

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 404** HLS 16RS 216  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> March 30, 2016 10:30 AM	<b>Author:</b> BROADWATER
<b>Dept./Agy.:</b>	<b>Analyst:</b> Greg Albrecht
<b>Subject:</b> State Operating Budget	

BUDGETARY PROCEDURES OR -\$194,800,000 GF EX See Note Page 1 of 1  
 Restricts spending of the state general fund (direct) from recurring money to 98% of the official forecast

Starting with FY 2017-2018 and each subsequent year, the proposed bill requires that recommendations for appropriations in the executive budget and appropriations by the legislature of state general fund (direct) from recurring money shall not exceed 98% of the official forecast of the Revenue Estimating Conference in effect at the time the appropriations are made.

<b>EXPENDITURES</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	(\$194,800,000)	(\$172,200,000)	(\$175,100,000)	(\$178,100,000)	<b>(\$720,200,000)</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>(\$194,800,000)</b>	<b>(\$172,200,000)</b>	<b>(\$175,100,000)</b>	<b>(\$178,100,000)</b>	<b>(\$720,200,000)</b>

  

<b>REVENUES</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**EXPENDITURE EXPLANATION**

This bill limits the amount of state general fund direct (SGF) monies available for appropriation annually by the legislature. The proposed bill provides that the governor's executive budget and appropriations by the legislature from forecasted recurring SGF not exceed 98% of the official forecast. Based upon the current adopted SGF revenue forecast (3/16/2016), removing 2% of SGF anticipated resources equates to \$194.8 million in FY 18, decreasing to \$172.2 million in FY 19 as certain temporary revenue measures expire, then growing modestly from that point. These forecasted resources would not be allowed to be appropriated by the legislature. The table below depicts the amount of SGF resources affected in each fiscal year based upon the current SGF forecast (FY 21 is extrapolated).

(in millions)	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21 (extrapolated)</u>
SGF Forecast	\$9,740.0	\$8,607.6	\$8,756.1	\$8,907.2
2% limit	<u>(\$194.8)</u>	<u>(\$172.2)</u>	<u>(\$175.1)</u>	<u>(\$178.1)</u>
Available SGF	\$8,545.2	\$8,435.5	\$8,581.0	\$8,729.1

Due to the current budget practice of appropriating all SGF forecasted revenues, any reduction in a SGF revenue forecast during a fiscal year typically triggers a mid-year deficit that must be eliminated in the current year. However, upon enactment of the proposed legislation, the parameters outlined within R.S. 39:75 (Avoidance of Budget Deficits) for eliminating a current year deficit would presumably only be triggered if the current year SGF forecast were to fall in excess of the 2% SGF resources withheld from appropriation.

The expenditure table above depicts the amount of SGF budget that will have to be foregone at the outset of each year relative to the current SGF forecast that would be budgeted under current practice.

**REVENUE EXPLANATION**

There is no anticipated direct material effect on governmental revenues as a result of this measure. This bill does not decrease overall revenues, but does provide a limitation on the amount of SGF revenues that can be appropriated annually.

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|---|----------------------------|--|
| <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**