SLS 10RS-797

ORIGINAL

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	* * *

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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 \underline{ten}
7	percent in the aggregate of the <u>fund balance or the</u> 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

Assistance Percentages, creates a projected deficit for the next fiscal year, the

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governor and the legislature may employ the following methods and procedures in the development of the state budget for the next fiscal year pursuant to authority granted in Article VII, Section 10(F) of the Constitution of Louisiana, for the 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 allocation in the current fiscal year from any fund shall be available for appropriation 6 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 appropriation or allocation for any expenditure which is either protected or mandated 14 by law or the Constitution of Louisiana shall be available for appropriation in the 15 next fiscal year for a purpose other than as specifically required by law or 16 17 constitution. For the purposes of this Paragraph, an amount not to exceed one percent of the current fiscal year's total appropriation for expenditures required by Article 18 19 VIII, Section 13(B) of the Constitution of Louisiana shall be available for other purposes. Monies from the Louisiana Education Quality Trust Fund shall be 20 21 available for expenditure as provided in this Paragraph only for higher 22 education or elementary and secondary education for instructional purposes. Any adjustments pursuant to this Subsection in excess of five percent shall not 23 24 be effective unless approved by the legislature by a favorable vote of a majority of the elected members of each house. Such approval shall be by mail ballot, as 25 26 provided by law, if the adjustments are made while the legislature is not in 27 session.

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

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1	been forecast to be less than the revenues in the current fiscal year for such fund. In
2	no event shall the aggregate amount made available in the next fiscal year for other
3	purposes as provided in Paragraphs (1) and (2) of this Subsection exceed the amount
4	of the difference between the official forecast for the current fiscal year and the next
5	fiscal year. total projected deficit resulting from reductions in the official
6	forecast and decreases in federal financial participation.
7	* * *
8	Section 2. Section 1 of this Act shall take effect and become operative if the
9	amendment of Article VII, Section 10(F)(2)(a) and (b) of the Constitution of Louisiana
10	contained in the Act which originated as Senate Bill No. 463 of this 2010 Regular Session
11	of the Legislature is adopted at the statewide election to be held on November 2, 2010, and
12	at the same time as such proposed amendment becomes effective.
13	Section 3. Sections 2 and 3 of this Act shall become effective on July 1, 2010. If
14	vetoed by the governor and subsequently approved by the legislature, this Act shall become
15	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

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

<u>Present law</u> 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.

<u>Proposed law</u> increases the amount of reductions of appropriations, allocations or fund balance 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%.

<u>Present law</u> 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

Page 4 of 5 Coding: Words which are struck through are deletions from existing law; words in **boldface type and underscored** are additions. appropriated or allocated for mandatory expenditures or allocations <u>from</u> 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.

<u>Proposed law</u> provides that any adjustments pursuant to <u>proposed law</u> 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.

<u>Proposed law</u> 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.

<u>Proposed law</u> provides that money from the Louisiana Education Quality Trust Fund shall be available for expenditure as provided in <u>proposed law</u> 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))