

Regular Session, 2010

SENATE BILL NO. 392

BY SENATOR CHAISSON

FUNDS/FUNDING. Authorizes limited redirection and transfer of funds supporting appropriations and allocations from the state general fund and dedicated funds in certain circumstances. (See Act)

1 AN ACT

2 To amend and reenact R.S. 39:75(C)(2)(b) and (E)(1) and (2) and to enact R.S. 39:75(F),
3 relative to the expenditure of state funds; to authorize the limited redirection and
4 transfer of funds supporting appropriations or allocations from the state general fund
5 and dedicated funds, including those constitutionally protected or mandated, to be
6 used for other nonmandatory purposes under certain circumstances; to exclude
7 certain funds in certain circumstances; to provide for an effective date; and to
8 provide for related matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 39:75(C)(2)(b) and (E)(1) and (2) are hereby amended and reenacted
11 and R.S. 39:75(F) is hereby enacted to read as follows:

12 §75. Avoidance of budget deficits

13 * * *

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

17 * * *

1 (2) * * *

2 (b) In accordance with Article VII, Section 10(F) of the Constitution of
3 Louisiana, the governor may direct the commissioner of administration to reduce any
4 appropriation or allocation for the executive branch of state government from the
5 state general fund and dedicated funds, including any which are constitutionally
6 protected or mandated, by an amount not to exceed ~~five~~ **ten** percent in the aggregate
7 of the total amount appropriated or allocated from that fund for that fiscal year. **Any**
8 **adjustments pursuant to this Subsection in excess of five percent shall not be**
9 **effective unless approved by the legislature by a favorable vote of a majority of**
10 **the elected members of each house. Such approval shall be by mail ballot, as**
11 **provided by law, if the adjustments are made while the legislature is not in**
12 **session.**

13 * * *

14 E. If the official forecast of recurring money for the next fiscal year is at least
15 one percent less than the official forecast of recurring money for the current fiscal
16 year, the governor and the legislature may employ the following methods and
17 procedures in the development of the state budget for the next fiscal year pursuant
18 to authority granted in Article VII, Section 10(F) of the Constitution of Louisiana,
19 for the purpose of avoiding a budget deficit in the next fiscal year.

20 (1) An amount not to exceed ~~five~~ **ten** percent of the total appropriation or
21 allocation in the current fiscal year from any fund shall be available for appropriation
22 in the next fiscal year for a purpose other than as specifically authorized for that
23 fund. **Any adjustments pursuant to this Subsection in excess of five percent**
24 **shall not be effective unless approved by the legislature by a favorable vote of**
25 **a majority of the elected members of each house. Such approval shall be by**
26 **mail ballot, as provided by law, if the adjustments are made while the**
27 **legislature is not in session.**

28 (2) An amount not to exceed ~~five~~ **ten** percent of the current fiscal year's total
29 appropriation or allocation for any expenditure which is either protected or mandated

1 by law or the Constitution of Louisiana shall be available for appropriation in the
 2 next fiscal year for a purpose other than as specifically required by law or
 3 constitution. For the purposes of this Paragraph, an amount not to exceed one percent
 4 of the current fiscal year's total appropriation for expenditures required by Article
 5 VIII, Section 13(B) of the Constitution of Louisiana shall be available for other
 6 purposes. **Any adjustments pursuant to this Subsection in excess of five percent**
 7 **shall not be effective unless approved by the legislature by a favorable vote of**
 8 **a majority of the elected members of each house. Such approval shall be by**
 9 **mail ballot, as provided by law, if the adjustments are made while the**
 10 **legislature is not in session.**

11 * * *

12 **(F) Any adjustments pursuant to this Section which are in excess of five**
 13 **percent shall not be applicable to the portion of any fund established by law or**
 14 **the Constitution of Louisiana that is derived from the imposition, assessment,**
 15 **or collection of a fee or from self-generated revenue. The provisions of this**
 16 **Section shall not be applicable to nor affect:**

17 **(1) The Transportation Trust Fund as provided in Article VII, Section**
 18 **27 of the Constitution of Louisiana.**

19 **(2) The Conservation Fund as provided for in Article VII, Section 10-A**
 20 **of the Constitution of Louisiana.**

21 Section 2. Section 1 of this Act shall take effect and become operative if the
 22 amendment of Article VII, Section 10(F)(2)(a) and (b) of the Constitution of Louisiana
 23 contained in the Act which originated as Senate Bill No. 391 of this 2010 Regular Session
 24 of the Legislature is adopted at the statewide election to be held on November 2, 2010 and
 25 at the same time as such proposed amendment becomes effective.

26 Section 3. Sections 2 and 3 of this Act shall become effective on July 1, 2010. If
 27 vetoed by the governor and subsequently approved by the legislature, this Act shall become
 28 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

Chaisson (SB 392)

Present law establishes a procedure to determine a projected deficit and a method for adjusting appropriations to eliminate the deficit.

Present law authorizes the governor, with legislative approval, to reduce up to 5% of appropriations or allocations from the state general fund and dedicated funds in any fiscal year in which a deficit is projected and reductions of at least seven-eighths of 1% in appropriations from the state general fund have already occurred. Further provides that such reductions to the Minimum Foundation Program (MFP) shall be limited to 1% and shall not be applicable to instructional activities.

Proposed law increases the amount of reductions of appropriations or allocations from the state general fund and dedicated funds in any fiscal year in which a deficit is projected and reductions of at least seven-eighths of 1% in appropriations from the state general fund have already occurred from 5% to 10%.

Present law authorizes the legislature to reduce the monies appropriated or allocated for mandatory expenditures or allocations by up to 5%, making those funds available for other, nonmandatory expenditures if the official revenue forecast for the next year is at least 1% less than for the current year.

Proposed law increases the percentage the legislature is authorized to reduce the monies appropriated or allocated for mandatory expenditures or allocations from up to 5% to up to 10%, making those funds available for other, nonmandatory expenditures if the official revenue forecast for the next year is at least 1% less than for the current year.

Present constitution provides that present law shall not be applicable to, nor affect (1) the Bond Security and Redemption Fund or any bonds secured thereby, or any other funds pledged as security for bonds or evidences of indebtedness; (2) the severance tax and royalty allocations to parishes; (3) state retirement contributions; (4) the Louisiana Education Quality Trust Fund; (5) the Millennium Trust, except for appropriations from the trust and (6) any monies not required to be deposited in the state treasury as provided in Art. VII, Section 9 of the constitution.

Proposed law provides that any adjustments pursuant to proposed law in excess of 5% will not be effective unless approved by the legislature by a favorable vote of a majority of the elected members of each house. Provides that such approval will be by mail ballot if the adjustments are made while the legislature is not in session.

Proposed law provides that any adjustments in excess of 5% shall not be applicable to the portion of any fund established by law or the constitution that is derived from the imposition, assessment, or collection of a fee or from self-generated revenue. Proposed law further provides that sections on adjustments do not apply to the Transportation Trust Fund nor to the Conservation Fund.

Section 1 of the Act which increases the amount of reductions of appropriations or allocations from the state general fund and dedicated funds from 5% to 10%, becomes effective and operative if the amendment of Article VII, Section 10(F)(2)(a) and (b) of the Constitution of Louisiana contained in the Act which originated as SB 391 of the 2010 RS is adopted at the congressional 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. 39:75(C)(2)(b), (E)(1) and (2) and adds R.S. 39:75(F))

Summary of Amendments Adopted by Senate

Senate Floor Amendments to engrossed bill.

1. Provides that any adjustments in excess of 5% shall not apply to funds derived from the imposition, assessment, or collection of a fee or from self-generated revenue and exempts the Transportation Trust Fund and the Conservation Fund from being adjusted.
2. Technical amendments.