

2016 First Extraordinary Session

SENATE CONCURRENT RESOLUTION NO. 2

BY SENATORS MORRELL, ALARIO AND LAFLEUR

FUNDS/FUNDING. Provides relative to the Budget Stabilization Fund. (2/3 - CA7s10.3(C)(2))

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A CONCURRENT RESOLUTION

To make available for appropriation from the Budget Stabilization Fund the sum of \$128,459,663.85 not to exceed one-third of the balance of the Budget Stabilization Fund as of the beginning of Fiscal Year 2015-2016, due to the second reduction of the revenue forecast for the current fiscal year in the amount of \$577,300,000 as adopted by the Revenue Estimating Conference at its meeting on February 10, 2016, and as recognized by the Joint Legislative Committee on the Budget at its meeting on February 13, 2016.

WHEREAS, Article VII, Section 10.3 of the Constitution of Louisiana establishes the Budget Stabilization Fund in the state treasury and in Subparagraph (C)(2) thereof provides that if a deficit for the current fiscal year is projected due to a decrease in the official forecast, an amount equal to one-third of the fund not to exceed the projected deficit may be appropriated after the consent of two-thirds of the elected members of each house of the legislature; and

WHEREAS, Article VII, Section 10.3(C)(3) of the Constitution of Louisiana provides that in no event shall the amount included in the official forecast for the next fiscal year plus the amount appropriated in the current fiscal year exceed one-third of the fund balance at the beginning of the current fiscal year; and

1 WHEREAS, the balance in the Budget Stabilization Fund as of July 1, 2015, was
2 \$469,872,014.56, and one-third of such balance was \$156,624,004.85, which is the
3 maximum amount of the Budget Stabilization Fund available for appropriation for Fiscal
4 Year 2015-2016 to address a projected deficit; and

5 WHEREAS, on November 16, 2015, the Revenue Estimating Conference met and
6 adopted a reduction in the Official Forecast for the current fiscal year in the amount of \$370
7 million, which was announced on the Fiscal Status Statement presented to the Joint
8 Legislative Committee on the Budget on November 20, 2015; and

9 WHEREAS, the former governor implemented a deficit reduction plan in November
10 of 2015 to address the November reduction in the Official Forecast of \$370 million and the
11 prior year's deficit of \$117 million; and

12 WHEREAS, pursuant to a mail ballot, on December 9, 2015, more than two-thirds
13 of the membership of each house of the legislature approved \$28,164,341 from the Budget
14 Stabilization Fund being made available for appropriation to satisfy the budget deficit; and

15 WHEREAS, during the current fiscal year the state of Louisiana has experienced a
16 severe financial crisis due to many factors including declining revenues because of the
17 national decline in the prices of oil and gas and decreased collections of corporate income
18 and franchise tax, individual income tax, sales and use tax, and royalty revenues, causing
19 corresponding decreases in the official forecasts of the Revenue Estimating Conference; and

20 WHEREAS, in addition to declining revenues the state has experienced expenditure
21 shortfalls in the current fiscal year which total over \$370 million which are mostly
22 attributable to shortfalls in the Medicaid program, the Louisiana Taylor Opportunity
23 Program for Students (TOPS), the Minimum Foundation Program, and the Department of
24 Corrections for local housing of state adult prisoners; and

25 WHEREAS, on February 10, 2016, the Revenue Estimating Conference met and
26 reduced the Fiscal Year 2015-2016 Official Forecast by \$570.1 million; and

27 WHEREAS, on February 13, 2016, the Joint Legislative Committee on the Budget
28 met and recognized for the current year an operating deficit of approximately \$570,064,000
29 and unfunded shortfalls of approximately \$373.5 million; and

30 WHEREAS, the options to eliminate the budget deficit in the last four months of the

1 fiscal year are significantly reduced, thereby leading to the request to use \$128,459,663.85
2 from the Budget Stabilization Fund for the purposes for which it is intended; and

3 WHEREAS, subsequent to obtaining the consent of two-thirds of the elected
4 members of each house of the legislature for the use of \$128,459,663.85 from the Budget
5 Stabilization Fund, the legislature shall appropriate such amount for use in Fiscal Year 2015-
6 2016.

7 THEREFORE, BE IT RESOLVED that pursuant to Article VII, Section 10.3 of the
8 Constitution of Louisiana and R.S. 39:94, the Legislature of Louisiana does hereby consent
9 to make available for appropriation from the Budget Stabilization Fund the sum of
10 \$128,459,663.85 not to exceed one-third of the balance of the Budget Stabilization Fund as
11 of July 1, 2015, due to the second reduction of the revenue forecast for the current fiscal year
12 in the amount of \$570.1 million as adopted by the Revenue Estimating Conference at its
13 meeting on February 10, 2016, and recognized by the Joint Legislative Committee on the
14 Budget at its meeting on February 13, 2016.

15 BE IT FURTHER RESOLVED that the treasurer is directed, after complying with
16 the provisions of Article VII , Section 9(B) of the Constitution of Louisiana relative to the
17 allocation of monies to the Bond Security and Redemption Fund, to take the appropriate
18 steps to transfer \$128,459,663.85 from the Budget Stabilization Fund to the state general
19 fund.

20 BE IT FURTHER RESOLVED that a copy of this Resolution be transmitted to the
21 treasurer.

The original instrument and the following digest, which constitutes no part
of the legislative instrument, were prepared by Martha S. Hess.

DIGEST

SCR 2 Original

2016 First Extraordinary Session

Morrell

Provides legislative consent to make available for appropriation from the Budget Stabilization Fund the sum of \$128,459,663.85 not to exceed one-third of the balance of the Budget Stabilization Fund, due to the reduction of the revenue forecast for the current fiscal year in the amount of \$570.1 million as adopted by the Revenue Estimating Conference at its meeting on February 10, 2016 and recognized by the Joint Legislative Committee on the Budget at its meeting on February 13, 2016.