

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 157** HLS 15RS 745
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: March 30, 2015 12:04 PM	Author: DANAHAHAY
Dept./Agy.:	Analyst: Travis McIlwain
Subject: Non-Recurring Funds	

BUDGETARY PROCEDURES OR SEE FISC NOTE SD RV Page 1 of 1
 Requires that a minimum of 15% of nonrecurring funding be dedicated to new highway construction

Current law allows officially designated nonrecurring money to be used for (1) 25% for deposit into the Budget Stabilization Fund (Rainy Day Fund), (2) 5% in FY 14 & FY 15 and 10% thereafter for payments toward the unfunded accrued liability, with the remainder being eligible for: (3) debt defeasance, (4) funding capital outlay projects, (5) deposit into the Coastal Protection & Restoration Fund, (6) new highway construction.

Proposed legislation retains current law and further requires that a minimum of 15% of the nonrecurring revenues designated by the Revenue Estimating Conference (REC) shall be utilized for new highway construction.

Effective upon governor's signature.

EXPENDITURES	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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						
REVENUES	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
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						

EXPENDITURE EXPLANATION

Allocating additional nonrecurring funds to new highway construction projects will work to reduce the outstanding road construction backlog below what it would otherwise be. Currently, that backlog totals \$12.3 billion, of which \$5.9 billion are new construction projects (major widening, adding lanes).

REVENUE EXPLANATION

Mandating that 15% of designated nonrecurring funds be used for new highway construction will limit the available nonrecurring funds that can be utilized for a debt defeasance, capital outlay projects or deposit into the Coastal Protection & Restoration Fund. The allocation to the Budget Stabilization Fund and to the UAL are not impacted by this bill. The Budget Stabilization Fund gets up to 25% of the designated amount if the Fund is not already at its maximum balance, while the UAL gets 5% in FY 14 & FY 15 and up to 10% in FY 16 and thereafter.

It is possible to supplement the operating budget of state through the use of nonrecurring monies by defeasing debt. To the extent allocations are made as provided by this bill, the ability to supplement the annual operating budget through a debt defeasance is reduced.

The most typical non-recurring revenue designations involve end-of-year surplus'. The Revenue Estimating Conference (REC) officially designates as non-recurring revenue end-of-year state budget surpluses, when they occur. The actual surplus amounts, from which this bill's 15% allocation would be generated, can vary from year-to-year. For example, if this proposed bill had been in effect the previous 3 fiscal years (FY 12, FY 13, FY 14), new road construction would have received an aggregate \$67.9 million (FY 14- \$26.8 million, FY 13 - \$24.1 million, FY 12 - \$17 million) from previously designated nonrecurring resources (FY 14 - \$178.5 million, FY 13 - \$160.9 million, FY 12 - \$113.2 million). However, the existence and non-recurring designation of of end-of-year surplus' or any other resources can not be assured in any particular year in the future.

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| Senate | <u>Dual Referral Rules</u> | House | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | | | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 Rev. Red. to State {H & S} |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | | | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |

Gregory V. Albrecht
Chief Economist