

**LEGISLATIVE FISCAL OFFICE
Fiscal Note**



Fiscal Note On: **SB 143** SLS 18RS 262
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

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| Date: April 8, 2018 2:36 PM | Author: ALLAIN |
| Dept./Agy.: Statewide | Analyst: Alan M. Boxberger |
| Subject: Provides for transfer, deposit and use of monies | |

FUNDS/FUNDING OR INCREASE GF RV See Note Page 1 of 1
 Provides for the transfer, deposit, and use of monies among state funds. (7/1/18)

Present law provides in Article VII, Section 10(F)(2)(b) of the Constitution of Louisiana, for the purposes of enactment of the state budget for the next fiscal year, when the official forecast of recurring revenues for the next fiscal year is at least one percent less than the official forecast for the current fiscal year, an amount not to exceed 5% of the total appropriation or allocations for the current fiscal year from any fund established by law or the Constitution shall be available for expenditure in the next fiscal year for a purpose other than as specifically provided by law or the Constitution of Louisiana.

Proposed law states that the official forecast of recurring revenues in the SGF for FY 19 is at least one percent less than the official forecast for FY 18, thus satisfying the requirements of Article VII, Section 10(F)(2)(b), allowing for amounts not to exceed 5% of total appropriations or allocations for FY 18 from any fund are available for transfer to the SGF for expenditure in FY 19. Proposed law further provides that any monies available for expenditure in FY 19 for a purpose other than as specifically provided shall be transferred from the fund and deposited into the SGF. Effective 7/1/18.

| EXPENDITURES | <u>2018-19</u> | <u>2019-20</u> | <u>2020-21</u> | <u>2021-22</u> | <u>2022-23</u> | <u>5 -YEAR TOTAL</u> |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| 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> | <u>\$0</u> |
| Annual Total | | \$0 | \$0 | \$0 | \$0 | \$0 |

| REVENUES | <u>2018-19</u> | <u>2019-20</u> | <u>2020-21</u> | <u>2021-22</u> | <u>2022-23</u> | <u>5 -YEAR TOTAL</u> |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd. | INCREASE | \$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 |

EXPENDITURE EXPLANATION

Proposed law may result in a reduction of fund balances in FY 18 that are currently contemplated in the recommended appropriations proposed in House Bill 1 Original. To the effect that a legislative instrument were to transfer any of these corresponding balances into the SGF for appropriation in FY 19, an equal reduction would be required from the corresponding statutory dedication incorporating fund balances in House Bill 1. The Legislative Fiscal Office does not have access to fund balances contemplated in FY 19, but emphasizes that such proposed appropriations of fund balances frequently are contemplated when constructing the executive budget recommendation.

REVENUE EXPLANATION

Proposed law would result in an indeterminable increase in SGF in FY 19 and an equal decrease in statutory dedications during FY 18 as an undetermined number of statutory dedications would realize a reduction of up to 5% to be deposited into the SGF for FY 19 appropriations.

Proposed law provides that the trigger mechanism detailed in Article VII, Section 10(F)(2)(b) of the Constitution has been met with the official forecast of recurring revenues for FY 19 exceeding one percent less than the official forecast for the current year, allowing an amount not to exceed five percent of the total appropriations for FY 18 from any fund established by law or the Constitution of Louisiana to be available for expenditure in FY 19 for a purpose other than as specifically provided by law or the Constitution of Louisiana.

Proposed law does not alter existing appropriations or identify statutory or constitutional dedications that may be reduced in the current year in order to make transfers into the SGF available for appropriation in FY 19. The Division of Administration identified approximately \$3.79 B of current appropriations from dedicated funds allowable under Article VII, Section 10(F)(2)(b). If 100% of these funds were targeted for a 5% reduction, the approximate yield would be \$189.6 M. This number, however, does not exclude statutory dedications with federal sources that historically have been determined to be ineligible for transfer. The largest of such statutory dedications is be the Transportation Trust Fund - Federal, with a FY 18 appropriation of \$794.1 M. Excluding only the TTF - Federal would reduce the maximum potential yield to approximately \$149.8 M. A comprehensive analysis will be required to determine the amount of funds against which the 5% reduction to FY 18 appropriations may be applied prior to making supplemental appropriations or funds transfers. Additionally, a legislative instrument, or instruments, will be required to identify statutory dedications for reduction, set the reduction amount up to 5%, and provide for transfers into the SGF.

For informational purposes, the Treasury reports that it calculates a total of approximately \$44,787,000 available in applicable funds balances if no reductions to existing appropriations are made prior to the end of FY 18. To arrive at this estimate, the Treasury examined each statutory dedication to determine available cash balance, less expenditures by the end of the fiscal year up to the existing appropriation level, to determine how many are projected to have a cash balance at the end of the current fiscal year. This calculation was made on 3/13/18 and does not include additional deposits past that date. The LFO assumes available cash transfers would exceed \$44.8 M by an indeterminable amount once additional deposits are realized. NOTE: the executive budget recommendation routinely utilizes projected fund balances to construct the subsequent fiscal year budget (see expenditure explanation above).

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

Evan Brasseaux
Staff Director