



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **HB 487** HLS 21RS 120
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 15, 2021	9:53 AM	Author: ECHOLS
Dept./Agy.: Statewide		Analyst: Alan M. Boxberger
Subject: Provides relative to deficit avoidance procedures		

BUDGETARY CONTROLS OR SEE FISC NOTE SG EX Page 1 of 1
 (Constitutional Amendment) Provides relative to deficit avoidance procedures

Present constitution authorizes the legislature to establish a method for adjusting appropriations in order to eliminate a projected budget deficit. Present law authorizes the governor to unilaterally reduce SGF appropriations to avoid a deficit, provided the reductions do not exceed 3% of the agency's total appropriation; provides that once the governor reduces total SGF appropriations by 7/10 of 1%, he can take actions with JLCB approval to reduce statutory and constitutional dedications by up to 5%, reduce an additional 5% of the SGF, and reduce the MFP provided reductions do not exceed 1% and do not apply to instructional activities. Proposed constitutional amendment removes authorization of the legislature to establish a method for adjusting appropriation; removes the governor's unilateral authority and other reduction limitations; authorizes the governor, with a majority vote of the legislature during session or approval of the JLCB when not in session, to make adjustments to any appropriation or allocation from the SGF and dedicated and constitutional funds including mandated allocations or appropriations; provides that any adjustment may not exceed 20% of the total appropriation or allocation from the fund for the fiscal year; authorizes the governor to issue executive freeze orders prohibiting expenditure of monies for specific items; and removes exemptions in present constitution that certain funds are exempt from being reduced during a projected deficit.

EXPENDITURES	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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	2021-22	2022-23	2023-24	2024-25	2025-26	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>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. The impact on any potential fund, appropriation or allocation is speculative and unknown until or unless a budget deficit is projected by the Revenue Estimating Conference. Any modification to expenditures related to deficit reduction actions will be achieved by joint action of the governor and the legislature.

Proposed constitutional amendment modifies the governor's authority relative to avoidance procedures with regard to a projected budget deficit. The governor's unilateral authority to make certain adjustments is removed. Projected deficit avoidance measures will require the governor, with a majority vote of the legislature during session or approval of the JLCB when not in session, to make adjustments to any appropriation or allocation from the SGF and dedicated and constitutional funds including mandated allocations or appropriations. The reduction adjustments may not exceed 20% of the total appropriation or allocation from the fund for the fiscal year.

Proposed constitutional amendment removes reduction limitations/prohibitions prescribed in the LA Constitution relative to:

- The 1% maximum reduction to the Minimum Foundation Program formula, not to include instructional activities.
- Severance Tax Allocation and Royalties Allocation.
- LA Education Quality Trust Fund.
- Millennium Trust Fund.
- Medicaid Trust Fund for the Elderly.
- Revenue Stabilization Trust Fund.
- LA Unclaimed Property Permanent Trust Fund.

Proposed constitutional amendment constitutionalizes the authority of the governor to issue executive orders prohibiting the expenditure for specific items and to deduct the total estimated savings from the SGF of relevant budget units, as is the case in current La Revised Statute.


The Secretary of State may incur minimal ballot printing costs associated with this measure. As a regular practice, the Secretary of State typically budgets for up to 10 constitutional amendments and statewide propositions for the fall statewide elections. To the extent the ballot includes more than 10 constitutional amendments and statewide propositions, the Secretary of State may require additional SGF resources for the November 8, 2022, statewide election. Any expenditure impact would be realized in FY 23.

REVENUE EXPLANATION

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

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}


Christopher A. Keaton
Legislative Fiscal Officer