

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 324** HLS 18RS 887
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 3, 2018 6:22 PM	Author: FOIL
Dept./Agy.: LA State Board of Medical Examiners	Analyst: Zachary Rau
Subject: Reverts Unused SGR Collections to the SGF at End of Year	

BOARDS/COMMISSIONS OR +\$8,276,000 GF RV See Note Page 1 of 1
 Provides relative to the La. State Board of Medical Examiners

Proposed law provides that all funds collected by the LA State Board of Medical Examiners (LSBME) that are unexpended and unencumbered at the end of each fiscal year shall revert to the state general fund. Proposed law further provides that any fees collected in excess of amounts necessary to fund the operating costs of the LSBME shall revert to the state general fund.

EXPENDITURES	2018-19	2019-20	2020-21	2021-22	2022-23	5 -YEAR TOTAL
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>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2018-19	2019-20	2020-21	2021-22	2022-23	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$8,276,000	\$211,000	\$211,000	\$211,000	\$8,909,000
Agy. Self-Gen.	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$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>	\$0
Annual Total	\$0					\$0

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

Proposed law will increase SGF revenues by an estimated \$8.27 M in FY 20 and by \$211,000 in subsequent fiscal years. The proposed legislation states that all revenues collected by the LA State Board of Medical Examiners (LSBME) in excess of the LSBME's operating expenses in a given fiscal year will revert to the state general fund by the end of that fiscal year. Because the proposed legislation does not have a specified effective date, it is assumed that proposed law will become effective on August 1, 2018 pursuant to Art. III, Sec. 19 of the Louisiana Constitution.

Because the assumed effective date of proposed law occurs during FY 19, all revenues received in excess of the LSBME's operating expenses during FY 19 would revert to the state general fund beginning in FY 20. The initial fund balance reversion in FY 20 will be greater than reversions in subsequent FYs, as the initial reversion would include any fund balance that the LSBME has accrued over past fiscal years that would no longer be present after the initial reversion. After the initial reversion inclusive of the LSBME's historical fund balance in FY 20, revenues in excess of the LSBME's operating expenditures would revert to the SGF, which will be significantly lower than the initial reversion (see narrative below).

For illustrative purposes, based upon data obtained from LaTRAC, the LSBME's estimated FY 17 year-end fund balance totals approximately \$7.85 M. Pursuant to proposed law this fund balance, plus any revenues accrued in excess of the LSBME's operational expenses during FYs 18-19, would revert to the SGF in FY 20. Based upon a three-year average (FYs 15-17) of the LSBME's SGR collections and annual operating expenses, the board's revenues exceed their expenditures by approximately \$211,000. Based upon this methodology, anticipated reversions to the SGF would total the following amounts by fiscal year: FY 20 - \$8.27 M (\$7.85 M fund balance in FY 17 + \$211,000 * 2 to account for additional revenues in excess of expenditures in FYs 18-19); FYs 21-23 - \$211,000.

Note: it is not anticipated that proposed law will affect revenue collections for the LSBME, only that the board will no longer accrue a fund balance.

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}

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