

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SCR 2** SLS 171ES 14
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: February 20, 2017 10:44 AM	Author: ALARIO
Dept./Agy.: Treasury	
Subject: Provides relative to the Budget Stabilization Fund (2/3)	Analyst: Greg Albrecht

FUNDS/FUNDING RE +\$99,000,000 GF RV See Note Page 1 of 1
 Provides for a portion of the monies in the Budget Stabilization Fund to be available for appropriation in Fiscal Year 2016 -2017. (2/3 - CA7 s10.3(C)(1)) (Item No. 4)

Makes available for state general fund appropriation from the Budget Stabilization Fund the sum of \$99,000,000 not to exceed 1/3 of the balance of the Budget Stabilization Fund as of July 1, 2016 (the beginning of FY17), due to the reduction of the state general fund revenue forecast for the current fiscal year in the amount of \$340.5 million as adopted by the Revenue Estimating Conference at its meeting on January 13, 2017. This revenue forecast reduction was combined with means of financing adjustments to result in a \$304.22 million projected general fund budget deficit recognized by the Joint Legislative Committee on the Budget at its meeting on January 27, 2017.

EXPENDITURES	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

Approval of this Resolution will permit the utilization of up to \$99,000,000 for expenditures in FY17. The amount made available for use during FY17 will be transferred from the Budget Stabilization Fund into the state general fund for support of the current year budget.

REVENUE EXPLANATION

The Resolution authorizes use of \$99,000,000 from the Budget Stabilization Fund for FY17 to offset the recognized budget deficits. La Constitution Article VII, Section 10.3(C)(2) provides that if a deficit for the current year is projected due to a decrease in the official forecast, an amount equal to 1/3 of the fund not to exceed the projected deficit may be utilized after the consent of 2/3 of the elected members of each house of the legislature. La Constitution Article VII, Section 10.3(C)(3) provides that in no event shall the amount included in the official forecast for the next fiscal year, plus the amount utilized in the current fiscal year, exceed 1/3 of the fund balance at the beginning of the current fiscal year.

The Budget Stabilization Fund balance on July 1, 2016, was \$358,982,171. The maximum balance available for utilization is 1/3 of this total, or \$119,660,723. This Resolution authorizes approximately 83% (\$99,000,000) of this maximum amount, in accordance with La Constitution Article VII, Sections 10.3(C)(1) and 10.3(C)(3). This will preclude use of this amount of the Fund's resources to support development of the FY18 budget should the state general fund revenue forecast for FY18 fall below the FY17 forecast in any subsequent meetings of the Revenue Estimating Conference (REC) between now and the end of the current fiscal year. As of the January 13, 2017 REC meeting, the FY18 general fund forecast is \$185.5 million higher than the forecast for FY17.

Senate Dual Referral Rules House

13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

John D. Carpenter
Legislative Fiscal Officer