



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 111** SLS 13RS 89
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

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Dept./Agy.:	Analyst: Travis McIlwain
Subject: Funds - Projected Deficit	

FUNDS/FUNDING OR SEE FISC NOTE SD RV Page 1 of 1
 Constitutional amendment to provide for thresholds at which certain funds and allocations are subject to reduction or transfer to eliminate a projected deficit in a fiscal year. (2/3 - CA13sl(A))
Current constitution provides a procedure for eliminating a current year deficit. Current constitution limits the reduction to any constitutionally protected or mandated allocations or appropriations including the state general fund to 5% or the amount of the budget deficit, and only when state general fund allocations or appropriations have been reduced by at least 7/10 of 1%, or 0.7% (Art VII, Sec 10(F)(2) & R.S. 39:75). Proposed constitutional amendment, provides that after the governor reduces the SGF by 7/10 of 1% (fund trigger), then any dedicated fund reductions must be same pro rata reduction as any additional state general fund reductions. Current constitution provides that the dedicated fund reductions shall not exceed 5% of the total appropriation from a fund for the fiscal year. Proposed constitutional amendment exempts the Transportation Trust Fund as an eligible fund to be reduced to solve a projected deficit.

EXPENDITURES	2013-14	2014-15	2015-16	2016-17	2017-18	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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2013-14	2014-15	2015-16	2016-17	2017-18	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0					\$0

EXPENDITURE EXPLANATION
 There is no anticipated direct material effect on governmental expenditures as a result of this measure. The proposed bill provides for a constitutional amendment to be submitted to voters at the November 4, 2014 election. The November 4, 2014 election is a statewide election, when all precincts in the state are scheduled to be opened. As a regular practice, the Secretary of State budgets for up to 10 constitutional amendments for the fall statewide elections.

REVENUE EXPLANATION
 The bill appears to limit the total amount of state general fund reductions that may be utilized to solve a mid-year budget deficit and increases the amount of statutory dedicated funds that would be reduced to solve a mid-year budget deficit. Current law provides that after the governor reduces state general fund by 7/10 of 1% (trigger language), which is \$57.4 million for FY 14, the governor with approval of the JLCB can reduce dedicated funds up to 5%. This proposed constitutional amendment provides that if dedicated funds are reduced, then the reduction to the dedicated funds must be the same pro rata reduction as any additional state general fund reductions (state general fund reductions in excess of 7/10 of 1%).

For **illustrative purposes**, the FY 12 Mid-Year Deficit Reduction Plan (December 2011) reduced SGF \$213.1 million and transferred \$38.2 million from various statutory dedicated funds to solve the \$251.3 million SGF deficit. If this bill had been effective in FY 12, the total amount of dedicated fund reductions would have been greater than \$38.2 million. Dedicated fund reductions would have been \$59.8 million greater than they were, or a total of \$98 million. See Table Below.

	Current Law (FY 12 Mid-Year)	If this bill were effective (FY 12 Mid-Year)
SGF Cut	(\$213.1) million	(\$153.3) million
Various Fund Cut	(\$38.2) million	(\$98) million*
Total	(\$251.3) million	(\$251.3) million

*The \$98 million for various fund reductions is calculated as follows: At that time the 7/10 of 1% SGF trigger in FY 12 was \$55.3 million. See calculation: (\$251.3 M - \$55.3 M = \$196 M / 2 = \$98 M). Thus, to the extent this bill's language were effective, total SGF cut to solve the FY 12 Mid-Year Reduction would have been \$153.3 M SGF (\$98 M + \$55.3 M = \$153.3 M), and total statutory dedicated funds would have been reduced by \$98 M..

The proposed constitutional amendment also exempts the Transportation Trust Fund (TTF) from being utilized in solving a mid year deficit. The TTF was last utilized to solve a mid year deficit in December 2011 for FY 12. Thus, total dedicated fund cuts would be the same, but that total would be concentrated in fewer dedicated funds.

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| Senate
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | <u>Dual Referral Rules</u>
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | House
<input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost {S}
<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |
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