

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 201** SLS 16RS 163
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action: **w/ HSE COMM AMD**
 Proposed Amd.:
 Sub. Bill For.:

Date: May 24, 2016 1:03 PM **Author:** ALLAIN
Dept./Agy.: **Subject:** Additional Access To Dedicated Funds **Analyst:** Greg Albrecht

FUNDS/FUNDING RE1 SEE FISC NOTE SD EX See Note Page 1 of 1

Constitutional amendment to revise the circumstances that would allow the reduction of constitutionally protected expenditures and dedications to eliminate a projected deficit in an ensuing fiscal year. (2/3 - CA13s1(A))

Present constitution requires a 1% drop in the official forecasts for the ensuing fiscal year from the current fiscal year in order to trigger access to dedicated funds to address a shortfall in the ensuing fiscal year (a maximum of 5% of the dedicated fund appropriations and 1% of the minimum foundation program constitutional expenditure mandate can be reallocated).

Proposed constitution retains the current trigger but adds an additional trigger of a 1% drop in the forecast for the ensuing fiscal year from the most recently adopted forecast in place for that ensuing year. If this trigger is met, constitutionally dedicated funds can be accessed up to 1% of their current fiscal year fund balance. Exceptions are provided for the Coastal Protection and Restoration Fund, health care provider assessments in the Hospital Stabilization Fund or the La Medical Assistance Trust Fund, the Oilfield Site Restoration Fund, the Conservation Fund, and supplemental pay for local police and firemen. To be submitted to the electors at the statewide election to be held on November 8, 2016.

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total						

REVENUES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

Under present constitution, it takes an absolute drop in the forecast for an ensuing fiscal year relative to the forecast for the current fiscal year in order to allow access to potential resources in dedicated funds to address a projected deficit in the ensuing fiscal year's budget. While this can happen, more typical is the case of drops in the forecasts for both the current fiscal year and the ensuing fiscal year, where the forecast for the ensuing fiscal year is still greater than that of the current fiscal year. Thus, access to dedicated funds for use in the ensuing fiscal year's budget is constrained even though revenue forecasts have declined and/or budget deficit projections exist.

Under this bill's proposal, an additional trigger of a 1% drop in the forecast for the ensuing fiscal year from its own forecast in place will also allow access to potential resources in constitutionally established dedicated funds. The forecast for the ensuing fiscal year can still be greater than that for the current fiscal year (as is currently the situation), and a projected deficit for the ensuing fiscal (as is currently the situation) can still be addressed with dedicated resources. As under current law, the bill allows reallocations of up to 5% of dedicated fund appropriated amounts, but also allows the option of using up to 1% of the current fiscal year fund balance of constitutionally established dedicated funds. Exceptions are provided for the Coastal Protection and Restoration Fund, health care provider assessments in the Hospital Stabilization Fund or the La Medical Assistance Trust Fund, the Oilfield Site Restoration Fund, and the Conservation Fund.

For illustrative purposes, a 1% drop in the current official forecast for FY17 is \$95 million. The maximum 5% of dedicated appropriations contained in the executive budget proposal for FY17 is \$166.8 million other than those provided an exception by the bill, and 1% of the latest known fund balances for constitutionally established dedications other than those provided an exception by the bill is \$53 million.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Senate Dual Referral Rules House

13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

John D. Carpenter
Legislative Fiscal Officer