

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 188** SLS 15RS 566
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 21, 2015	5:07 PM	Author: CLAITOR
Dept./Agy.:		Analyst: Travis McIlwain
Subject: Higher Ed Initiatives Fund/Budget Stabilization Fund		

FUNDS/FUNDING OR +\$25,000,000 GF RV See Note Page 1 of 1
 Provides for the dedication of certain proceeds for higher education and eliminates certain dedications of proceeds. (gov sig)

Proposed bill eliminates the annual deposit of \$25 million of designated nonrecurring monies from any source to the Budget Stabilization Fund. Proposed bill repeals the Deepwater Horizon Economic Damages Collection Fund and eliminates the at least \$700 million deposit from the not yet collected economic damage settlement proceeds from the BP Oil Spill to the Medicaid Trust Fund for the Elderly and eliminates current statutes that provide for 45% of the proceeds be deposited into the Budget Stabilization Fund. Proposed bill provides that 90% of these economic damage proceeds be deposited into the Higher Education Initiatives Fund, retains current law that provides for 10% up to \$30 million of the economic damage proceeds be deposited into the Health Trust Fund, and remaining resources be deposited into the Higher Education Initiatives Fund.

EXPENDITURES	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	\$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>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
State Gen. Fd.	\$25,000,000	\$25,000,000	\$0	\$0	\$0	\$50,000,000
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	(\$25,000,000)	(\$25,000,000)	SEE BELOW	SEE BELOW	SEE BELOW	(\$50,000,000)
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>	\$0
Annual Total	\$0	\$0				\$0

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

This bill redirects potential economic damage proceeds (BP Oil Spill economic damages lawsuit) not yet received away from the Budget Stabilization Fund and Medicaid Trust for the Elderly and to the Higher Education Initiatives Fund. For **illustrative purposes**, based upon the current Budget Stabilization Fund balance (\$444.7 million) and the current fund cap (\$811.4 million), the table below is a comparison of current statute and proposed bill using \$2 billion of economic damage proceeds as an example.

	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
Deepwater Horizon Economic Damages Collection Fund	\$903.3 million	\$0	(\$903.3 million)
Budget Stabilization Fund	\$366.7 million	\$366.7 million	\$0
Medicaid Trust Fund For The Elderly	\$700.0 million	\$0	(\$700 million)
Health Trust Fund	\$30.0 million	\$30.0 million	\$0
Higher Education Initiatives Fund	\$0	\$1,603.3 million	\$1,603.3 million
Total	\$2,000.0 million	\$2,000.0 million	\$0

Based upon the illustration above, this legislation eliminates the economic damages proceed dedications to the Deepwater Horizaon Economic Damages Collection Fund the Medicaid Trust Fund for the Elderly and replaces those dedications with the Higher Education Initiatives Fund. Pursuant to current statutes, monies contained within the Medicaid Trust Fund For the Elderly are utilized as a source of state matching funds for Medicaid funds and monies contained within the Health Trust Fund are utilized for the LaChip program and the medically indigent. The Deepwater Horizon Economic Damages Collection Fund was created last legislative session via Act 646 of 2014.

Note: According to the Attorney General, no trial date has been set for the BP litigation.

In addition, the bill eliminates the annual deposit of at least \$25 million into the fund. The bill retains deposits of 25% of designated nonrecurring revenues when they occur. The official forecast already anticipates \$25 million deposits from the general fund into the Budget Stabilization Fund in FY 16 and FY 17 on the basis of current law. This bill removes that portion of current law, resulting in the retention of those amounts in the general fund and the loss of those amounts to the Budget Stabilization Fund.

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| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> | <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} |

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