

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 4** HLS 171ES 6

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: February 14, 2017 10:49 AM	Author: HENRY
Dept./Agy.:	Analyst: Alan M. Boxberger
Subject: Fund Transfers	

FUNDS/FUNDING OR +\$11,983,278 GF RV See Note Page 1 of 1
Provides for the transfer, dedication, deposit, use and appropriation of monies in state funds (Item #2)

Provides for the transfer and deposit of monies among state funds.

Proposed law provides for certain transfers into the State General Fund: \$8.0 M from the Legislative Auditor Ancillary Enterprise Fund and \$3,983,278 from the Attorney General's Consumer Support Escrow Account to be comprised of settlement monies from AWP Pharmaceutical litigation.

EXPENDITURES	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW	\$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

REVENUES	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW	\$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

EXPENDITURE EXPLANATION

Although not an appropriation instrument, the bill directs the state treasurer to transfer specified amounts into the SGF for FY 17 appropriation. The total amount of \$11,983,278 will be utilized to offset a portion of the FY 17 mid-year deficit recognized by the Joint Legislative Committee on the Budget at its meeting on January 27, 2017.

Section 1: Provides for the transfer of \$8,000,000 from the Legislative Auditor Ancillary Enterprise Fund.

Section 2: Provides for the transfer of \$3,983,278 from the Attorney General's Consumer Support Escrow Account, to be comprised of monies from AWP Pharmaceutical litigation.

NOTE: This instrument transfers fund in the current year and may impact revenues and fund balances supporting expenditures for the Louisiana Legislative Auditor (LLA) and the Louisiana Department of Justice, Attorney General's Office (AG) during FY 17, as well as expenditures for the Legislative Auditor during FY 18 as noted in the revenue section below.

REVENUE EXPLANATION

Proposed law provides for the aggregate transfer of \$11,983,278 of monies from two sources into the SGF. The specific transfers into the SGF as per this bill are as follows:

Legislative Auditor Ancillary Enterprise Fund - \$8.0 M

The proposed transfer of \$8.0 M may not be fully available currently for transfer. According to an audit published on 10/26/16 as well as information provided by the Legislative Auditor's office (LLA), the available fund balance at the closeout of FY 16 was \$7,001,532. Additionally, the LLA reports that \$2,369,969 of this balance comprises a portion of its current year budget plan and projects a spending need of an additional \$3,121,478 from this balance during FY 18. The LLA reports that it has been utilizing the fund balance in lieu of raising its fees charged to state agencies for audit activities, which would in many cases result in a SGF obligation for those agencies.

Attorney General's Consumer Support Escrow Account - \$3,983,278

The proposed transfer of \$3.93 M shall be derived from settlement proceeds of the AWP Pharmaceutical litigation but may not be fully available for transfer without impacting AG activities in the current fiscal year. The AG's office reports that the Consumer Escrow Support Account is a depository within the Treasury for funds recovered through settlements and other enforcement actions. The AG reports these funds are incorporated through REC revenue projections and subsequent budget authority and appropriation of SGR and/or the Legal Support Fund. The AG reports these monies provide for the general operations of the AG's office and the impact of such a reduction is still under review.

<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
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