

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 63** HLS 161ES 91

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: February 21, 2016 11:28 AM	Author: EDMONDS
Dept./Agy.: Treasury	Analyst: Alan M. Boxberger
Subject: Eliminate certain statutory dedications and certain	

FUNDS/FUNDING OR +\$678,126,280 GF RV See Note Page 1 of 2
Eliminates certain statutory dedications and eliminates certain dedications of certain funds (Item #7)

Proposed law eliminates 61 statutorily dedicated funds and authorizes the treasurer to transfer any unencumbered balances remaining in the funds repealed and abolished by proposed law to the State General Fund (SGF) after satisfying appropriations for FY 2015-16.

Proposed law eliminates certain dedications into three specified statutory dedications: eliminating SGF as a source of revenue into the New Opportunities Waiver Fund; eliminating distributions to the State Fire Marshal and the Fire and Emergency Training Institute at LSU from the Two Percent Fire Insurance Fund and requiring unencumbered balances to be deposited into the SGF; and eliminating the allocation to the Department of Public Safety and Corrections and the Department of Justice from the Video Draw Poker Device Fund and requiring unencumbered balances to be deposited into the SGF.

Proposed law has an effective date of July 1, 2016.

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	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	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						
REVENUES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	\$678,126,280	\$619,940,000	\$619,940,000	\$619,940,000	\$619,940,000	\$3,157,886,280
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	(\$678,126,280)	(\$619,940,000)	(\$619,940,000)	(\$619,940,000)	(\$619,940,000)	(\$3,157,886,280)
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

While proposed law eliminates 61 statutorily dedicated funds, it does not eliminate the existing expenditures currently supported by these dedications. To the extent that the legislature continues to fund these programs in subsequent fiscal years, the funding source must be replaced by SGF or another revenue source to supplant the loss of the eliminated statutorily dedicated funds. The activities and services supported by these statutory dedications will then compete for annual SGF resources along with other significant SGF supported services. The activities and services currently supported by statutory dedications, if supplanted with SGF support in future fiscal years, would lose the 5% reduction limitation currently provided by the constitution and Title 39.

Technical Issues to be considered:

Proposed law eliminates the Louisiana Agricultural Finance Authority Fund. The La Agricultural Finance Authority has outstanding debt that is secured by lease revenues, net slot machine proceeds pursuant to R.S. 27:392(B)(4), and income and revenues of the Feed and Fertilizer Fund pursuant to R.S. 3:1421. The total outstanding debt remaining at the end of the current fiscal year (FY 17 through FY 23 debt service schedule) is approximately \$23.95M according to the most recent Financial Statement Audit released by the Legislative Auditor on 12/17/14. FY 17 payments are estimated at \$9.5 M.

REVENUE EXPLANATION

Due to the elimination of 61 statutorily dedicated funds, the requirement that the revenue source of such funds flow into the SGF, and the additional elimination of certain dedications within 3 specific statutory dedications, the SGF will receive a remaining statutory dedicated fund balance transfer of approximately \$58.2 M at the end of FY 16 (transferred in FY 17) and an annual supplanting of revenue deposits from statutory dedications into the SGF of approximately \$619,940,000 beginning in FY 17 and annually thereafter. The fund balance estimate is based upon information provided to the Legislative Fiscal Office by the State Treasury, consisting of the estimated FY 16 ending year fund balance and the FY 17 adopted revenue forecast (2/10/16). The revenue impact listed in the revenue table above will likely change. The estimate is based upon the current fund balance projection, which includes current revenue and expenditure projections which will likely change and which may be impacted by actions during the 1st Extraordinary Session of the Louisiana. NOTE: Three of the statutory dedications to be eliminated have no projected fund balance at the end of FY 16 and also owe an outstanding seed balance to the treasury that must be repaid. The outstanding seed balances are \$11.3 M La Fire Marshal Fund, \$15.6 M La State Police Salary Fund and \$3.4 M Tobacco Tax Health Care Fund, for a total seed balance due of \$30.2 M.

Proposed law eliminates a potential funding mechanism to the New Opportunities Waiver (NOW) Fund. The fund may receive
CONTINUED ON PAGE 2

- | | | |
|---|--|--------------|
| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {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} | |

John D. Carpenter
Legislative Fiscal Officer

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 63** HLS 161ES 91

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: February 21, 2016 11:28 AM **Author:** EDMONDS
Dept./Agy.: Treasury **Analyst:** Alan M. Boxberger
Subject: Eliminate certain statutory dedications and certain

CONTINUED EXPLANATION from page one:

12% of all recurring state general fund recognized by the Revenue Estimating Conference in excess of the official forecast at the beginning of the fiscal year, up to a maximum of \$50 million in any year. Proposed law eliminates this potential funding mechanism.

The specific funds eliminated are as follows:

- | | |
|---|--|
| 2013 Amnesty Collections Fund | Louisiana Public Defender Fund |
| Academic Improvement Fund | Louisiana State Police Salary Fund |
| Center for Excellence for Autism Spectrum Disorder | LSU Firemen Training Program Film Library Fund |
| Community Water Enrichment Fund | Major Events Fund |
| Competitive Core Growth Fund | Major Events Incentive Program Subfund |
| Compulsive and Problem Gaming Fund | Marketing Fund |
| Department of Health and Hospitals Facility Support Fund | MediFund |
| Department of Justice Legal Support Fund | Municipal Fire and Police Civil Service Operating Fund |
| Department of Revenue Alcohol and Tobacco Control Officers Fund | New Orleans Public Safety Fund |
| DNA Testing Post-Conviction Relief for Indigents Fund | Overcollections Fund |
| Equine Health Studies Program Fund | Pari-Mutuel Live Racing Facility Gaming Control Fund |
| FEMA Reimbursement Fund | Payments Towards the UAL Fund |
| Fiscal Administrator Revolving Loan Fund | Rapid Response Fund |
| FMAP Stabilization Fund | Riverboat Gaming Enforcement Fund |
| Forest Productivity Fund | STEM Upgrade Fund |
| Forest Protection Fund | Sickle Cell Fund |
| Fund for Louisianans in Need of Civil Legal Assistance | Southern University AgCenter Program Fund |
| Health Care Redesign Fund | Sports Facility Assistance Fund |
| Higher Education Financing Fund | State Emergency Response Fund |
| Higher Education Initiatives Fund | Status of Grandparents Raising Grandchildren Fund |
| Indigent Parent Representation Program Fund | Support Education in Louisiana First Fund |
| Innocence Compensation Fund | Telecommunications for the Deaf Fund |
| Legislative Capitol Technology Enhancement Fund | Tobacco Regulation Enforcement Fund |
| Louisiana Agricultural Finance Authority Fund | Tobacco Settlement Enforcement Fund |
| Louisiana Asbestos Detection and Abatement Fund | Tobacco Tax Health Care Fund |
| Louisiana Charter School Start-Up Loan Fund | Tobacco Tax Medicaid Match Fund |
| Louisiana Economic Development Fund | UAL & Specialized Educ. Institutions Support Fund |
| Louisiana Emergency Response Network Fund | Video Draw Poker Device Purse Supplement Fund |
| Louisiana Fire Marshal Fund | Workforce and Innovation for a Strong Economy |
| Louisiana Interoperability Communications Fund | Workforce Training Rapid Response Fund |
| Louisiana Mega-Project Development Fund | |

The specific funds for which certain dedications are adjusted are as follows:

- New Opportunities Waiver Fund - Eliminates SGF as a potential source of revenue (see explanation above).
- Two Percent Fire Insurance Fund - Eliminates distributions to the State Fire Marshal and the Fire and Emergency Training Institute at LSU and requires unencumbered balances to be deposited into the SGF at the end of each fiscal year
- Video Draw Poker Device Fund - Eliminates the allocation to the Department of Public Safety and Corrections and the Department of Justice to enforce the laws and regulations governing video draw poker devices and requires unencumbered balances to be deposited into the SGF.

Senate Dual Referral Rules House

- | | |
|---|--|
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {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} |

John D. Carpenter
Legislative Fiscal Officer