

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 255** HLS 17RS 247
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 19, 2017 8:08 AM	Author: CARTER, G.
Dept./Agy.: State	Analyst: Alan M. Boxberger
Subject: Allows for certain use of the Budget Stabilization Fund	

FUNDS/FUNDING EG SD EX See Note Page 1 of 1
 (Constitutional Amendment) Allows for the use of the Budget Stabilization Fund for the state costs associated with a declared disaster

Present constitution establishes the Budget Stabilization Fund and provides for various deposits into the fund including 25% of any nonrecurring revenues and mineral revenues collected by the state over a base amount of \$950 M; authorizes the legislature to increase the base amount every 10 years in law; provides for the fund to be used only under certain conditions after consent of 2/3 of the elected members of the legislature; and prohibits the amount included in the official forecast for the next fiscal year and the amount appropriated for the current fiscal year from exceeding 1/3 of the fund balance at the beginning of the current fiscal year.

Proposed constitutional amendment further provides for the use of the fund for the state costs associated with a federally declared disaster, not to exceed an amount equal to 1/3 of the fund, after the consent of 2/3 of the elected members of the legislature; prohibits the combined amount of the fund that may be withdrawn to 1/3, including federal disaster costs; and provides that any monies received from the federal government for reimbursement be deposited back into the fund.

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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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						

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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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						

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. Implementation of the constitutional amendment itself would not create an expenditure obligation. However, it does allow the legislature by 2/3 vote to authorize utilization of an amount up to 1/3 of the budget stabilization fund to provide for state costs associated with a federally declared disaster.

For **illustrative purposes**, based upon the Budget Stabilization Fund balance at the beginning of the FY17 (\$358.98 M), the state could have accessed \$119.66 M (1/3 of that balance) to address the federally declared disaster resultant from flooding events across south Louisiana in August of 2016. Proposed constitutional amendment keeps in place the restriction that no more than 1/3 of the fund may be included in the official forecast for the next fiscal year and the amount appropriated for the current fiscal year in comparison to the fund balance at the beginning of the current fiscal year. During the 2017 First Extraordinary Session of the Louisiana Legislature, the body authorized the use of \$99 M from the fund to address the second mid-year deficit as recognized by the Revenue Estimating Conference on 1/13/17. If the legislature were to decide to access the Budget Stabilization Fund in order to fund state costs for a federally declared disaster after that point in time, the maximum allowable amount would have been approximately \$20.66 M because of the 1/3 access restriction.

Proposed constitutional amendment will be considered by voters at the statewide election to be held on October 14, 2017. The Secretary of State may incur minimal ballot printing costs associated with this measure. However, as a regular practice, the Secretary of State typically budgets for up to 10 constitutional amendments for the fall statewide elections.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Proposed constitutional amendment provides that any reimbursement by the federal government for the costs associated with the same disaster shall be deposited into the fund, in an amount not to exceed the appropriation authorized from the fund.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Evan Brasseaux
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Staff Director