

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



Fiscal Note On: **HB 409** HLS 16RS 511  
 Bill Text Version: **REENGROSSED**  
 Opp. Chamb. Action: **w/ SEN COMM AMD**  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> May 31, 2016	9:05 PM	<b>Author:</b> HENRY
<b>Dept./Agy.:</b> Treasury		<b>Analyst:</b> Matthew LaBruyere
<b>Subject:</b> State Funds		

FUNDS/FUNDING RE1 SEE FISC NOTE GF RV See Note Page 1 of 2  
 Provides for the transfer, deposit, and use of monies among state funds

Proposed law directs the LSU Health Science Center - Health Care Services Division and the LSU Health Sciences Centers - New Orleans and Shreveport to deposit into the state general fund all public/private partnership hospital and hospital equipment lease payments net of clinic and hospital lease payments made by LSU Health Science Center - Health Care Services Division. Proposed law requires that all proceeds deposited into the Deepwater Horizon Economic Damages Fund be reported to the Joint Legislative Committee on the Budget (JLCB). Proposed law removes the African-American Multi-Cultural Tourism Commission from receiving funds from the Shreveport Riverfront and Convention Center and Independence Stadium Fund and adds the Pamoja Art Society and Rho Omega and Friends, Inc. in its place. Proposed law changes provisions within the Department of Justice Legal Support Fund. Present law requires the annual remaining balance in the Sex Offender Registry Technology Fund as of June 15 be distributed to the recipient sheriffs who are actively registering offenders. Proposed law changes the date from June 15 to 30 days after the Revenue Estimating Conference (**CONTINUED ON PG. 2**)

<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	\$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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</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.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

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

**REVENUE EXPLANATION**

**Section 1**

The proposed legislation directs LSU Health Care Sciences Division (HCSD) and LSU Health Science Center - Shreveport to deposit all lease payments into the state general fund. According to the most recently adopted Revenue Estimating Conference forecast of 3/16/16, the FY 16 lease payments are \$190.1 M and the FY 17 lease payments are \$161.3 M. The legislation also directs LSU HCSD to transfer all revenues received from the partnership hospitals for accountable care services to the Department of Health and Hospitals, or its successor. In the current year LSU HCSD will receive approx. \$8.4 M from five partners. Contracts that make up \$6.1 M expire June 30, 2016 and the contracts for the remaining \$2.3 M expire in 2017. These contracts will likely be renegotiated with the potential new partnership agreements.

**Section 2**

The proposed legislation further clarifies that funds deposited into the Deepwater Horizon Economic Damages Collection Fund are to be used as stated in law and that all proceeds be reported to the Joint Legislative Committee on the Budget.

**Section 3**

The proposed legislation reallocates funds within the Shreveport Riverfront and Convention Center and Independence Stadium Fund by deleting the African-American Multi-Cultural Tourism Commission from receiving 1.5% of monies in the fund and divides the percentage between the Pamoja Art Society and Rho Omega and Friends, Inc. The African-American Multi-Cultural Tourism Commission was projected to receive \$28,564. The Pamoja Art Society and Rho Omega and Friends, Inc. will each receive 14,282 in FY 16 and will split the 1.5% amount in future fiscal years.

**Section 4**

The proposed legislation amends language within the Department of Justice Legal Support Fund to set the maximum amount that can be deposited into the fund at \$10 M. Present law allows the fund to maintain a balance of \$10 M. Any excess deposits above \$10 M will be deposited into the state general fund. The bill deletes language that allowed the Attorney General to use money from the fund to supplement the department's budget, but (**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**



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CONTINUED EXPLANATION from page one: Page 2 of 2
CONTINUED LEGISLATION EXPLANATION FROM PAGE 1:

(REC) recognizes the prior year-end balance. Proposed law nullifies any fund transfers that have not occurred by 7/1/2016 contained in the "fund transfer" bills of the 2011 through 2015 Regular Sessions and any fund transfers approved by the JLCB as part of a midyear deficit reduction. Proposed law transfers excess High Risk Pool Funds to the Mega-Project Development Fund. Proposed law provides for the deposit of certain BP settlement dollars into the Oil Spill Contingency Fund and the Natural Resource Restoration Trust Fund. Proposed law provides that when the Department of Revenue prevails in any suit, appeal or petition associated with an amount paid under protest and held in escrow, the proceeds shall be deposited into the state general fund.

CONTINUED REVENUE EXPLANATION FROM PAGE 1:

in no way be used to displace, replace, or supplant appropriations from the state general fund for operations of the department. Further provides that no proceeds from the Deepwater Horizon incident shall be deposited into the Legal Support Fund.

Section 5

The proposed legislation changes when the Attorney General's Office can distribute funds from the Sex Offender Registry Technology Fund from June 15 to 30 days after the Revenue Estimating Conference (REC) recognizes the prior year-end balance. This change has no impact on the distribution amounts or the revenue collected by the fund.

Section 6

The proposed legislation would nullify outstanding fund transfers contained in Act 378 of 2011, Act 597 of 2012, Act 420 of 2013, Act 646 of 2014, Act 121 of 2015 and any fund transfers approved by the Joint Legislative Committee on the Budget as part of a midyear reduction. The fund transfers total \$158,824,258. This includes \$75.7 M from fund transfers in the previous fiscal years and \$83.1 M in fund transfers in the current year. To the extent the outstanding funds in the current year are not transferred by July 1, 2016, the amount remaining will be included in the net position of the state.

Although the accounting books for these fiscal years are closed, the State Treasury is of the legal opinion that these transfers are an outstanding obligation of the respective statutorily dedicated fund. Since the prior legislative acts are still effective, the State Treasury continues to transfer these outstanding balances whenever the monies become available. The proposed legislation would cancel the outstanding transfers.

Section 7

The proposed legislation maintains a transfer from Act 646 of 2014 of \$20 M from excess High Risk Pool Funds to the Mega-project Development Fund. Since all other funds transfers will become null and void, this allows this transfer to remain.

Section 8

The proposed legislation directs the Treasurer to transfer a payment of \$20 M received 30 days after the British Petroleum settlement was signed to the Oil Spill Contingency Fund and to transfer \$19.125 M received 60 days after the British Petroleum settlement was signed to the Natural Resource Restoration Trust Fund. The Treasurer will also reverse a transfer of \$7 M that was made to the Attorney General from the \$20 M settlement received 30 days after the lawsuit was settled. These settlements of \$39.125 M are current year deposits. The Treasurer is further directed to transfer upon receipt, any economic settlement proceeds (\$19.125 M in FY 17 and \$53 M beginning in FY 19) in accordance with current law.

Section 9

Proposed legislation provides that when the Department of Revenue prevails in any suit, appeal or petition associated with an amount paid under protest and held in escrow, the proceeds shall be deposited into the state general fund. At this time, there is currently, approximately \$17 M in escrow as a result of suits, appeals or petitions. This money will be deposited into the state general fund when the cases are finished. These funds will be used by the Department of Health and Hospitals to make the 13th managed care payment in FY 17 as provided for in the current version of HB 1.

Senate Dual Referral Rules House

- 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}
6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Signature of John D. Carpenter
John D. Carpenter
Legislative Fiscal Officer