HLS 21RS-120 ORIGINAL

2021 Regular Session

HOUSE BILL NO. 487

1

BY REPRESENTATIVE ECHOLS

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

BUDGETARY CONTROLS: (Constitutional Amendment) Provides relative to deficit avoidance procedures

A JOINT RESOLUTION

2	Proposing to amend Article VII, Section 10(F) of the Constitution of Louisiana, relative to
3	deficit avoidance; to provide for procedures to eliminate a projected deficit; to
4	increase the amount of available funds for adjustment during a projected deficit; to
5	limit the amount of reductions to certain agencies during a projected deficit; to
6	remove exemptions for certain funds; to provide for submission of the proposed
7	amendment to the electors; and to provide for related matters.
8	Section 1. Be it resolved by the Legislature of Louisiana, two-thirds of the members
9	elected to each house concurring, that there shall be submitted to the electors of the state of
10	Louisiana, for their approval or rejection in the manner provided by law, a proposal to
11	amend Article VII, Section 10(F) of the Constitution of Louisiana, to read as follows:
12	ARTICLE VII
13	§10. Expenditure of State Funds
14	Section 10.
15	* * *
16	(F) Projected Deficit. (1) The legislature by law shall establish a procedure
17	to determine if appropriations will exceed the official forecast and an adequate
18	method for adjusting appropriations in order to eliminate a projected deficit. Any
19	law establishing a procedure to determine if appropriations will exceed the official
20	forecast and methods for adjusting appropriations, including any constitutionally

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protected or mandated allocations or appropriations, once enacted, shall not be changed except by specific legislative instrument which receives a favorable vote of two-thirds of the elected members of each house of the legislature. Notwithstanding the provisions of Article III, Section 2 of this constitution, such law may be introduced and considered in any regular session of the legislature.

(2)(a) Notwithstanding any other provision of this constitution to the contrary, adjustments to if state general fund allocations or appropriations for the current fiscal year are projected to exceed the official forecast of recurring revenues for the current fiscal year, the governor may direct the commissioner of administration to adjust any appropriations or allocations from the state general fund and dedicated funds, including any constitutionally protected or mandated allocations or appropriations, and transfer of monies associated with such adjustments., are authorized when state general fund allocations or appropriations have been reduced in an aggregate amount equal to at least seven-tenths of one percent of the total of such allocations and appropriations for a fiscal year. Such adjustments If the legislature is not in session, such adjustments shall require approval of the Joint Legislative Committee on the Budget. If the legislature is in session, such adjustments shall require approval of a majority of the elected members of each house of the legislature. Any adjustment made to appropriations or allocations from any dedicated fund, including constitutionally protected or mandated allocations or appropriations, or to state general fund appropriations for higher education, including the Board of Regents and higher education management boards created pursuant to this constitution, or to state general fund appropriations or fees and self-generated revenue appropriations for the Louisiana Department of Health, or its successor, may not exceed five twenty percent of the total appropriation or allocation from a the fund for the fiscal year. For purposes of this Subsubparagraph, reductions to expenditures required by Article VIII, Section 13(B) of this constitution shall not exceed one percent and such reductions shall not be applicable to instructional activities included within the meaning of instruction pursuant to the Minimum Foundation Program 1

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formula. Notwithstanding any other provisions of this constitution to the contrary, monies transferred as a result of such budget adjustments are deemed available for appropriation and expenditure in the year of the transfer from one fund to another, but in no event shall the aggregate amount of any transfers exceed the amount of the deficit. In addition to the reductions authorized pursuant to this Paragraph, the governor may issue executive orders in the form of freeze orders prohibiting the expenditure of monies for specific items. The total dollar savings estimated to be achieved as a result of a freeze order shall be deducted from appropriations from the state general fund.

(b) Notwithstanding any other provision of this constitution to the contrary, for the purposes of the budget estimate and enactment of the budget for the next fiscal year, when the official forecast of recurring revenues for the next fiscal year is at least one percent less than the official forecast for the current fiscal year, the following procedure may be employed to avoid a budget deficit in the next fiscal year. An amount not to exceed five twenty percent of the total appropriations or allocations for the current fiscal year from any dedicated fund established by law or this constitution shall be available for expenditure in the next fiscal year for a purpose other than as specifically provided by law or this constitution. For the purposes of this Subsubparagraph, an amount not to exceed one percent of the current fiscal year appropriation for expenditures required by Article VIII, Section 13(B) of this constitution shall be available for expenditures for other purposes in the next fiscal year. Notwithstanding any other provisions of this constitution to the contrary, monies made available as authorized under this Subsubparagraph may be transferred to a the state general fund for which revenues have been forecast to be less than the revenues in the current fiscal year for such fund. Monies transferred as a result of the budget actions authorized by this Subsubparagraph are deemed available for appropriation and expenditure, but in no event shall the aggregate amount of any such transfers exceed the amount of the difference between the official forecast for the current fiscal year and the next fiscal year.

1	(c) The legislature may provide by law for the implementation of the
2	provisions of this Subparagraph.
3	(3) If within thirty days of the determination that appropriations will exceed
4	the official forecast the necessary adjustments in appropriations are not made to
5	eliminate the projected deficit, the governor shall call a special session of the
6	legislature for this purpose unless the legislature is in regular session. This special
7	session shall commence as soon as possible as allowed by the provisions of this
8	constitution, including but not limited to Article III, Section 2(B).
9	(4) The provisions of Subparagraphs (1) and (2) of this Paragraph shall not
10	be applicable to, nor affect:
11	(a) The Bond Security and Redemption Fund or any bonds secured thereby,
12	or any other funds pledged as security for bonds or other evidences of indebtedness.
13	(b) The allocations provided for by Article VII, Section 4(D) and (E) of this
14	constitution.
15	(c)(b) The contributions made in accordance with Article X, Section 29(E)
16	of this constitution.
17	(d) The Louisiana Education Quality Trust Fund as defined in Article VII,
18	Section 10.1(A)(1) of this constitution.
19	(e) The Millennium Trust as provided in Article VII, Section 10.8 of this
20	constitution, except for appropriations from the trust.
21	(f)(c) Any monies not required to be deposited in the state treasury as
22	provided in Article VII, Section 9 of this constitution.
23	(g) The Medicaid Trust Fund for the Elderly created under the provisions of
24	R.S. 46:2691 et seq.
25	(h) The Revenue Stabilization Trust Fund, as provided in Article VII,
26	Section 10.15 of this constitution.
27	(i) The Louisiana Unclaimed Property Permanent Trust Fund, as provided in
28	Article VII, Section 28 of this Constitution.
29	* * *

1 Section 2. Be it further resolved that this proposed amendment shall be submitted to the electors of the state of Louisiana at the statewide election to be held on November 8, 2 3 2022. 4 Section 3. Be it further resolved that on the official ballot to be used at the election, 5 there shall be printed a proposition, upon which the electors of the state shall be permitted 6 to vote YES or NO, to amend the Constitution of Louisiana, which proposition shall read as 7 follows: 8 Do you support an amendment to cap at twenty percent the amount the 9 legislature may reduce appropriations from constitutionally protected funds 10 and appropriations to health care and higher education during a projected 11 budget deficit? (Amends Article VII, Section 10(F))

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 487 Original

2021 Regular Session

Echols

Abstract: Allows reductions of up to 20% to appropriations from constitutionally protected funds and appropriations to health care and higher education during a projected budget deficit.

<u>Present constitution</u> authorizes the legislature to establish by law a method for adjusting appropriations in order to eliminate a projected budget deficit. <u>Proposed constitution</u> repeals present constitution.

<u>Present law</u> authorizes the governor to unilaterally reduce state general fund appropriations to avoid a projected budget deficit, provided the reductions are only to the executive branch and reductions for an agency do not exceed 3% of the agency's total appropriation.

<u>Present law</u> provides that once the governor reduces total state general fund appropriations by 7/10 of 1%, he can take the following actions with approval of the Joint Legislative Committee on the Budget (JLCB):

- (1) Reduce statutory dedications (including constitutional funds) by up to 5%.
- (2) Reduce an additional 5% of the total state general fund amount appropriated for the fiscal year.
- (3) Reduce the MFP provided the reduction does not exceed 1% and does not apply to instructional activities.

<u>Proposed constitution</u> removes the governor's unilateral authority and other reduction limitations and instead authorizes the governor, with a majority vote of the legislature during session or approval of JLCB when the legislature is not in session, to make adjustments to

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any appropriations or allocations from the state general fund and dedicated funds, including any constitutionally protected or mandated allocations or appropriations.

<u>Proposed constitution</u> further provides that any adjustment made to appropriations or allocations from any dedicated fund, including constitutionally protected or mandated allocations or appropriations, or to state general fund appropriations for higher education, including the Board of Regents and higher education management boards, or to state general fund appropriations or fees and self-generated revenue appropriations for the La. Department of Health may not exceed 20% of the total appropriation or allocation from the fund for the fiscal year.

<u>Present law</u> authorizes the governor to issue executive orders in the form of freeze orders prohibiting the expenditure of monies for specific items. <u>Proposed constitution</u> includes this provision in the constitution.

<u>Present constitution</u> exempts appropriations from certain funds from being reduced during a projected deficit. <u>Proposed constitution</u> removes that exemption.

Provides for submission of the proposed amendment to the voters at the statewide election to be held Nov. 8, 2022.

(Amends Article VII, §10(F))