



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 457** HLS 17RS 1066

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

| | | |
|---|---------|-----------------------------------|
| Date: May 8, 2017 | 7:06 AM | Author: HARRIS, L. |
| Dept./Agy.: Statewide | | |
| Subject: Phases out the revenue sharing fund | | Analyst: Alan M. Boxberger |

REVENUE SHARING

OR INCREASE GF RV See Note

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(Constitutional Amendment) Phases out the state revenue sharing fund

Present constitution establishes the revenue sharing fund to be distributed annually to parishes for retirement systems and commissions, and for tax recipient bodies within each parish, to offset losses due to the homestead exemption. Present constitution allocates \$90 million annually from the SGF to the revenue sharing fund. Proposed constitutional amendment reduces the allocation by \$22.5 million from the prior fiscal year’s allocation each fiscal year beginning in FY 20 until the allocation is zero. Provides for submission of the proposed amendment to the voters at the statewide election to be held on October 14, 2017.

| 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 | \$0 | \$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> | <u>\$0</u> |
| Annual Total | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

| REVENUES | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 5 -YEAR TOTAL |
|----------------|------------|------------|----------------|----------------|----------------|------------------------|
| State Gen. Fd. | \$0 | \$0 | \$22,500,000 | \$45,000,000 | \$67,500,000 | \$135,000,000 |
| Agy. Self-Gen. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Ded./Other | \$0 | \$0 | (\$22,500,000) | (\$45,000,000) | (\$67,500,000) | (\$135,000,000) |
| 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

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

Proposed law phases out the annual allocation from the SGF to the Revenue Sharing Fund by reducing the annual allocation by \$22.5 M from the prior year’s allocation beginning in FY 20 and completely phasing out this allocation beginning in FY 23. While there is no net effect on governmental expenditures, proposed law will make an additional amount of SGF available for general appropriations beginning at \$22.5 M in FY 20 and growing to \$90 M in FY 23. Likewise, local governmental entities receiving monies from the state via the Revenue Sharing Fund will realize a loss of expenditure capability on a dollar-for-dollar basis as the available SGF increases. The Revenue Sharing Fund provides monies to local governmental entities for retirement systems and commissions and for tax recipient bodies within each parish to offset losses due to the homestead exemption.

REVENUE EXPLANATION

Proposed law would divert deposits from the Revenue Sharing Fund into the SGF beginning in FY 20 as per the table above and increasing in \$22.5 M increments until the Revenue Sharing Fund receives no funds beginning in FY 23 (4 year phase-out). The yearly impact to the state fisc over a four-year period is as follows:

| | SGF | Revenue Sharing Fund |
|-------|----------|----------------------|
| FY 20 | \$22.5 M | (\$22.5 M) |
| FY 21 | \$45 M | (\$45 M) |
| FY 22 | \$67.5 M | (\$67.5 M) |
| FY 23 | \$90 M | (\$90 M) |

Senate

Dual Referral Rules

☐ 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}

☐ 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House

☐ 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}

Evan Brasseaux

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Staff Director