

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 578** HLS 19RS 686
 Bill Text Version: **ENROLLED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: June 6, 2019 1:51 PM	Author: MAGEE
Dept./Agy.: State Budget	Analyst: Greg Albrecht
Subject: Dedicate BP Settlement Funds To TTF	

FUNDS/FUNDING EN -\$24,000,000 GF RV See Note Page 1 of 1

Dedicates the economic proceeds from the Deepwater Horizon litigation to transportation projects and redirects funding to the Construction Subfund of the Transportation Trust Fund

Present law dedicates economic damages from the Deepwater Horizon litigation to the Budget Stabilization Fund (45%), the Medicaid Trust for the Elderly (45%), and the Health Trust Fund (10%).

Proposed law reallocates the the annual proceeds of \$53.3M per year, from FY 2021 and each year thereafter through FY34, to the Construction Subfund of the Transportation Trust Fund to support bonds authorized to be issued for a enumerated list of transportation projects. Prohibits DOTD use of these monies for any project funded through GARVEE bonds. Provides that required annual payments into the Budget Stabilization Fund are to be fulfilled first from prior year surplus funds, then current year excess revenue, or by appropriation from the state general fund.

EXPENDITURES	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</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>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	(\$24,000,000)	(\$24,000,000)	(\$24,000,000)	(\$24,000,000)	(\$96,000,000)
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$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

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

Under current law {R.S. 39:94(A)(3)}, \$25 million is to be deposited into the Budget Stabilization Fund (BSF) each year. The current law provisions of the Deepwater Horizon economic damages payments allocates 45% of the annual settlement proceeds (approximately \$24 million) to the BSF. This allows the official revenue forecast for FY20 and beyond (April 10, 2019 latest) to only dedicate \$1 million of general fund revenue to the BSF. The diversion of that portion of the annual settlement proceeds to the purposes of this bill (specified projects and bonding support) results in an additional \$24 million of general fund dedication to the BSF, pending availability of other resources to fulfill the annual requirement. The bill provides that the annual requirement be satisfied first from prior year surplus revenues, secondly from current year excess revenues, or by an appropriation from the state general fund. This is essentially the process for fulfillment of the annual requirement currently. Thus, until one of these alternative funding sources is identified, the revenue forecast assumes general fund financing of the requirement. Thus, general fund resources for all other purposes decline by \$24 million per year, beginning in FY21, as displayed in the table above. Dedications as provided by the bill increase by a like amount, but are not separately shown since further reallocation of dedications occurs, as well.

The bill reallocates the annual damages payments to the purposes of the new dedications of the bill, and away from the current law dedications of the damages payments. That is a neutral effect in the dedication financing of the table above. The purposes for which the current law dedication is anticipated (other than to the BSF) are \$24 million for the Medicaid Trust Fund for the Elderly and \$5.3 million for the Health Trust Fund. Beginning in FY21, these dedications will receive no funding from the damages payments, while the dedications of this bill will receive funding from the damages payments.

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}

John D. Carpenter
Legislative Fiscal Officer