

Regular Session, 2010

SENATE BILL NO. 2

BY SENATOR CHAISSON

FUNDS/FUNDING. Provides relative to deposits into and transfers out of the Budget Stabilization Fund. (See Act)

1 AN ACT

2 To amend and reenact R.S. 39:94(C), relative to the Budget Stabilization Fund; to provide

3 for the incorporation of monies in the Budget Stabilization Fund into the official

4 forecast for the current fiscal year and the next fiscal year; to direct the treasurer to

5 transfer monies from the Budget Stabilization Fund to the state general fund in

6 certain circumstances; to suspend deposits into the Budget Stabilization Fund in

7 certain circumstances; to provide for an effective date; and to provide for related

8 matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 39:94(C) is hereby amended and reenacted to read as follows:

11 §94. Budget Stabilization Fund

12 * * *

13 C. The money in the fund shall not be available for ~~appropriation~~

14 **incorporation into the official forecast** except under the following conditions:

15 (1)(a) If the official forecast of recurring money for the ensuing fiscal year

16 is less than the official forecast of recurring money for the current fiscal year, the

17 Revenue Estimating Conference shall incorporate a specified amount of the fund into

1 the official forecast for the ensuing year pursuant to a concurrent resolution adopted
2 by a favorable vote of two-thirds of the elected members of each house.

3 (b) If the legislature is not in session, the two-thirds consent requirement shall
4 be obtained as provided in R.S. 39:87.

5 (c) The amount of the fund that may be incorporated into the official forecast
6 for the ensuing fiscal year shall not exceed either of the following:

7 (i) The difference between the official forecast of recurring money for the
8 ensuing fiscal year and the official forecast of recurring money for the current fiscal
9 year.

10 (ii) One-third of the fund balance, determined in accordance with R.S. 39:95,
11 at the beginning of the current fiscal year.

12 **(2)(a) If a decrease in federal financial participation in state assistance**
13 **expenditures for health or social services programs, including Federal Medical**
14 **Assistance Percentages, creates a projected deficit for the next fiscal year, the**
15 **difference between the current fiscal year's federal financial participation and**
16 **the ensuing fiscal year's projected federal financial participation, not to exceed**
17 **one-third of the fund, shall be incorporated into the next fiscal year's official**
18 **forecast only with the consent of two-thirds of the elected members of each**
19 **house of the legislature.**

20 **(b) The decreases in the projected federal financial participation and the**
21 **projected deficit shall be incorporated into the continuation and five-year base**
22 **line budget projection for the next fiscal year as presented to the Joint**
23 **Legislative Committee on the Budget.**

24 **(c) If the legislature is not in session, the two-thirds requirement may be**
25 **satisfied by obtaining the written consent of two-thirds of the elected members**
26 **of each house of the legislature in the manner provided by R.S. 39:87.**

27 ~~(2)~~ **(3)(a) If a deficit for the current fiscal year is projected due to a decrease**
28 **in the official forecast of recurring money, the Revenue Estimating Conference shall**
29 **incorporate a specified amount of the fund into the official forecast for the current**

1 fiscal year pursuant to a concurrent resolution adopted by a favorable vote of two-
2 thirds of the elected members of each house.

3 (b) If the legislature is not in session, the two-thirds consent requirement shall
4 be obtained as provided in R.S. 39:87.

5 (c) The amount of the fund that may be incorporated into the official forecast
6 for the current fiscal year shall not exceed either of the following:

7 (i) The amount of the projected deficit.

8 (ii) One-third of the fund balance, determined in accordance with R.S. 39:95,
9 at the beginning of the current fiscal year.

10 ~~(3)~~ **(4)** In no event shall the amount included in the official forecast for the
11 ensuing fiscal year pursuant to Paragraph (1) of this Subsection plus the amount
12 included in the official forecast in the current fiscal year pursuant to Paragraph (2)
13 of this Subsection exceed one-third of the fund balance, determined in accordance
14 with R.S. 39:95, at the beginning of the current fiscal year.

15 **(5) If two-thirds of the elected members of each house of the legislature**
16 **give consent for a specified amount of the fund to be incorporated into the**
17 **official forecast, the state treasurer shall transfer the amount of monies so**
18 **authorized from the fund to the state general fund.**

19 ~~(4)(a)~~ **(6)** No appropriation or deposit to the fund shall be made if such
20 appropriation or deposit would cause the balance in the fund to exceed four percent
21 of total state revenue receipts for the previous fiscal year. For the purposes of this
22 Section, total state revenue receipts shall not include any monies received by the
23 state from the Federal Emergency Management Administration or other federal
24 sources providing disaster relief assistance.

25 ~~(b)~~ **(7)** Notwithstanding any provision of this Section to the contrary, **and**
26 except pursuant to a specific appropriation by the legislature, no appropriation or
27 deposit to the fund shall be made in the same fiscal year **in which a specified**
28 **amount of the fund is incorporated into the official forecast or** as an
29 appropriation, ~~use or withdrawal~~ **or transfer** is made from the fund ~~or until such~~

1 ~~time as the official forecast exceeds the actual collections of state general fund~~
2 ~~(direct) revenue for Fiscal Year 2008.~~

3 Section 2. Section 1 of this Act shall take effect and become operative if the
4 amendment of Article VII, Section 10.3(C) of the Constitution of Louisiana contained in the
5 Act which originated as Senate Bill No. ___ of this 2010 Regular Session of the Legislature
6 is adopted at the statewide election to be held on November 2, 2010 and at the same time as
7 such proposed amendment becomes effective.

8 Section 3. Sections 2 and 3 of this Act shall become effective on July 1, 2010. If
9 vetoed by the governor and subsequently approved by the legislature, this Act shall become
10 effective on the day following such approval.

The original instrument and the following digest, which constitutes no part
of the legislative instrument, were prepared by Martha S. Hess.

DIGEST

Present law establishes the Budget Stabilization Fund and provides for the monies to be deposited into the fund.

Present law permits up to 1/3 of the Budget Stabilization Fund, subject to 2/3 approval of each house of the legislature, to be incorporated in the next fiscal year's official forecast if revenue estimates for the next fiscal year are less than the official forecast for the current fiscal year. Present law provides that if the legislature is not in session, the 2/3 requirement may be satisfied by obtaining the written consent of 2/3's of the elected members of each house of the legislature in a manner provided by law.

Proposed law permits up to 1/3 of the Budget Stabilization Fund, subject to 2/3 approval of each house of the legislature, to be incorporated in the next fiscal year's official forecast if a decrease in federal financial participation in state assistance expenditures for health or social services programs, including Federal Medical Assistance Percentages, creates a projected deficit for the next fiscal year. The amount that may be incorporated shall be the difference between the current fiscal year's federal financial participation and the ensuing fiscal year's projected federal financial participation, not to exceed 1/3 of the fund.

Proposed law further provides that the changes in the projected federal financial participation and projected deficit shall be incorporated into the continuation and five-year base line budget projection for the next fiscal year as presented to the Joint Legislative Committee on the Budget.

Present law further permits up to 1/3 of the Budget Stabilization Fund, subject to 2/3 approval of each house of the legislature, to be appropriated for the current fiscal year budget if a deficit for the current fiscal year is projected due to a decrease in the official forecast.

Proposed law permits up to 1/3 of the Budget Stabilization Fund, subject to 2/3 approval of each house of the legislature, to be incorporated into the current fiscal year's official forecast if a deficit for the current fiscal year is projected due to a decrease in the official forecast.

Proposed law provides that if 2/3 of each house of the legislature approves a portion of the

Budget Stabilization Fund to be incorporated into the official forecast, the state treasurer shall transfer the amount of monies so authorized to the general fund.

Proposed law provides that except pursuant to a specific appropriation by the legislature to the fund, no appropriation or deposit to the fund shall be made in the same fiscal year in which a specified amount of the fund is incorporated into the official forecast or an appropriation or transfer is made from the fund.

Section 1 of the Act becomes effective and operative if the amendment of Article VII, Section 10.3(C) of the Constitution of Louisiana contained in the Act which originated as SB ___ of the 2010 RS is adopted at the statewide election to be held on November 2, 2010, and at the same time as such proposed amendment becomes effective. Sections 2 and 3 of the Act, which are the effective date provisions, become effective on July 1, 2010.

(Amends R.S. 39:94(C))