

LEGISLATIVE FISCAL OFFICE

Fiscal Note



Fiscal Note On: **HB 140** HLS 051ES 294
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action: **w/ SEN COMM AMD**
 Sub. Bill For.:
 Proposed Amd.:

Date: November 19, 2005 4:42 PM	Author: ALARIO
Dept./Agy.: Treasury	Analyst: Greg Albrecht
Subject: Budget Stabilization Fund - Define Total State Revenue	

FUNDS/FUNDING RE1 SEE FISC NOTE SD RV See Note Page 1 of 1
 Provides relative to the balance in the Budget Stabilization Fund (Item #19)

Currently, the State Constitution, Article VII, Section 10.3(C)(4), establishes the maximum balance of the Budget Stabilization Fund at 4% of total state revenue receipts for the previous fiscal year.

Proposed law restates that provision in statute, and defines total state revenue receipts, for purposes of the Budget Stabilization Fund, as state general fund and dedicated funds as defined in Article VII, Section 10(J) of the State Constitution. That provision excludes from state general fund and dedicated funds the following fund sources: (a) federal funds, (b) self-generated revenue of higher education institutions, (c) inter-agency transfers, and (d) the parish severance and royalty constitutional allocations.

Effective on January 1, 2006.

EXPENDITURES	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</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					
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.

REVENUE EXPLANATION

The phrase "total state revenue receipts" is not defined in the Constitution or the statutes. A similar reference to total state revenue receipts for the previous fiscal year is contained in Article VII §7.(C) concerning the annual allocation of the state general fund for purposes of the Interim Emergency Board. By practice, the Treasury has interpreted total state revenue receipts to include a variety of funds including federal aid. For example, the calculation of the Interim Emergency Board allocation of state general funds for FY06 was based on \$17.047 billion of total state revenue receipts for FY05. This total included \$6.191 billion of federal monies (36% of the total).

In the absence of clarification, this practice would presumably be extended to the calculation of the maximum balance of the Budget Stabilization Fund. On that basis, the FY06 maximum balance is \$681.9 million. A new maximum balance is calculated each year on the basis of total state revenue receipts in the previous year. Based on the actual funds utilized by the Treasury for purposes of the FY06 IEB allocation, after subtracting federal aid and the parish severance and royalty allocation amounts (interagency transfers and higher education self-generated revenues are already excluded from these funds), the maximum balance of the Stabilization Fund calculated under the provisions of this bill (a \$10.766 billion base rather than a \$17.047 billion base) would be an estimated \$430.6 million; some 37% lower than the maximum calculated under the current practice.

Senate

Dual Referral Rules

House

13.5.1 >= \$500,000 Annual Fiscal Cost

6.8(F) >= \$500,000 Annual Fiscal Cost

13.5.2 >= \$500,000 Annual Tax or Fee Change

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease

H. Gordon Monk

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Legislative Fiscal Officer