

Regular Session, 2011

SENATE BILL NO. 137

BY SENATOR LONG

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

FISCAL CONTROLS. Provides for certain budget adjustment authority upon receiving notification that a projected budget deficit exists. (7/1/11) (2/3-CA7s10(F)(1))

1 AN ACT

2 To enact R.S. 39:75(C)(2)(f) and (F), relative to avoidance of budget deficits; to provide for  
3 the use of interest earnings from certain statutorily dedicated funds to reduce a mid-  
4 year budget deficit; to provide for additional avoidance measures relative to the  
5 occurrence of a budget deficit in the next fiscal year; to provide for an effective date;  
6 and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 39:75(C)(2)(f) and (F) are hereby enacted to read as follows:

9 §75. Avoidance of budget deficits

10 \* \* \*

11 C. Upon receiving notification that a projected deficit exists, the governor  
12 shall have interim budget balancing powers to adjust the budget in accordance with  
13 the following provisions:

14 \* \* \*

15 (2)

16 \* \* \*

17 **(f) Notwithstanding any other provision of law to the contrary, in the**

1 event the governor has reduced state general fund allocations or appropriations  
 2 by an aggregate amount equal to at least seven-tenths of one percent of the total  
 3 of such allocations and appropriations for that fiscal year and a deficit still  
 4 exists, upon request of the governor, the state treasurer shall deposit the  
 5 interest, excluding that portion already appropriated for that fiscal year, earned  
 6 from dedicated funds, excluding any amounts which are constitutionally  
 7 protected or mandated or described in R.S. 49:308.5(C), during that fiscal year  
 8 into the state general fund. Budget adjustments authorized by this  
 9 Subparagraph shall require the prior approval of a majority of the elected  
 10 members of each house of the legislature. If the legislature is in session, the  
 11 approval shall be by resolution or Act. If the legislature is not in session,  
 12 approval shall be obtained using the same mail ballot procedure used to obtain  
 13 such approval of action of the Interim Emergency Board.

14 \* \* \*

15 F. If the official forecast of recurring money for the next fiscal year is  
 16 at least one percent less than the official forecast of recurring money for the  
 17 current fiscal year, upon request of the governor, an amount equal to the  
 18 interest earned from dedicated funds during the current fiscal year, excluding  
 19 any amounts which are constitutionally protected or mandated or described in  
 20 R.S. 49:308.5(C), shall be available for appropriation in the next fiscal year for  
 21 the purpose of avoiding a deficit in the next fiscal year.

22 Section 2. This Act shall become effective on July 1, 2011; if vetoed by the governor  
 23 and subsequently approved by the legislature, this Act shall become effective on July 1,  
 24 2011, or on the day following such approval by the legislature, whichever is later.

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The original instrument was prepared by Jay Lueckel. The following digest,  
 which does not constitute a part of the legislative instrument, was prepared  
 by Jeanne Johnston.

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#### DIGEST

Long (SB 137)

Present law provides, relative to the notification that a budget deficit exists in the current fiscal year, that the governor shall have interim budget balancing powers to eliminate the

deficit:

1. Reduce executive branch budget unit appropriations by three percent of the total appropriation for the fiscal year.
2. In the event the governor has reduced budgets by seven-tenths of one percent of the total appropriation and the deficit still exists, the governor may make further budget adjustments, as follows:
  - a. The governor may direct reductions of any appropriation or allocation from the state general fund or dedicated funds, including those constitutionally protected or mandated, by an amount not to exceed five percent of the total amount appropriated or allocated for that fiscal year.
3. The governor may issue executive orders in the form of freeze orders prohibiting the expenditure of monies for specific items.
4. The governor may propose the use of an alternative source of revenue of a designated amount to address the deficit situation.

Proposed law retains present law but further provides that notwithstanding any other provision of law to the contrary, in the event that the governor has reduced state general fund allocations or appropriations by an aggregate amount equal to at least seven-tenths of one percent of the total of such allocations and appropriations for that fiscal year and a deficit still exists, upon the request of the governor, the state treasurer shall deposit the interest, excluding that portion already appropriated for that fiscal year, earned from dedicated funds, excluding any amounts which are constitutionally protected or mandated or certain other special excluded funds, during that fiscal year into the state general fund. Such budget adjustments shall require the prior approval of a majority of the elected members of each house of the legislature. Provides that if the legislature is in session, approval shall be by resolution or act. If the legislature is not in session, approval shall be obtained using the same mail ballot procedure used by the Interim Emergency Board.

Present law provides that if the official forecast of recurring money for the next fiscal year is at least one percent less than the official forecast for the current fiscal year, the governor and the legislature may employ the following methods in the development of the state budget for the next fiscal year pursuant to the constitution, for the purpose of avoiding a budget deficit in the next fiscal year:

- (1) An amount not to exceed five percent of the total appropriation or allocation in the current fiscal year from any fund shall be available for appropriation in the next fiscal year for a purpose other than as specifically authorized for that fund.
- (2) An amount not to exceed five percent of the current fiscal year's total appropriation or allocation for any expenditure which is either protected or mandated by law or the constitution shall be available for appropriation in the next fiscal year for a purpose other than as specifically required by law or constitution.
- (3) Monies made available may be transferred to a fund for which revenues have been forecast to be less than the revenues in the current fiscal year for such fund. In no event shall the aggregate amount made available in the next fiscal year for other purposes as provided in Paragraphs (1) and (2) of this Subsection exceed the amount of the difference between the official forecast for the current fiscal year and the next fiscal year.
- (4) In the event that monies are transferred from the Louisiana Quality Education Support Fund, the total dollar amount of any resulting reductions in appropriations from that fund shall be apportioned equally between the appropriations for the Board

of Regents and the State Board of Elementary and Secondary Education.

Proposed law retains present law and adds additional authority that if the official forecast for the next fiscal year is at least one percent less than the forecast for the current fiscal year, upon request of the governor, an amount equal to the interest earned from dedicated funds, excluding any amounts which are constitutionally protected or mandated or certain other special excluded funds, shall be available for appropriation in the next fiscal year for the purpose of avoiding a deficit in the next fiscal year.

Effective July 1, 2011.

(Adds R.S. 39:75(C)(2)(f) and (F))

#### Summary of Amendments Adopted by Senate

##### Committee Amendments Proposed by Senate Committee on Finance to the original bill.

1. Adds language authorizing the state treasurer to deposit interest earnings from certain statutorily dedicated funds upon request of the governor.
2. Adds language excluding special funds not required to be deposited in the treasury pursuant to Art. VII, Section 9(A) of the constitution and certain other special funds, including court or regulatory agency judgments; contracts related to the issuance of bonds, notes, or other indebtedness; and special retirement funds; among others.

##### Senate Floor Amendments to engrossed bill.

1. Makes technical changes.
2. Provides that the authorized budget adjustments must be approved by a majority of each house of the legislature and specifies procedures for such approval.