

Regular Session, 2010

SENATE BILL NO. 623

BY SENATOR MICHOT

FUNDS/FUNDING. Authorizes the 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), and (E)(1), (2) and (3), relative to the
3 expenditure of state funds; to authorize the limited redirection and transfer of funds
4 supporting appropriations, allocations or fund balances 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 increase the
7 adjustments that can be made under certain circumstances; to provide for an effective
8 date; and to 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), and (E)(1), (2) and (3) are hereby amended
11 and reenacted 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 **or fund balance** for the executive branch of state
5 government from the state general fund and dedicated funds, including any which
6 are constitutionally protected or mandated, by an amount not to exceed ~~five~~ **ten**
7 percent in the aggregate of the **fund balance or the** total amount appropriated or
8 allocated from that fund for that fiscal year. **Any adjustments pursuant to this**
9 **Subsection in excess of five percent shall not be effective unless approved by the**
10 **legislature by a favorable vote of a majority of the elected members of each**
11 **house. Such approval shall be by mail ballot, as provided by law, if the**
12 **adjustments are made while the legislature is not in session.**

13 * * *

14 (e) Budget adjustments authorized by this Paragraph shall require the prior
15 approval of the Joint Legislative Committee on the Budget. The state treasurer shall
16 transfer and credit to ~~any fund in deficit~~ **the general fund** monies which become
17 available as a consequence of the budget adjustments authorized by this Paragraph,
18 but in no event shall such transfers exceed the amount of the deficit **resulting from**
19 **reductions in the official forecast and decreases in federal financial**
20 **participation in state assistance expenditures for health or social services**
21 **programs.** Monies transferred as a result of such budget adjustments are deemed
22 available for appropriation and expenditure in the year of the transfer from one fund
23 to another.

24 * * *

25 E. If the official forecast of recurring money for the next fiscal year is at least
26 one percent less than the official forecast of recurring money for the current fiscal
27 year **or if a decrease in federal financial participation in state assistance**
28 **expenditures for health or social services programs, including Federal Medical**
29 **Assistance Percentages, creates a projected deficit for the next fiscal year,** the

1 governor and the legislature may employ the following methods and procedures in
2 the development of the state budget for the next fiscal year pursuant to authority
3 granted in Article VII, Section 10(F) of the Constitution of Louisiana, for the
4 purpose of avoiding a budget deficit in the next fiscal year.

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

13 (2) An amount not to exceed ~~five~~ **ten** percent of the current fiscal year's total
14 appropriation or allocation for any expenditure which is either protected or mandated
15 by law or the Constitution of Louisiana shall be available for appropriation in the
16 next fiscal year for a purpose other than as specifically required by law or
17 constitution. For the purposes of this Paragraph, an amount not to exceed one percent
18 of the current fiscal year's total appropriation for expenditures required by Article
19 VIII, Section 13(B) of the Constitution of Louisiana shall be available for other
20 purposes. **Monies from the Louisiana Education Quality Trust Fund shall be**
21 **available for expenditure as provided in this Paragraph only for higher**
22 **education or elementary and secondary education for instructional purposes.**
23 **Any adjustments pursuant to this Subsection in excess of five percent shall not**
24 **be effective unless approved by the legislature by a favorable vote of a majority**
25 **of the elected members of each house. Such approval shall be by mail ballot, as**
26 **provided by law, if the adjustments are made while the legislature is not in**
27 **session.**

28 (3) Monies made available as authorized under this Subsection ~~may~~ **shall** be
29 transferred **by the treasurer to the general fund.** ~~to a fund for which revenues have~~

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.

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 requires the treasurer to transfer and credit to the general fund, monies which become available as a consequence of such budget adjustments, but in no event shall such transfers exceed the amount of the deficit resulting from reductions in the official forecast and decreases in federal financial participation in state assistance expenditures for health or social services programs.

Proposed law provides that money from the Louisiana Education Quality Trust Fund shall be available for expenditure as provided in proposed law only for higher education or elementary and secondary education for instructional purposes.

Section 1 of the Act which increases the amount of reductions of appropriations, allocations or fund balances 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)(1), (2)(a) and (b), and (4) of the Constitution of Louisiana contained in the Act which originated as SB 463 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) and (e), and (E)(1), (2) and (3))