

2017 First Extraordinary Session

SENATE CONCURRENT RESOLUTION NO. 2

BY SENATORS ALARIO, BARROW, CHABERT, JOHNS, LAFLEUR, LONG AND MORRISH

FUNDS/FUNDING. Provides for a portion of the monies in the Budget Stabilization Fund to be available for appropriation in Fiscal Year 2016-2017. (2/3 - CA7s10.3(C)(1)) (Item No. 4)

1 A CONCURRENT RESOLUTION

2 To make available for appropriation from the Budget Stabilization Fund the sum of  
3 \$119,660,723, an amount equal to one-third of the fund not to exceed the projected  
4 deficit, due to the reduction of the Fiscal Year 2016-2017 official forecast in the  
5 amount of \$340.5 Million as adopted by the Revenue Estimating Conference at its  
6 meeting on January 13, 2017, resulting in the second mid-year deficit for the current  
7 fiscal year, and presented to and recognized by the Joint Legislative Committee on  
8 the Budget at its meeting on January 27, 2017.

9 WHEREAS, during the current fiscal year, it was determined that the state of  
10 Louisiana ended Fiscal Year 2015-2016 with a deficit of \$313.8 Million (Fiscal Year 2016  
11 Deficit); and

12 WHEREAS, Article VII, Section 10(G) of the Constitution of Louisiana provides that  
13 if a deficit exists in any fund at the end of a fiscal year, that deficit shall be eliminated no  
14 later than the end of the next fiscal year; and

15 WHEREAS, the governor presented a deficit reduction plan to the Joint Legislative  
16 Committee on the Budget on December 15, 2016, that addressed and eliminated the Fiscal  
17 Year 2016 Deficit of \$313.8 Million through a combination of budget reductions contained  
18 in Executive Order JBE 16-74 and adjustments approved by the Joint Legislative Committee

1 on the Budget; and

2 WHEREAS, additionally, during the current Fiscal Year 2016-2017, the state of  
3 Louisiana has experienced a severe financial crisis due to many factors, including declining  
4 revenues attributable to decreased collections of corporate income and franchise tax,  
5 individual income tax, and sales and use tax, causing corresponding decreases in the amount  
6 of \$340.5 Million in the official forecast of the Revenue Estimating Conference for Fiscal  
7 Year 2016-2017; and

8 WHEREAS, Article VII, Section 10.3 of the Constitution of Louisiana establishes  
9 the Budget Stabilization Fund in the state treasury and in Subparagraph (C)(2) thereof  
10 provides that if a deficit for the current fiscal year is projected due to a decrease in the  
11 official forecast, an amount equal to one-third of the fund not to exceed the projected deficit  
12 may be appropriated after the consent of two-thirds of the elected members of each house  
13 of the legislature; and

14 WHEREAS, R.S. 39:95 provides that the state treasurer shall report the balance of  
15 the Budget Stabilization Fund as of July first of each fiscal year to the Revenue Estimating  
16 Conference, which shall certify the Budget Stabilization Fund balance and the determination  
17 of one-third of the balance; and

18 WHEREAS, the balance in the Budget Stabilization Fund as of July 1, 2016, was  
19 \$358,982,171, and one-third of such balance as certified by the Revenue Estimating  
20 Conference is \$119,660,723, which is the maximum amount of the Budget Stabilization  
21 Fund available for appropriation for Fiscal Year 2016-2017 to address a projected deficit;  
22 and

23 WHEREAS, subsequent to obtaining the consent of two-thirds of the elected  
24 members of each house of the legislature for the use of \$119,660,723 from the Budget  
25 Stabilization Fund, the legislature shall appropriate such amount for use in Fiscal Year  
26 2016-2017; and

27 WHEREAS, in addition to the decline in the official forecast, due to the state of  
28 emergency caused by heavy rain and flooding, the state has also experienced expenditure  
29 shortfalls in the current fiscal year which total over \$30 Million; and

30 WHEREAS, the state has further identified additional shortfalls in the current fiscal

1 year that total at least \$35 Million and are attributable to Local Housing of Adult Offenders  
2 and the Department of Corrections; and

3 WHEREAS, prior to recognizing the reduction of the Fiscal Year 2016-2017 official  
4 forecast in the amount of \$340.5 Million, hundreds of millions of dollars in reductions and  
5 adjustments were made to agencies and departments in state government; and due to the state  
6 of emergency caused by rains and flooding, certain state departments are waiting on federal  
7 reimbursement of approximately \$246 Million in disaster expenditures which has caused  
8 budgetary and cash flow problems for those agencies and departments; and in the last four  
9 months of the fiscal year, the options to eliminate the budget deficit are significantly  
10 reduced, thereby leading to the request to use \$119,660,723 from the Budget Stabilization  
11 Fund towards elimination of the second mid-year deficit for the current fiscal year, which  
12 is a purpose for which the Budget Stabilization Fund is intended; and

13 WHEREAS, after incorporating debt service savings and means of financing options,  
14 the current deficit for Fiscal Year 2016-2017 is \$304.22 Million, without inclusion of the  
15 aforementioned shortfalls of at least \$65 Million; and

16 THEREFORE, BE IT RESOLVED that pursuant to Article VII, Section 10.3 of the  
17 Constitution of Louisiana and R.S. 39:94, the Legislature of Louisiana does hereby consent  
18 to make available for appropriation from the Budget Stabilization Fund the sum of  
19 \$119,660,723 not to exceed one-third of the balance of the Budget Stabilization Fund as of  
20 July 1, 2016, due to the reduction of the revenue forecast for the current fiscal year as  
21 adopted by the Revenue Estimating Conference at its meeting on January 13, 2017, and  
22 utilizing means of financing adjustments reduced that amount to \$304.22 Million, which was  
23 recognized by the Joint Legislative Committee on the Budget at its meeting on January 27,  
24 2017.

25 BE IT FURTHER RESOLVED that the treasurer is directed, after complying with  
26 the provisions of Article VII , Section 9(B) of the Constitution of Louisiana relative to the  
27 allocation of monies to the Bond Security and Redemption Fund, to take the appropriate  
28 steps to transfer \$119,660,723 from the Budget Stabilization Fund to the state general fund.

29 BE IT FURTHER RESOLVED that a copy of this Resolution be transmitted to the  
30 treasurer.

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The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Ben Huxen.

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## DIGEST

SCR 2 Engrossed

2017 First Extraordinary Session

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Provides legislative consent to make available for appropriation from the Budget Stabilization Fund the sum of \$119,660,723, an amount equal to one-third of the fund not to exceed the projected deficit, due to the reduction of the Fiscal Year 2016-2017 official forecast in the amount of \$340.5 Million as adopted by the Revenue Estimating Conference at its meeting on January 13, 2017, resulting in the second mid-year deficit for the current fiscal year, and presented to and recognized by the Joint Legislative Committee on the Budget at its meeting on January 27, 2017.

Directs the treasurer, after complying with the provisions of Article VII, Section 9(B) of the Constitution of Louisiana relative to the allocation of monies to the Bond Security and Redemption Fund, to take the appropriate steps to transfer \$119,660,723 from the Budget Stabilization Fund to the state general fund.