

2017 First Extraordinary Session

HOUSE CONCURRENT RESOLUTION NO. 2

BY REPRESENTATIVE MCFARLAND

FUNDS/FUNDING: Provides for monies in the Budget Stabilization Fund to be available for appropriation in Fiscal Year 2016-2017 (Item #4)

1 A CONCURRENT RESOLUTION

2 To make available for appropriation from the Budget Stabilization Fund the sum of

3 \$50,000,000, due to the reduction of the Fiscal Year 2016-2017 official forecast in

4 the amount of \$340.5 Million as adopted by the Revenue Estimating Conference at

5 its meeting on January 13, 2017, resulting in the second mid-year deficit for the

6 current fiscal year, and presented to and recognized by the Joint Legislative

7 Committee on the Budget at its meeting on January 27, 2017.

8 WHEREAS, during the current fiscal year, it was determined that the state of

9 Louisiana ended Fiscal Year 2015-2016 with a deficit of \$313.8 Million (Fiscal Year 2016

10 Deficit); and

11 WHEREAS, Article VII, Section 10(G) of the Constitution of Louisiana provides that

12 if a deficit exists in any fund at the end of a fiscal year, that deficit shall be eliminated no

13 later than the end of the next fiscal year; and

14 WHEREAS, the governor presented a deficit reduction plan to the Joint Legislative

15 Committee on the Budget on December 15, 2016, that addressed and eliminated the Fiscal

16 Year 2016 Deficit of \$313.8 Million through a combination of budget reductions contained

17 in Executive Order JBE 16-74 and adjustments approved by the Joint Legislative Committee

18 on the Budget; and

19 WHEREAS, additionally, during the current Fiscal Year 2016-2017, the state of

20 Louisiana has experienced a severe financial crisis due to many factors, including declining

21 revenues attributable to decreased collections of corporate income and franchise tax,

1 individual income tax, and sales and use tax, causing corresponding decreases in the amount
2 of \$340.5 Million in the official forecast of the Revenue Estimating Conference for Fiscal
3 Year 2016-2017; and

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

10 WHEREAS, R.S. 39:95 provides that the state treasurer shall report the balance of
11 the Budget Stabilization Fund as of July first of each fiscal year to the Revenue Estimating
12 Conference, which shall certify the Budget Stabilization Fund balance and the determination
13 of one-third of the balance; and

14 WHEREAS, the balance in the Budget Stabilization Fund as of July 1, 2016, was
15 \$358,982,171, and one-third of such balance as certified by the Revenue Estimating
16 Conference is \$119,660,723, which is the maximum amount of the Budget Stabilization
17 Fund available for appropriation for Fiscal Year 2016-2017 to address a projected deficit;
18 and

19 WHEREAS, subsequent to obtaining the consent of two-thirds of the elected
20 members of each house of the legislature for the use of \$50,000,000 from the Budget
21 Stabilization Fund, the legislature shall appropriate such amount for use in Fiscal Year
22 2016-2017; and

23 WHEREAS, in addition to the decline in the official forecast, due to the state of
24 emergency caused by heavy rain and flooding, the state has also experienced expenditure
25 shortfalls in the current fiscal year which total over \$30 Million; and

26 WHEREAS, the state has further identified additional shortfalls in the current fiscal
27 year that total at least \$35 Million and are attributable to Local Housing of Adult Offenders
28 and the Department of Corrections; and

29 WHEREAS, prior to recognizing the reduction of the Fiscal Year 2016-2017 official
30 forecast in the amount of \$340.5 Million, hundreds of millions of dollars in reductions and

1 adjustments were made to agencies and departments in state government; and due to the state
2 of emergency caused by rains and flooding, certain state departments are waiting on federal
3 reimbursement of approximately \$246 Million in disaster expenditures which has caused
4 budgetary and cash flow problems for those agencies and departments; and in the last four
5 months of the fiscal year, the options to eliminate the budget deficit are significantly
6 reduced, thereby leading to the request to use \$50,000,000 from the Budget Stabilization
7 Fund towards elimination of the second mid-year deficit for the current fiscal year, which
8 is a purpose for which the Budget Stabilization Fund is intended; and

9 WHEREAS, after incorporating debt service savings and means of financing options,
10 the current deficit for Fiscal Year 2016-2017 is \$304.22 Million, without inclusion of the
11 aforementioned shortfalls of at least \$65 Million; and

12 THEREFORE, BE IT RESOLVED that pursuant to Article VII, Section 10.3 of the
13 Constitution of Louisiana and R.S. 39:94, the Legislature of Louisiana does hereby consent
14 to make available for appropriation from the Budget Stabilization Fund the sum of
15 \$50,000,000 of the balance of the Budget Stabilization Fund as of July 1, 2016, due to the
16 reduction of the revenue forecast for the current fiscal year as adopted by the Revenue
17 Estimating Conference at its meeting on January 13, 2017, and utilizing means of financing
18 adjustments reduced that amount to \$304.22 Million, which was recognized by the Joint
19 Legislative Committee on the Budget at its meeting on January 27, 2017.

20 BE IT FURTHER RESOLVED that the treasurer is directed, after complying with
21 the provisions of Article VII , Section 9(B) of the Constitution of Louisiana relative to the
22 allocation of monies to the Bond Security and Redemption Fund, to take the appropriate
23 steps to transfer \$50,000,000 from the Budget Stabilization Fund to the state general fund.

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

1 DIGEST

2 The digest printed below was prepared by House Legislative Services. It constitutes no part
3 of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute
4 part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

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6 Provides legislative consent to make available for appropriation from the Budget
7 Stabilization Fund the sum of \$50,000,000, due to the reduction of the Fiscal Year 2016-
8 2017 official forecast in the amount of \$340.5 Million as adopted by the Revenue Estimating
9 Conference at its meeting on Jan. 13, 2017, resulting in the second mid-year deficit for the
10 current fiscal year, and presented to and recognized by the Joint Legislative Committee on
11 the Budget at its meeting on Jan. 27, 2017.