the Nevada Entities and POOL beginning after December 31, 2018 and ending before January 1, 2020 for income tax, and beginning after December 31, 2019 and ending before January 1, 2021 for franchise tax. This contract shall expire on the last day of the taxable years of the Nevada Entities and POOL on December 31, 2023 for income tax and December 31, 2024 for franchise tax.

ARTICLE IV

It is recognized that the yearly amount of credits necessary to effect equality in the amount between the taxes payable in Louisiana and the taxes which would have been payable in Las Vegas, Clark County, Nevada, and Broward County, Florida, respectively cannot be determined in advance. The parties agree that the comparison of the respective tax burdens applicable to the Covington, St. Tammany Parish, Louisiana headquarters sites and the Nevada and Florida sites shall be determined annually.

Therefore, annually for each taxable year of the Nevada Entities and POOL, at the time of filing the Nevada Entities and POOL's annual Louisiana corporation franchise tax and corporation income tax returns, each Nevada Entity and POOL shall separately furnish, to the Department of Revenue and the Department of Economic Development, the following, where applicable:

(1) a taxable year compilation of what would have been the state and local sales and use taxes, including any applicable tax incentives, of the Nevada Entities and POOL had they located at their respective Nevada or Florida site; together with a compilation of the actual Louisiana state and local sales and use taxes paid for each Nevada Entities' and POOL's taxable year;
(2) using forms provided by the applicable taxing authorities in Nevada and Florida, a computation of the corporate income tax and corporation franchise tax, individual income tax, or other equivalent tax based on either income or capital, including any applicable incentives, which would have been owed had the Nevada Entities or POOL located at their respective Nevada or Florida site;
(3) all other state and local returns or tax payment information, including any applicable tax incentives, for the Nevada Entities and POOL's taxable year which would have been filed or paid by the Nevada Entities or POOL had the Nevada Entities or POOL located at their respective Nevada or Florida site;
(4) all other tax returns, including any applicable incentives, filed in the state of Louisiana with other state agencies or local governments.

The Nevada Entities and POOL shall only consider incentives in Nevada or Florida that would currently be available to the company had they located in either Nevada or Florida in 2004, the original year of the Tax Exemption contract. Therefore, POOL shall be allowed to carry forward credits from Florida's Qualified Target Industry Tax Refund which would have been earned in prior years of the tax equalization contract had the company located in Florida but have not yet been utilized as part of the equalization. Additionally, POOL will only be allowed to generate new credits under the Qualified Target Industry Tax refund on new jobs created in a year of this tax equalization renewal contract.

The Department of Economic Development is hereby authorized to review all tax returns of the Nevada Entities and POOL, and may share the information with the Department of Revenue. The Nevada Entities and POOL hereby specifically authorizes the Louisiana Department of Revenue to share with the Department of Economic Development all tax return information relevant to the determination of the credits authorized by this contract or relevant to the administration of this contract. The Department of Economic Development shall maintain such information in a separate confidential file and shall not disclose such information without the written consent of the Nevada Entities and POOL.

The data reflection the tax burden, including any available tax incentives, which would have been incurred in the state of Nevada or Florida respectively, shall be compiled on behalf of the Nevada Entities and POOL by an independent Certified Public Accounting firm (the "Compilation"). The Compilation shall include an accounting of all state and local Louisiana tax liabilities (income taxes, franchise taxes, sales taxes, etc.) already exempted or refunded under any other exemption contract, ie: Industrial Ad Valorem Tax Exemption Contract, and/or an Enterprise Zone Contract during any year covered by the Tax Equalization Contract period. The Compilation shall illustrate the impact of similar or other exemptions available at the applicable Nevada or Florida site. The Compilation shall be constructed in spreadsheet form similar to that used by the Department of Economic Development (the "Format") or recommended by the Department of Revenue. The Format shall illustrate completely, the amount being taxed, the tax rate, the tax formula, and the amount of tax, for all state and local taxes and incentives. All computations shall be summarized by tax, by state, and the summaries compared. The illustrations shall be supported by photo copies of, and referenced by footnote to actual tax returns where applicable. The Nevada Entities, POOL, and the CPA firm shall make every effort to facilitate an easy, readily understandable submission which will allow the Department of Revenue to process the return and refund in an expedient and timely manner.

The compilation shall be based on the assumption that a facility, if operated in Clark County, Nevada, or Broward, County, Florida, where applicable, is identical to the facility being operated in Louisiana and shall use the same asset, liability, and capital structure and the same revenue and expense structure as the actual operation.

The CPA firm shall certify to the best of its knowledge and belief that the date furnished is true and correct statements of the taxes which would have been incurred during the taxable year of the Nevada Entities and POOL had the Nevada Entities located at the Nevada site, using the same level of business activity that the Nevada Entities enjoys in Louisiana or had POOL located at the Florida site, using the same level of business activity that POOL enjoys in Louisiana.

Annually for each taxable year of the Nevada Entities or POOL and on the basis of all pertinent information, the Department of Revenue and the Department of Economic Development may review the total tax liability of the Nevada Entities and POOL in Louisiana and the total tax liability that the Nevada Entities would have incurred had the Nevada Entities located at the Nevada site and the total tax liability that POOL would have incurred had POOL located at the Florida site. The Department of Economic Development, Office of Commerce and Industry may assist the Department of Revenue should any audit of the tax data for the state of Nevada or Florida be necessary.

If the total tax liability of a Nevada Entity in Louisiana, attributable to the headquarters, for the Nevada Entity's taxable year is greater the total tax liability that the Nevada Entity would have incurred in the state of Nevada had it located at the Nevada site, then the Nevada Entity's Louisiana tax liability shall be reduced by allowing, in accordance with Article V, a credit against certain taxes until the Louisiana tax burden is equal to the tax burden the Nevada Entity would have incurred if it had located in the state of Nevada. If the total tax liability of POOL in Louisiana, attributable to the headquarters, for POOL's taxable year is greater than the total tax liability that POOL would have incurred in the state of Florida had it located at the Florida site, then POOL's Louisiana tax liability shall be reduced by allowing, in accordance with Article V, a credit against certain taxes until the Louisiana tax burden is equal to the tax burden POOL would have incurred if it had located in the state of Florida.

If POOL and the Nevada Entities, in total, fail to maintain at least 330 headquarters jobs for any contract year, POOL and the Nevada Entities shall forfeit all tax equalization benefits for such years. Jobs shall be calculated by averaging the number of jobs during the twelve-month period based upon the count on the 12^{th} day of each month.

ARTICLE V

Once an annual credit amount has been determined, and without regard to the tax types that compose the credit amount, the credit should first be applied as follows:

1. to any Louisiana corporate franchise taxes;
2. to any Louisiana corporate income tax or personal tax;

3. to any Louisiana sales and use taxes on purchases and leases of, and repairs to, machinery and equipment to be used in on-site operation of Covington headquarters site;
4. to any Louisiana sales and use taxes imposed by the state upon materials and supplies necessary for the manufacturer or production of a product at the Covington site; and
5. to any other taxes imposed by the state to which such businesses are subject.

If the credit against tax for a taxable year of a Nevada Entity or POOL, as determined in Article IV above, is greater than the amount of Louisiana taxes incurred in the taxable year to which the tax equalization credit is to be applied, then the excess tax equalization credit shall be carried forward for five years following the year in which the credit was earned.

ARTICLE VI

In the event a Nevada Entity or POOL should sell or otherwise dispose of its headquarters location or property being covered by this contract for tax equalization (said facility or property being more fully described in the Tax Equalization Program Affidavit of Final Cost), the purchaser of the said facility or property may, within ninety (90) days of the date of such act of sale, apply to the Board of Commerce and Industry for a transfer of this contract to the purchaser. The Board shall consider all such applications for transfer of contracts for credit strictly on the merits of the application for such transfer. No such transfer shall in any way impair or amend any of the provisions of the contract so transferred other than to change the name of a Nevada Entity or POOL. Failure to request or apply for a transfer within the stipulated time herein set forth shall constitute violation of the terms hereof.

ARTICLE VII

The Nevada Entities and POOL agree to an annual review and inspection by the Department of Economic Development and, upon reasonable notice and during normal business hours shall make all books and records of the company relating to the facility or property covered by this contract available for inspection. If an annual review is requested, the Nevada Entities and POOL agree to have an officer of authority in attendance at the yearly review of the credit by the Department of Economic Development. Included in this annual review shall be a review of employment data on the average number of jobs by month.

ARTICLE VIII

Written notice of any violations of the terms and conditions of this contract shall be given to the Nevada Entities and POOL, who shall have ninety (90) days within which to correct the violations. If the violation is not corrected with ninety (90) days, any remaining benefits granted under this contract may be terminated.

ARTICLE IX

The Nevada Entities and POOL may terminate this contract by giving a thirty (30) day written notice of cancellation to the Secretary of Economic Development. The credit from taxes herein granted by the State of Louisiana shall cease and terminate should the operation of the facility contemplated by this contract be abandoned.

All notices, requests, demands or other communications provided for herein or in any instrument or document delivered pursuant hereto shall be in writing and shall be deemed to have been given when sent by registered or certified mail, return receipt requested, addressed as the case may be to:

Office of the Secretary
Louisiana Department of Economic Development
Post Office Box 94185
Baton Rouge, LA 70804-9185

and

If to any of the Nevada Entities, to:

Alliance Trading Inc., Superior Commerce, LLC, or Cypress, Inc.
c/o Pool Corporation
109 Northpark Boulevard
Covington, Louisiana 70433-5001
Attention: Ms. Melanie Housey Hart
Facsimile: 985-892-2438

If to POOL, to:

POOL CORPORATION
109 Northpark Boulevard
Covington, Louisiana 70433-5001
Attention: Ms. Jennifer Neil
Facsimile: 985-892-2438

or at such address as such party designates from time to time in writing and forwarded in like manner.

ARTICLE X

This contract shall be construed and interpreted in accordance with and be governed by the laws of the State of Louisiana, including but not limited to R.S. 47:3201, et. seq., and the rules promulgated thereunder; provided however, that if R.S. 47:3201 et. seq., or any successor provisions or the rules promulgated thereunder are amended to give greater tax equalization benefits to the Nevada Entities and to POOL, and if the amendment(s) are deemed by the Legislature to apply to contracts for tax equalization in force at the time of the amendment(s), then the Nevada Entities and POOL may apply for the expanded tax equalization benefits which shall be incorporated into this contract.

This contract including any exhibits attached hereto and incorporated herein by reference contains the entire understanding and agreement between the parties hereto with respect to the subject matter hereof and may not be modified, supplemented, or amended except in writing duly executed by all parties hereto.

Any modification, supplement, amendment, or waiver of any provision of this contract shall be effective only if in writing, duly executed by all parties hereto and same shall be effective only for the period of time and on the conditions and purposes specified in such writing.

Baton Rouge, Louisiana on the ________ day of ____________________, 2018

Witnesses as of the STATE OF LOUISIANA:	STATE OF LOUISIANA Board of Commerce and Industry
________________________	______________________________ Anne G. Villa Board of Commerce & Industry Authorized Representative
________________________	

Approved the _________ day of ________________________, 2018

BY: ____
John Bel Edwards
GOVERNOR OF THE STATE OF LOUISIANA

……………………………………………………………………………………………………

Covington, Louisiana on the __________day of ________________, 2018

Witnesses as to:	POOL Corporation
POOL Corporation	____________________________
________________________	By:___________________________
________________________	Title:___________________________
Witnesses as to:	Alliance Trading Inc.
Alliance Trading Inc.	______________________________
______________________	By:____________________________
______________________	Title:____________________________
Witnesses as to:	Superior Commerce LLC
Superior Commerce LLC	______________________________

________________________ By:___________________________

_________________________ Title:__________________________

Witnesses as to: Cypress Inc.

Cypress Inc.

____

_______________________ By:___________________________

________________________ Title: ________________________

Please retain the contract but return all signature pages. A completed signature page will be returned for your records.

LOUISIANA OFFICE OF BUSINESS DEVELOPMENT SERVICES
Business Incentives Division
P.O. Box 94185, Capitol Station
Baton Rouge, LA 70804-9185
Attention: Tax Equalization Program Administrator

TAX EQUALIZATION PROGRAM

C&I Board Meeting
October 31, 2018

REQUEST FOR RENEWAL OF CONTRACT

Company: Pool Corporations and Subsidiaries
Covington, LA
St. Tammany Parish

Contract: 2009-0747-TE

Tax Equalization Program:

The Tax Equalization Program is an inducement which bolsters Louisiana's competitiveness to attract, retain, and encourage the expansion of manufacturing establishments, headquarters, and warehousing and distribution establishments to Louisiana, by way of equalizing the tax burden. This program is designed to eliminate the tax differential through the equalization of the overall taxes between a Louisiana site and a competing site in another state. The sites under consideration must be valid and viable for the proposed operations. The competing site must offer comparative advantages equal to or greater than the comparative advantages offered at the Louisiana site. The governor must extend a written invitation to the company authorizing the company to submit an application for this program.

The tax equalization contract shall, on an annual basis, affect equality in the amount between the taxes payable in Louisiana and the taxes which would have been payable in the competing state. The data reflecting the tax burden, including any available tax incentives which would have been incurred in the competing state, shall be compiled on behalf of the contractee by an independent certified public accounting (CPA) firm. The CPA firm shall certify to the best of its knowledge and belief that the data furnished are true and correct statements of the taxes which would have been incurred during the taxable year of the contractee had the contractee originally located in the competing state, using the same level of business activity that the contractee enjoys in Louisiana.

If the total tax liability of the contractee in Louisiana for the company's taxable year is greater than the total tax liability that the contractee would have incurred in the competing state, then the contractee's Louisiana tax liability shall be reduced by allowing an exemption to adjust the Louisiana tax burden as equal to the tax burden the contractee would have incurred if it had located in the competing state.

Subsequent renewals for additional periods of five years or less may be granted to a contract holder whose contract has not expired as of the date of application for renewal if the applicant can demonstrate the conditions of the initial contract were met and the activities of the applicant in the State of Louisiana generate economic benefits to the state that exceed 20 times the benefit to the applicant resulting from the incentive provided by this Chapter for the year preceding the request for renewal. Such benefit to the state shall be determined by the application of nationally recognized multipliers as appropriate and set forth in the Regional Input-Output Modeling System ("RIMS II").

Background:

Pool Corporation and Subsidiaries (Pool), also known as POOLCORP, is the largest wholesale distributor of swimming pool and related outdoor living products. Founded in 1993, Pool has grown to over 350 sales center locations in North America, Europe, South America, and Australia. Pool has continued to expand and acquire additional companies to include other backyard leisure tools, irrigation, and landscape products. Their three primary distribution networks consist of SCP Distributors, LLC; Superior Pool Products, LLC; and Horizon Distributors, Inc.

In 2004, Pool (formerly known as SCP Pool Corporation) acquired Alliance Trading Inc., Superior Commerce LLC, and Cypress Inc. (Nevada entities), which were located in Las Vegas, Nevada. Pool had the option to leave the newly acquired companies in Nevada or move them to their Louisiana headquarters. The companies were owned, either directly or indirectly, fifty percent or more by Pool. At the same time, Pool was looking to move SCP Pool and SCP Distributors to Florida. If this occurred, the state would have lost 160 jobs located at the Covington headquarters.

Tax Equalization Contract History:

On June 10, 2004, Governor Kathleen Blanco invited Pool to participate in a Tax Equalization (TE) contract to assist with expanding their Louisiana headquarters to include the newly acquired Nevada entities and make the Covington facility Pool's chief headquarters. With this assistance, Pool agreed to locate the above-mentioned entities to Covington rather than move SCP Pool and SCP Distributors to **Broward County, Florida** or leave the Nevada entities in **Clark County, Nevada.**

The first TE Contract had a term beginning January 1, 2004 through December 31, 2008, with an option to request a five-year renewal prior to the end of the term of the contract. The company was required to maintain and operate the chief headquarters in Louisiana; retain approximately 160 existing jobs, along with at least four employees for the Nevada entities; and add any new employees conducting administrative/headquarters functions to a Louisiana location unless the companies had a compelling business reason for the employee located elsewhere. Pool was in compliance during the full term of the contract.

The contract was renewed for taxable years beginning in 2009 and ending in 2013, with an option to request a five-year renewal with a sixty-day written notice. Pool was required to continue to maintain and operate the chief headquarters in Covington; add new jobs to its Covington headquarters; locate other subsidiary headquarters in Louisiana when appropriate for its business; locate additional distribution and/or warehouses in the state when appropriate; retain approximately 160 existing jobs, along with at least four employees for the Nevada entities; and add any new employees conducting administrative/headquarters to a Louisiana location unless the companies had a compelling business reason for the employee located elsewhere. Pool was in compliance during the term of the contract and had grown its employment to 264 Louisiana headquarter jobs as of December 31, 2012.

The second renewal was for taxable years starting in 2014 and ending in 2018 with the same contingencies as mentioned in the prior renewal, except for the retention of jobs. This contract required that the company retain at least 264 headquarter jobs for each year of the contract, or all tax equalizing benefits would be forfeited for that tax year. At the time of the 2014 renewal, the last annual compilation had been for the tax year ending in 2012. The calculated economic impact of Pool was approximately $107.8

million with the TE credit for 2012 being $998,500. This computed to an economic impact of 107.9 times greater than the TE benefit; therefore, meeting the additional requirement for subsequent renewals.

Tax Equalization Benefits:

The Pool TE contract is two-pronged. The first consideration is the Nevada entities. The equalization is based upon a comparison between the company's would-be tax burden in **Clark County, Nevada,** and St. Tammany Parish, Louisiana. Nevada does not impose a Corporate Income or Franchise Tax. Also, the companies do not incur sales in the corporate office and has no property here in Louisiana and this would be the same if located in Nevada. This results in all Corporate Income and Franchise Tax liability incurred in Louisiana to exceed the proposed tax liability that would incur in Nevada.

The second consideration is Pool Corp's and SCP Distributors' tax liabilities as if those affiliates of the company had moved to **Broward County, Florida,** compared to its current tax liability in Louisiana. Florida does not impose a Corporate Franchise tax; therefore, neither Pool Corp nor SCP Distributors would incur this liability in Florida. Pool Corp does not incur any sales in the corporate office and does not own any property in Louisiana and this would be the same if located in Florida. This results in only a possible Corporate Income Tax liability in Florida for Pool Corp. SCP Distributors incurs Sales and Use Tax and Property Tax in Louisiana and would have incurred Property Tax if located in Florida. Due to the recent changes in Louisiana Sales and Use Tax rates, the company's Sales and Use Tax liability will increase significantly over the next five years.

SCP Distributors would have received the Qualified Target Industry Refund if the company had relocated to Florida. The refund would reduce corporate income tax and would be based on new jobs created at the headquarters office. The rate is $3,000 per each new job created. For jobs where the wage is 150 percent of the annual average wage, the amount is $4,000 per each job. For jobs where the wage is 200 percent of the annual average wage, the amount is $6,000 per each job.

For the original contract and the renewal contract, Pool received a TE benefit of $29,489,660 and $17,188,472 over the two five-year terms of the contract. The company met all of the contract's requirements during each term and had 264 Louisiana headquarter employees in 2012.

Tax Year	Nevada	Florida	TE Credit
2004	$ 3,253,014	$ 6,336	$ 3,259,350
2005	$ 5,397,780	$ 10	$ 5,397,790
2006	$ 6,494,707	$ 10	$ 6,494,717
2007	$ 6,940,453	$ 596,800	$ 7,537,253
2008	$ 6,191,750	$ 608,800	$ 6,800,550
5 Year Total			**$ 29,489,660**
2009	$ 3,583,692	$ 620,800	$ 4,204,492
2010	$ 4,836,533	$ 26,560	$ 4,863,093
2011	$ 5,891,689	$ 35,835	$ 5,927,524
2012	$ 957,879	$ 40,621	$ 998,500
2013	$ 1,153,134	$ 41,729	$ 1,194,863
5 Year Total			**$ 17,188,472**

The decrease in benefit from 2011 to 2012 is due to a change in the computation of the comparison to appropriately reflect the Nevada entities as if located in Nevada.

Pool has received the following benefit for 2014 thorough 2016 with the 2017 annual report expected to be filed soon. Currently, Pool has 330 headquarter employees with an annual payroll of approximately $26 million and has been in compliance during the term of the contract.

Tax Year	Nevada	Florida	TE Credit
2014	$ 1,294,383	$ -	$ 1,294,383
2015	$ 1,453,306	$ 751	$ 1,454,057
2016	$ 2,081,688	$ 18,499	$ 2,100,187
2017	$ 2,407,855	$ 654,595	$ 3,062,450
Est 2018	$ 2,452,564	$ 537,632	$ 2,990,196
5 Year Total			**$ 10,901,273**

The change in TE benefit for 2017 and 2018 estimate, reflect the recent changes in Louisiana Sales and Use Tax rates, causing a higher liability for SCP Distributors.

Requested Renewal:

During the 2007 Regular Legislative Session, Act 389 amended the Tax Equalization Program rules to allow for additional renewals beyond the first renewal if the RIMS II calculation shows that the economic impact to Louisiana is at least 20 times greater than the TE.

The total amount of the TE benefit that Pool received for 2017 was $3,062,450 and twenty times that amount, or $61,249,000, is the required minimum economic benefit to the state for Pool to be eligible to renew for an additional five years. As per the Economic Impact Statement from Dr. Paul Nelson, Associate Professor of Economics at the University of Louisiana at Monroe, Pool Corporation and its Subsidiaries have an estimated annual total economic impact to the state of Louisiana of $149,690,242, based on direct, indirect, and induced effects.

Pool has a projected five-year total benefit of approximately $15,726,804

Tax Year	Nevada	Florida	TE Credit
2019	$ 2,469,169	$ 537,632	$ 3,006,801
2020	$ 2,486,606	$ 583,931	$ 3,070,537
2021	$ 2,504,914	$ 634,683	$ 3,139,597
2022	$ 2,524,137	$ 690,323	$ 3,214,460
2023	$ 2,544,078	$ 751,331	$ 3,295,409
5 Year Total			**$ 15,726,804**

The current TE renewal contract will expire December 31, 2018 for income tax and January 1, 2019 for corporate franchise tax. Notice of intent to renew was received on August 10, 2018, and the complete renewal application was received September 7, 2018.

Recommendation:

Staff recommends that the C&I Board extend the contract with the following contingencies:

1. The contract period will be for another five-year period for taxable years beginning after December 31, 2018 and ending before January 1, 2019 for income tax and beginning after December 31, 2019 and ending before January 1, 2020 for franchise tax.
2. Pool must maintain and continue to operate its headquarters in Covington with a minimum employment of 330 Louisiana employees at the headquarters.
3. Any new employees conducting administrative/headquarters functions must be positioned at a Louisiana location unless the companies have a compelling business reason for the employees to be located elsewhere.
4. The amount of credit shall be calculated using incentives which would currently have been allowed to the company if it had located in Clark County, Nevada, or Broward County, Florida.
5. Pool shall report annually all new domestic administration/headquarters hires according to the function of the position, salary range, and location of the employee.
6. The annual compilation is required to be prepared by an independent CPA and should include all state and local taxes, not just income and franchise taxes.
7. This annual compilation, along with any other required documentation, shall be separately furnished to the Louisiana Department of Revenue (LDR) and to LED.
8. Any excess tax equalization credit may be carried forward for no more than five years following the year in which the credit was earned.
9. LED and LDR shall have the right to audit any of the tax data if deemed necessary.

August 30, 2018

Louisiana Economic Development
P.O. Box 94185
Baton Rouge, LA 70804
Attention: Mrs. Susan Bigner

Re: Tax Equalization Renewal

Dear Ms. Bigner,

Please find attached the Tax Equalization Credit Renewal Application and supporting reports/schedules for Pool Corporation and Affiliates. If you have any questions or need additional documentation, please give me a call at 985-807-8780.

Sincerely,

Jennifer Comeaux

Jennifer Comeaux
Tax Compliance Manager

RECEIVED

SEP 0 7 2018

BUSINESS INCENTIVES

Nasdaq "POOL"
Pool Corporation • 109 Northpark Boulevard • Covington, LA 70433 • Phone 985.892.5521
Accounting Fax 985.892.3769 • Executive Fax 985.801.8105 • Human Resources Fax 985.892.0517
Investor Relations Fax 985.809.1045 • Marketing Fax 985.892.0667 • Operations Fax 985.801.8102

CONFIDENTIAL INFORMATION

The following information is provided subject to the confidentiality requirement of Public Records Act, La. R.S. 44:3.2. In compliance with Attorney General Opinion # 82-860, the confidentiality of this information shall be preserved and no disclosure shall be made of the information provided

herein without the prior written consent of Pool Corporation and Subsidiaries .
(Company Name)

The information contained in this Tax Equalization Program Renewal Application may be copied by the Department of Economic Development, Office of Commerce and Industry, and distributed to the Board of Commerce and Industry and the Legislative Budget Committee for their use in evaluating this application.

In addition to the information required in this application, the applicant agrees to make available any additional information and records the Department of Economic Development or the Board of Commerce and Industry may request.

Melanie Housey Hart
Signature

8/23/18
Date

Melanie Housey Hart, Chief Accounting Officer
Name and Title

LOUISIANA.
Custom-Fit Opportunity.

Tax Equalization Program

Mailing Address
P.O. Box 94185
Baton Rouge, LA 70804-9185

Physical Address
617 N. 3rd Street, 11th Floor
Baton Rouge, LA 70802

Phone: 225.342.3000
Fax: 225.342.0142

FOR OFFICE USE ONLY

DEPOSIT DATE 08/13/18
RECEIPT # 252015273
CHECK # 383325
CHECK AMOUNT $50.00
INITIALS Susan Bergeron

TAX EQUALIZATIN PROGRAM RENEWAL APPLICATION

PLEASE TYPE (Application cannot be processed if required information is not provided)

INSTRUCTIONS: Complete all areas of requested information before submitting this application to our office. Any missing information may cause delays in processing and submission to the Louisiana Board of Commerce and Industry for consideration. **The Board of Commerce and Industry urges manufacturers and contractors to give preference to Louisiana manufacturers, suppliers, contractors and labor.**

1. BUSINESS INFORMATION

COMPANY NAME Pool Corporation and Subsidiaries

PHYSICAL ADDRESS 109 Northpark Boulevard Suite 400

CITY Covington PARISH St. Tammany STATE LA ZIP CODE 70433

LOUISIANA UNEMPLOYMENT ID # [redacted] NAICS CODE 423910

TYPE OF BUSINESS: ____ Manufacturing X Headquarters ____ Warehousing and Distribution

DESCRIBE YOUR BUSINESS (PRODUCT OR SERVICE): (DETAILED DESCRIPTIONS REQUIRED. IF MORE SPACE IS NEEDED, ATTACH A SEPARATE SHEET)

Pool Corporation is the world's largest wholesale distributor of swimming pool supplies, equipment and related leisure products and is one of the top three distributors of irrigation and related products in the United States. As of December 31, 2017, we operated 351 sales centers in North America, Europe, South America and Australia through our four distribution networks. Our mission is to provide exceptional value to our customers and suppliers, creating exceptional return to our shareholders, while providing exceptional opportunities to our employees. While Pool Corporation is profitable, as a public company we are constantly required to examine the value provided to our shareholders, and as such, we continually assess the cost of our headquarters operations. Without the Tax Equalization Credit, we do not believe that operating our headquarters in Louisiana would be in the best interest of our shareholders.

The Board of Commerce and Industry has adopted rules prohibiting any business engaged in or owned by someone engaged in gaming from being eligible to participate in the Incentives Programs.

*Has the applicant or any affiliates received, applied for or considered applying for a license to conduct gaming activities? ____ YES X NO

If yes, attach a detailed explanation, including the name of the entity receiving or applying for the license, the relationship to the applicant if an affiliate, the location and the type of gaming activities.

RECEIVED

SEP 0 7 2018

LED LOUISIANA ECONOMIC DEVELOPMENT

COMPANY NAME ____________________

2. COMPANY CONTACT

COMPANY REPRESENTATIVE Jennifer Comeaux
Name of person to contact in reference to this application

TITLE Tax Compliance Manager

COMPANY NAME Pool Corporation and Subsidiaries

MAILING ADDRESS 109 Northpark Boulevard Suite 400

CITY Covington STATE LA ZIP CODE 70433

PHONE NUMBER 985-807-8780 EXT.

EMAIL ADDRESS jennifer.comeaux@poolcorp.com

3. THIRD PARTY CONTACT (if applicable)

DESIGNATED REPRESENTATIVE ____________________
Name of person to contact in reference to this application

COMPANY NAME ____________________

MAILING ADDRESS ____________________

CITY ____________________ STATE ________ ZIP CODE ________

PHONE NUMBER ____________________ EXT. ________

EMAIL ADDRESS ____________________

A DISCLOSURE AUTHORIZATION MUST BE COMPLETED AND SUBMITTED WITH THE APPLICATION

4. RENEWAL INFORMATION

COMPETIVE SITE(S) Broward County, Florida

IS THIS A SUBSEQUENT RENEWAL OF THE TAX EQUALIZATION PROGRAM CONTRACT? X YES ___ NO

IF SUBSEQUENT RENEWAL:

IS PROOF OF ECONOMIC BENEFIT ATTACHED? X YES ___ NO

IS ATTESTATION BY AN INDEPENDENT PUBLIC ACCOUNTANT FIRM REGARDING THE CALCULATION OF ECONOMIC BENEFIT ATTACHED?

X YES ___ NO

IS THE $50 RENEWAL FEE ATTACHED TO THIS RENEWAL? IF NOT, EXPLAINED WHY NOT. X YES ___ NO

COMPANY NAME ______________________

5. TAX STRUCTURE

A five (5) year pro-forma balance sheet and income statement shall be provided by the applicant as the basis for all tax calculations.

A certified estimate of the following state taxes covering the next five (5) years of operations, filed for each site under consideration:

1. State Sales/Use Tax;
2. State Corporate Income Tax;
3. State Corporate Franchise Tax;
4. State Ad Valorem Property Tax (where applicable);
5. State Inventory Tax (where applicable)
6. Any other State taxes.

A certified estimate of the following local taxes covering the next five (5) years of operations, filed for each site under consideration:

1. Local Sales/Use Tax;
2. Local Ad Valorem Property Tax;
3. Local Inventory Tax;
4. Any other local taxes.

All certified estimates must be signed and dated by the company's chief financial officer.

Please provide a narrative of any extraordinary or unusual taxes and/or incentives for all sites being considered, including state and/or local taxes and incentives. The tax rates and tax formulas should be explained.

Extraordinary or Unusual Taxes and/or Incentives
In Florida we would receive the Qualified Target Industry Refund which would reduce corporate income tax. The refund is calculated based on new jobs created at our headquarters office. The rate is $3000 per new job created. For jobs where the wage is 150% of the annual average wage, the amount is $4000 per job. For jobs where the wage is 200% of the annual average wage, the amount is $6000 per job.

COMPANY NAME ______________________

6. TAX COMPARISON

Attach information and evidence for any financial incentives included in the tax comparison, which would have been available had the company located in the competing state(s) and would have effectively decrease the State of Louisiana's revenue. Include:

1. Eligibility Requirements;
2. Any restrictions or caveats regarding eligibility, length of time, amount of exemption, etc.;
3. What the exemption based on; and
4. Formula to calculate the amount of the exemption.

Prepare a comparison of all taxes that will be exempted or refunded under any other exemption contract, ie. Industrial Ad Valorem Tax Exemption Contract, Enterprise Zone Contract, and/or Quality Jobs Contract during any year covered by the Tax Equalization Renewal Contract period. The tax comparison must illustrate the impact of similar or other exemptions available in the competing state(s).

Louisiana Projected Income State

******SEE ATTACHED TAX COMPARISON SCHEDULE******

	20__	20__	20__	20__	20__	Total
Net Sales						
Less: Cost of Sales						
Gross Profit						
Less: Operating Expense						
Depreciation						
Operating Income						
Other Income						
Total Income						
Less: Federal Taxes						
LA Taxable Income						
Louisiana Site						
State Corp Franchise Tax						
State Corp Income Tax						
State Sales/Use Tax						
State ___________						
State ___________						
Local ___________						
Local ___________						
Total Tax Liability in LA						
Competitive Site ______________________						
State Corp Franchise Tax						
State Corp Income Tax						
State Sales/Use Tax						
State ___________						
State ___________						
Local ___________						
Local ___________						
Total Tax Liability in ___						
Estimated Tax Exemption:						

7. CERTIFICATION

Must have legal authority to sign this application (Documentary evidence must be provided)

I, Melanie Housey Hart ____________,
NAME OF COMPANY OFFICIAL

Hereby certify that I am Chief Accounting Officer of Pool Corporation and Subsidiaries.
TITLE COMPANY NAME

I hereby certify that the Tax Equalization project identified in this application with the above referenced number meets all of the requirements of Louisiana Revised Statutes 47:3201-3206. I hereby certify that the information provided in this application is true and correct, and I am aware that my submission of any false information or omission of any pertinent information resulting in the false representation of a material fact may subject me to civil and/or criminal penalties for the filing of false public records (R.S. 14:133) and/or forfeiture of any tax exemptions approved under this program. I understand that the application and information submitted with it shall not be returnable to the applicant.

By:

Melanie Housey Hart
Signature

8/23/18
Date

Melanie Housey Hart, Chief Accounting Officer
Printed Name and Title

POOL CORPORATION AND AFFILIATES

TAX EQUALIZATION RENEWAL

P&N

Postlethwaite & Netterville

A Professional Accounting Corporation

www.pncpa.com

POOL CORPORATION AND AFFILIATES

TAX EQUALIZATION RENEWAL

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P&N
Postlethwaite & Netterville

30th Floor, Energy Centre, 1100 Poydras Street - New Orleans, LA 70163-3000
One Galleria Boulevard, Suite 2100 - Metairie, LA 70001
800-201-7332 Phone - 504-837-5990 Phone - 504-834-3609 Fax - pncpa.com

A Professional Accounting Corporation

INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Directors of
Pool Corporation and Affiliates
Covington, Louisiana

We have examined management of Pool Corporation and Affiliates' assertion that the accompanying Schedule of Louisiana Payroll Expense and Number of Employees (Schedule) prepared in connection with The Economic Impact on Louisiana of the Louisiana Operations of Pool Corporation and Affiliates contained in the Tax Equalization Renewal Application for the Five Year Period ending 2023 is presented in accordance with Act 389 Section 3904(B)(1)(b)(ii) of the Louisiana Legislature. Pool Corporation and Affiliates' management is responsible for its assertion. Our responsibility is to express an opinion on management's assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertion. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, management's assertion that the accompanying Schedule accurately reflects the Louisiana payroll expenses and number of employees and is presented in accordance with Act 389 Section 3904(B)(1)(b)(ii) of the Louisiana Legislature, as referred to above and as described in Note 1, is fairly stated, in all material respects.

Postlethwaite & Netterville

Metairie, Louisiana
August 29, 2018

POOL CORPORATION AND AFFILIATES
SCHEDULE OF LOUISIANA PAYROLL EXPENSES AND NUMBER OF EMPLOYEES
For the year ended December 31, 2017

Wages paid to employees	**$**	**33,059,286**
Full-time employees		386
Part-time employees		27
Total employees		**413**

See accompanying note to the schedule.

POOL CORPORATION AND AFFILIATES
TAX EQUALIZATION RENEWAL
NOTE TO SCHEDULE OF LOUISIANA PAYROLL EXPENSE
AND NUMBER OF EMPLOYEES

1. Basis for Calculation

The accompanying Louisiana payroll expenses and number of employees in The Economic Impact on Louisiana of the Louisiana Operations of Pool Corporation and Affiliates contained in the Tax Equalization Renewal Application for the Five Year Period ending 2023 is presented in accordance with Act 389 Section 3904(B)(1)(b)(ii) of the Louisiana Legislature.

POOL CORPORATION AND SUBSIDIARIES
FYE 12/31/2017
ECONOMIC BENEFIT PROOF

SCP Distributors LLC benefit received from the incentive in 2017	649,895
Pool Corporation benefit received from the incentive in 2017	4,700
Alliance Trading, Inc. benefit received from the incentive in 2017	613,221
Cypress, Inc. benefit received from the incentive in 2017	1,237,385
Superior Commerce LLC benefit received from the incentive in 2017	557,249
Total benefit received from the incentive in 2017	3,062,451
Multiplier per LA Chapter 19, Section 1921 B.1.	20
Total benefit times 20	61,249,012
Pool Corporation and Subsidiaries Total Economic Impact to LA in 2017 (per report)	149,690,242

Pool Corporation Retention Assessment

In 2004, Pool Corporation (Pool) employed 160 Louisiana employees and expanded its headquarters to include three entities that were located in Las Vegas, Nevada. These entities were known as Alliance Trading Inc., Superior Commerce LLC, and Cypress Inc. On July 24, 2004, Governor Kathleen Blanco, the Board of Commerce and Industry, and Pool entered into an original Tax Equalization contract. With the assistance, Pool agreed to locate the above-mentioned entities to Covington, La. and expand its operations in Louisiana rather than in Broward County, Florida.

In the last five years, Pool has continued to expand and acquire additional companies to include other backyard leisure tools, irrigation and landscape products. Its three main sales networks consist of SCP Distributors, Superior Pool Products LLC, and Horizon Distributors Inc. The company has remained in Covington, La. and grown its staff from 160 to 386 full-time and 27 part-time employees in Louisiana with a Louisiana payroll of $33,059,286.

During the 2007 Regular Legislative Session, Act 389 amended the Tax Equalization program to allow for additional renewals beyond the first renewal if the RIMS II calculation shows that the economic impact to Louisiana is at least 20 times greater than the Tax Equalization.

The Tax Equalization rules state:

"Subsequent renewals for additional periods of five years or less may be granted to a contract holder whose contract has not expired as of the date of application for renewal if the applicant can demonstrate the conditions of the initial contract were met and the activities of the applicant in the state of Louisiana generate economic benefits to the state that exceed 20 times the benefit to the applicant of the incentive provided by this Chapter for the year preceding the request for renewal...

…the Board of Commerce and Industry shall forward its recommendations, together with the proposed contract and all supporting documents, to the Department of Economic Development and the Joint Legislative Committee on the Budget. Upon receipt of the recommendations and proposed contract, the Joint Legislative Committee on the budget shall have 30 days to approve or reject the renewal contract."

An economic analysis prepared by the University of Louisiana at Monroe states that the single-year economic impact to Louisiana from Pool is $149,690,242 million per year. The total amount of the TE benefit that Pool and its affiliates received in 2018 was $2,990,196. Therefore, Pool meets the 20 times threshold requirement.

Site decision factors such as transportation, energy and infrastructure are not critical factors for Pool's headquarters location. Factors contributing to the retention of Pool's headquarters in Louisiana are primarily related to the comparative tax liabilities between Louisiana versus Florida or Nevada.

Currently, Pool is one of only three Fortune 1000 companies (Entergy, CenturyLink and Pool Corporation) based in Louisiana.

A cost/benefit analysis shown in the attached table projects state revenues will exceed state incentives (Tax Equalization credits) during the combined years 2019 through 2023.

Pool has indicated that if the Tax Equalization renewal is not provided, the company will strongly consider relocating the corporate headquarters to another state.

Pool Corporation

Estimated State Tax Revenues and Incentive Costs, $$Millions

	2019	2020	2021	2022	2023	Total
State Tax Revenues						
State Sales & Income Tax Revenue Impact from Pool's Impact on Household Income; Source: ULM Table 8	2.5	2.6	2.7	2.8	2.9	13.5
Direct Corporate Sales, Income, & Franchise Taxes; Source: PoolCorp pro forma statements	3.4	3.5	3.7	3.8	4.0	18.4
Total Revenues	5.9	6.1	6.4	6.6	6.9	31.9
State Incentives						
Tax Equalization Credit Forecast (Source: Pool Application)	3.1	3.1	3.2	3.3	3.4	16.1
Total Incentives	3.1	3.1	3.2	3.3	3.4	16.1
Revenues in Excess of Cost	2.8	3.0	3.2	3.3	3.5	15.8

In addition to state corporate tax payments, the company projects that it will make the following local property tax payments in St. Tammany Parish over the 2019 – 2023 time period:

Estimated Local Tax Revenues (Headquarters Location), $$Thousands

	2019	2020	2021	2022	2023	Total
Property Tax Payments*	89	94	98	103	108	492
Local Sales Tax Payments*	740	814	895	985	1,100	4,500

*Source: PoolCorp pro forma statements

The Economic Impact on Louisiana of the Louisiana Operations of Pool Corporation and Affiliates

Paul S Nelson, Ph.D.[1]
Professor of Economics
University of Louisiana at Monroe
Monroe, LA 71209

Robert C. Eisenstadt
Professor of Economics
Director, Center for Business and Economic Research
University of Louisiana at Monroe
Monroe, LA 71209

August 24, 2018

[1] Questions concerning this report should be directed to Dr. Paul Nelson; 318-342-1159 or nelson@ulm.edu.

This report estimates the economic impact of the Louisiana operations of Pool Corporation and Affiliates. Pool Corporation and Affiliates engages in the distribution of swimming pool and related backyard products primarily in North America and Europe. Its headquarters are located in Covington, LA. In 2017, Pool Corporation and Affiliates had 386 full-time and 27 part-time employees in Louisiana with a Louisiana payroll of $33,059,286.

- We estimate the economic impact using the RIMS II multipliers (2007/2016) for Louisiana.[2]

- Payroll is estimated to grow at the rate of inflation expected over the next 10 years, 2.09%. Estimated inflation is derived from yields to Treasury Inflation Protected Securities (TIPS) as reported by the Federal Reserve Bank of Cleveland.[3]

- The risk-adjusted discount rate of 8.01% was determined by using a Capital-Asset Pricing Model (CAPM) employing a risk-free rate of 2.53% (the average rate of 10-year Treasury Bonds) and a market return of 10.23% (the average rate of return on the Wilshire 5000 index, the broadest stock market index). The Beta for Pool Corporation is 0.71.[4]

Using the above assumptions, we calculate the present value of Pool Corporation and Affiliates' economic impact on household income over the next 10 years to be:

Table 1: Impact of Pool Corp. on Household Income

	Direct + Indirect Effects	Induced Effects	Total (Direct + Indirect + Induced)
Single year impact	**$42,639,867**	**$14,036,973**	**$56,676,840**
10-year present value of impact	**$335,207,554**	**$110,349,765**	**$445,557,319**

As mentioned above, in 2017 Pool Corporation and Affiliates had 386 full-time and 27 part-time employees. We use a figure of 399 full-time-equivalent (FTE) employees. Using this figure as a base with the RIMS II multiplier we estimate a further 165 jobs from indirect effects. Induced employment adds an additional 375 **for a total employment impact of 939 jobs (Table 2, below)**.

Table 2: Full-time equivalent jobs created in Louisiana by Pool Corporation.

	Direct Employment	Indirect Employment	Induced Employment	Total Employment (Direct + Indirect + Induced)
Employment Effects	**399**	**165**	**375**	**939**

The Table 2 employment number (939) is a minimum estimate. That is, if we use the payroll data as the basis for our calculation, the RIMS II multiplier estimates 725 indirect and induced jobs which suggests a statewide total of 1,124 jobs when combined with Pool Corporation and Affiliates' direct

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[2] U.S. Bureau of Economic Analysis Regional Input Output Multiplier System (www.bea.gov).

[3] https://www.clevelandfed.org/en/our-research/indicators-and-data/inflation-expectations.aspx

[4] Beta source: http://www.nasdaq.com/symbol/pool.

employment. The difference is likely due to Pool Corporation and Affiliates having its headquarters in Louisiana. Compensation per FTE in 2017 is $82,855.

The impact on value added by industry to the State is calculated from the final demand and is described in Table 2. Since we are assuming a constant real value of payroll, the annual value-added figures are also in constant dollars.

Table 3: Value Added by Industry Sector (millions of current year dollars).

Sector	Value Added – Direct and Indirect
Wholesale trade	**$74.0**
Real estate and rental and leasing	**$5.9**
Health Care and Social Assistance	**$4.4**
Retail trade	**$4.1**
Transportation and warehousing	**$3.7**
Professional, scientific, and technical services	**$3.2**
Finance and insurance	**$2.9**
Administrative and waste management services	**$2.3**
Other Services	**$2.1**
Management of companies and enterprises	**$1.8**
Information	**$1.8**
Nondurable goods manufacturing	**$1.7**
Food Services	**$1.4**
Utilities	**$1.2**
Other	**$3.3**
Total – Single Year, Not Discounted	**$113.8**

The total economic impact or aggregated transactions of Pool Corporation and Affiliates was calculated using the following formula:

$$\left(\left(Employ \times \left(\frac{Col\ 6}{Col\ 3}\right)\right) * 1{,}000{,}000\right) * Col\ 1$$[5]

Beginning with employment and using the formula above we can estimate the value of aggregated transactions in the State that are attributable to Pool Corporation and Affiliates' Louisiana Operations. The estimates follow in Table 4.

Table 4: The total economic impact of Pool Corporation and Affiliates (aggregated transactions)

	Direct + Indirect Effects	Induced Effects	Total (Direct + Indirect + Induced)
Single year impact	**$100,266,926**	**$49,423,316**	**$149,690,242**
10-year present value of impact	**$788,263,549**	**$388,548,852**	**$1,176,812,401**

Pool Corporation and Affiliates' Effect on Statewide Tax Collections

Using the economic impact on household income we compute the one and ten-year impact on state sales tax revenue. The current Louisiana state sales tax is 4.45% but even if all income is consumed not all expenditures are subject to tax. Adjusting primarily for housing costs, medical expense, other insurance expense, and income tax liability, we expect 40% of household income is subject to sales taxation . The single-year and ten-year present value are in Table 5, below.

Table 5: Present Value of Sales Taxes paid to Louisiana from Pool Corporation and Affiliates' Impact on Household Income.

	Direct Effects	Indirect + Induced Effects	Total (Direct + Indirect + Induced)
2018	**$758,990**	**$249,990**	**$1,008,848**
2019	**$717,383**	**$236,161**	**$953,544**
2020	**$678,057**	**$223,215**	**$901,273**
2021	**$640,888**	**$210,979**	**$851,867**
2022	**$605,755**	**$199,414**	**$805,169**
2023	**$572,549**	**$188,482**	**$761,031**
2024	**$541,163**	**$178,150**	**$719,312**
2025	**$511,497**	**$168,384**	**$679,881**
2026	**$483,458**	**$159,153**	**$642,611**
2027	**$456,955**	**$150,429**	**$607,384**

[5] For Direct + Indirect Effects; Col 6 = 1.4125, Col 3 = 7.2498, Col 1 = 1.2806. For Direct + Indirect + Induced Effects; Col 6 = 2.353, Col 3 = 10.7526, Col 1 = 1.7104.

10-year Present Value of Sales Taxes	**$5,966,694**	**$1,964,226**	**$7,930,920**

Another revenue source is the Louisiana Individual Income Tax. We use the average compensation per FTE for Pool Corporation and Affiliates - $82,855 - for 399 workers and mean Louisiana labor income of $41,590 for indirect and induced jobs.[6] For income tax estimates, we assume a two-person household filing jointly with no other deductions other than Federal Income Tax[7]. The estimates are given in Table 6, below.

Table 6: Present Value of Income Taxes paid to Louisiana from Pool Corporation and Affiliates' Impact on Household Income.

	Direct Effects	Indirect + Induced Effects	Total (Direct + Indirect + Induced)
2018	**$943,635**	**$494,100**	**$1,437,735**
2019	**$891,419**	**$466,759**	**$1,358,179**
2020	**$842,093**	**$440,931**	**$1,283,025**
2021	**$795,496**	**$416,533**	**$1,212,029**
2022	**$751,478**	**$393,484**	**$1,144,962**
2023	**$709,895**	**$371,711**	**$1,081,606**
2024	**$670,614**	**$351,142**	**$1,021,756**
2025	**$633,506**	**$331,712**	**$965,218**
2026	**$598,451**	**$313,357**	**$911,808**
2027	**$565,336**	**$296,017**	**$861,353**
10-year Present Value of Income Taxes	**$6,458,288**	**$3,381,647**	**$9,839,935**

Adding the sales and income taxes discussed in Tables 5 and 6 respectively generates the total state tax impact of Pool Corporation and Affiliates' payroll on Louisiana.

Table 7: Combined State Sales and Income Tax Revenue (in thousands)

	Direct	Total
2018	**$1,703**	**$2,447**
2019	**$1,609**	**$2,312**
2020	**$1,520**	**$2,184**
2021	**$1,436**	**$2,064**
2022	**$1,357**	**$1,950**
2023	**$1,282**	**$1,843**
2024	**$1,211**	**$1,741**
2025	**$1,145**	**$1,645**

[6] http://www.bls.gov/oes/current/oes_la.htm#00-0000

[7] Under current rules, a child under age 18 will increase a household's Louisiana Income Tax excluding other credits. This result arises from the revised Federal tax law under which a household would receive a $2,000 tax credit. Since Federal income taxes are deductible against Louisiana Income Tax, the credit will raise Louisiana taxable income by $2,000. Louisiana gives a $1,000 personal exemption but, on net, taxable income increases by $1,000.

2026	**$1,082**	**$1,554**
2027	**$1,022**	**$1,469**
10-year Present Value	**$12,425**	**$17,771**

In Table 8 we project the current, non-discounted, value of personal income and sales taxes. The figures in Table 8 assume that compensation at Pool Corporation and Affiliates will rise at 4%/year[8]. Indirect and induced wages are projected to rise at the rate of inflation, 2.09%, indicated above. We note that if Pool Corporation and Affiliates does raise compensation in real terms then indirect and induced wages and hence tax revenue would rise faster than is indicated in Table 8 since additional indirect and induced employment would occur. These estimates should be considered conservative.

[8] Over the past 5 years total labor compensation has increased 4.9%/year.

Table 8: Total Non-Discounted Combined State and Local Tax Revenue (in thousands)

	Direct	Total
2018	$1,703	$2,447
2019	$1,771	$2,530
2020	$1,842	$2,616
2021	$1,915	$2,707
2022	$1,992	$2,800
2023	$2,072	$2,897
2024	$2,154	$2,997
2025	$2,241	$3,100
2026	$2,330	$3,208
2027	$2,423	$3,320
10-year Total	$20,442	$28,622

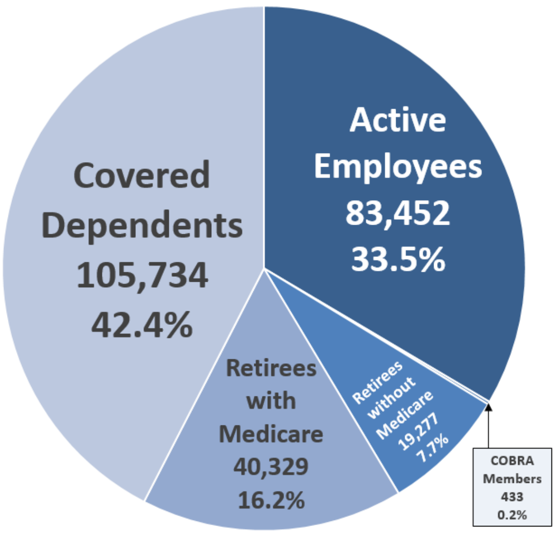
Pool Corporation and Affiliates also pays substantial property taxes as a by-product of its Louisiana operations. In 2017, Pool Corporation and Affiliates paid $320,000 in property taxes. Assuming zero nominal growth in property taxes over the next 10 years and using the risk-adjusted discount rate mentioned above **we compute the 10-year present value of property taxes to be: $2,318,173.**[9]

[9] The tax calculations likely underestimate the total impact on State tax collections since the exercise ignores other state tax revenues generated by Pool Corporation and Affiliates' operations in the state such as Corporate Income Taxes or Gasoline Taxes.

Office of Group Benefits

FY 2019 Membership Overview

Health Insurance Enrollment by Member Type



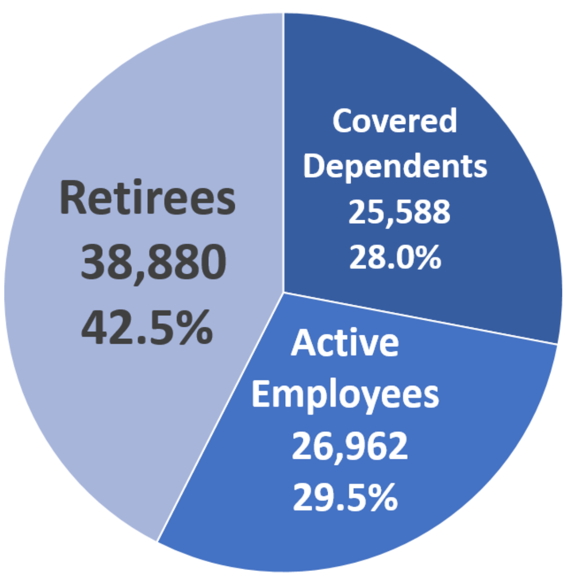
*As of October 8, 2018

Health Insurance Membership by Plan

State-Sponsored Health Plans	Members	%
Magnolia Open Access	37,243	14.9%
Magnolia Local	1,069	0.4%
Magnolia Local Plus	163,313	65.5%
Pelican HRA1000	6,985	2.8%
Pelican HSA775	7,314	2.9%
Vantage MHHP	7,730	3.1%
Via Benefits	736	0.3%
Peoples Health (MA)	2,219	0.9%
Vantage Premium (MA)	452	0.2%
Vantage Standard (MA)	1,085	0.4%
Vantage Basic (MA)	94	0.0%
LSU Health Option 1	16,051	6.4%
LSU Health Option 2	2,524	1.0%
LSU Health Option 3	2,410	1.0%
Total:	**249,225**	**100.0%**

*As of October 8, 2018; MA = Medicare Advantage Plan

Life Insurance Enrollment by Member Type



*As of September 20, 2018

Life Insurance Enrollment by Member Type

Age Groups	Enrollee Count	%
Under Age 20	26	0.0%
Ages 20-25	700	1.1%
Ages 26-30	1,855	2.8%
Ages 31-35	2,377	3.6%
Ages 36-40	2,920	4.4%
Ages 41-45	3,148	4.8%
Ages 46-50	3,751	5.7%
Ages 51-55	4,557	6.9%
Ages 56-60	6,254	9.5%
Ages 61-65	7,679	11.7%
Ages 66-70	8,937	13.6%
Ages 71-75	8,045	12.2%
Ages 76-80	6,512	9.9%
Ages 81-84	4,017	6.1%
Age 85 and Older	5,064	7.7%
Total:	65,842	100.0%

*As of September 20, 2018

HMO Louisiana, Inc., a subsidiary of Blue Cross Blue Shield of Louisiana
Fully Insured Medicare Advantage Contract Overview

Contract Purpose	To offer a Medicare Advantage Plan including Medicare Part D prescription drug benefits for Medicare eligible retirees.
Eligible Enrollees	Retired employees of the State of Louisiana and other OGB-participating entities who are eligible to enroll in Medicare
Members as of 10/8/2018	None; new plan to be offered 1/1/2019
Beginning Contract Date	1/1/2019
Ending Contract Date	12/31/2021
Renewable Option	24 months
Procurement Method	Request for Proposal
Contract Amount*	$6,405,000
Administrative Fee	$10.00 Per Enrollee per Month Payable to OGB
Number of Plans	One
Statewide or Regional Rates	Regional; 4 rates for all 9 state regions

*Contract amount based on actuarial assumption that approximately 2% of OGB members with Medicare and who are currently enrolled in a BCBSLA health plan will elect to switch to the Blue Advantage HMO Medicare Advantage plan. For 2019, membership in this plan is projected to be 626 primary subscribers and 177 eligible dependent spouses. Contract amount also assumes enactment of annual premium rate increases of 4.5% in 2020 and 2021 for all coverage levels and rate categories; no significant change from projected 2019 membership levels.

HMO Louisiana, Inc., a subsidiary of Blue Cross Blue Shield of Louisiana

Fully Insured Medicare Advantage Contract Overview, Cont.

Plan	Regions	Coverage Level	2019 Total Monthly Premium
Retirees with 1 Medicare Member			
Blue Advantage HMO	1, 3, 4	Enrollee Only	$170.00
Blue Advantage HMO	2, 5	Enrollee Only	$220.00
Blue Advantage HMO	6, 7, 8	Enrollee Only	$240.00
Blue Advantage HMO	9	Enrollee Only	$190.00
Retirees with 2 Medicare Members			
Blue Advantage HMO	1, 3, 4	Enrollee + Spouse	$340.00
Blue Advantage HMO	2, 5	Enrollee + Spouse	$440.00
Blue Advantage HMO	6, 7, 8	Enrollee + Spouse	$480.00
Blue Advantage HMO	9	Enrollee + Spouse	$380.00

State Regions

Region 1: Orleans, Saint Bernard, Plaquemines, and Jefferson Parishes

Region 2: East Baton Rouge, West Baton Rouge, Livingston, Ascension, Iberville, Pointe Coupee, East Feliciana, and West Feliciana Parishes

Region 3: Lafourche, Saint John, Saint Charles, Saint James, Assumption, and Terrebonne Parishes

Region 4: Lafayette, Evangeline, Saint Landry, Acadia, Saint Martin, Iberia, Vermilion, and Saint Mary Parishes

Region 5: Beauregard, Allen, Calcasieu, Jefferson Davis, and Cameron Parishes

Region 6: Vernon, Sabine, Natchitoches, Winn, Grant, Rapides, LaSalle, Catahoula, Concordia, and Avoyelles Parishes

Region 7: Caddo, Bossier, Webster, Claiborne, Bienville, Red River, and DeSoto Parishes

Region 8: Ouachita, Union, Lincoln, Jackson, Caldwell, Richland, Morehouse, Franklin, West Carroll, East Carroll, Madison, and Tensas Parishes

Region 9: Washington, Saint Tammany, Saint Helena, and Tangipahoa Parishes

STATE OF LOUISIANA
DIVISION OF ADMINISTRATION
OFFICE OF GROUP BENEFITS

Vantage Health Plan, Inc.
Fully Insured HMO Contract Amendment #4 Overview

Contract Purpose	To provide a fully-insured HMO physician and hospital network for all regions of the state to eligible active employees, retirees, and their dependents.
Eligible Enrollees	Active and retired employees of the State of Louisiana and other OGB-participating entities
Members as of 11/5/2018	7,722
Beginning Contract Date	1/1/2016
Ending Contract Date	12/31/2018
Renewable Options Already Exercised	Two (2)
Renewable Options Remaining	None
Original Procurement Method	Request for Proposal
Current Contract Amount	$120,600,000
Ending Contract Amount After Amendment	$123,900,000 (an increase of $3.3 million or 2.7%)

Prior Contract Amendments

- Amendment #1
  - Changed contract term end date from 12/31/2016 to 12/31/2017
  - Increased contract maximum fee from $34.0 million to $77.6 million (increase of $43.6 million)
  - Updated premium schedule to reflect rate increase effective Plan Year 2017
- Amendment #2
  - Updates to notice provisions of the contract

Vantage Health Plan, Inc.

Fully Insured HMO Contract Amendment #4 Overview, Cont.

- Amendment #3
  - Changed contract term end date from 12/31/2017 to 12/31/2018Increased contract maximum fee from $77.6 million to $120.6 million (increase of $43.0 million)
  - Updated premium schedule to reflect no rate change for Plan Year 2018

The current Vantage Fully Insured HMO Contract (commonly referred to as the Medical Home HMO Plan or MHHP) will terminate 12/31/2018 with no further options to renew available. Unfortunately, with the payment of the October 2018 invoice, only $4.518 million in contract authority will remain to pay the November 2018 and December 2018 invoices. The net average monthly draw down against contract authority in 2018 has been $3.660 million ($3.727 million in pass-through premiums *minus* $0.066 million in administrative fees paid to OGB by Vantage). Accordingly, OGB would have enough contract authority for November 2018 invoices, but not for December 2018 invoices. Based on the contract authority remaining and the 2018 YTD net average monthly draw against the contract, a minimum increase of $2.803 million in contract authority is needed. OGB is requesting an increase of $3.300 million in contract amendment #4 to ensure it has sufficient contract authority to meet all obligations through the term of the contract.

This additional contract authority is needed due to increases in enrollment in the Vantage Fully Insured HMO plan over the three year period of the current contract and the timing during which the prior contract amendments have been sought. Contract amendments have typically been sought at the same time annual enrollment is taking place, so it is not possible for OGB to reflect the effect of a change in enrollment for the new plan year in the amendment's increase in the maximum fee for that same plan year.

Based on the Joint Legislative Committee on the Budget's practice of reviewing items but waiting one month to take the appropriate action on the item in order to allow members to ask questions and obtain more information, OGB will need Amendment #4 to be added to the agenda for the November meeting of the JLCB, so that it can then receive approval during the December meeting of the JLCB. It should be noted that the payment terms of the contract stipulate that invoices are to be issued on the 1st day of each month and that OGB is to make every reasonable effort to make payment within 15 calendar days of invoice approval. Reconciliation and approval of the monthly invoice by OGB Contracts Management Section staff typically takes two (2) to three (3) business days.