

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



Fiscal Note On: **HB 15** HLS 201ES 10

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> June 9, 2020	4:31 PM	<b>Author:</b> IVEY
<b>Dept./Agy.:</b> Statewide		<b>Analyst:</b> Alan M. Boxberger
<b>Subject:</b> Establishes the State Budget Authority Reserve Trust		

BUDGETARY CONTROLS EG +\$139,700,550 SD RV See Note Page 1 of 2  
Establishes the State Budget Authority Reserve Trust for use as an extra source of revenue for executive department agencies (Item #11)

Proposed law establishes the State Budget Authority Reserve Trust to be used as an extra source of revenue for executive department agencies; requires that 1% of all monies that flow through the Bond Security and Redemption Fund (BSRF) for appropriation from the general fund, except for monies pledged in connection with issuance of bonds, be deposited into the fund; authorizes the commissioner of administration, acting in concert with the Joint Legislative Committee on the Budget, to allocate revenues from the trust to agencies who apply for increased budget authority; provides that unexpended monies in the trust at the end of the fiscal year shall remain in the fund; and requires that the treasurer report not less than quarterly to the commissioner of administration and the Joint Legislative Committee on the Budget the total amount of funds available for distribution from the trust. Proposed law is effective July 1, 2021.

EXPENDITURES	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
State Gen. Fd.	\$0	(\$139,700,550)	(\$139,700,550)	(\$139,700,550)	(\$139,700,550)	<b>(\$558,802,200)</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$139,700,550	\$139,700,550	\$139,700,550	\$139,700,550	<b>\$558,802,200</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

  

REVENUES	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
State Gen. Fd.	\$0	(\$139,700,550)	(\$139,700,550)	(\$139,700,550)	(\$139,700,550)	<b>(\$558,802,200)</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$139,700,550	\$139,700,550	\$139,700,550	\$139,700,550	<b>\$558,802,200</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**EXPENDITURE EXPLANATION**

Proposed law will result in an increase in statutorily dedicated expenditures out of the newly created State Budget Authority Reserve Trust of up to approximately \$139.7 M annually beginning in FY 22. Proposed law provides that the commissioner of administration, acting in concert with the Joint Legislative Committee on the Budget (JLCB), can allocate revenues from the trust to agencies who apply for increased budget authority. Proposed law would provide an additional avenue to provide supplemental funds to agencies outside of the legislative session with commissioner recommendation and JLCB approval. These shortfalls are typically addressed by supplemental appropriation during the regular legislative session each year. Proposed law directs that 1% of all monies that flow through the Bond Security and Redemption Fund (BSRF) for appropriation from the general fund, except for monies pledged to the issuance of bonds, be deposited into the fund.

Proposed law will indirectly impact expenditures, possibly across multiple means of finance (designated in this fiscal note as SGF only for simplicity). In addition to SGF, SGR and most statutorily dedicated funds flow through the BSRF and may be impacted. Proposed law will result in a 1% reduction of appropriation capacity from any means of finance that flows through the BSRF, except for monies pledged in connection with issuance of bonds. The ultimate impact will depend on legislative appropriations.

**SEE EXPENDITURE EXPLANATION CONTINUED ON PAGE TWO**

**REVENUE EXPLANATION**

Proposed law diverts existing deposits of approximately \$139.7 M annually beginning in FY 22 from the Bond Security and Redemption Fund (BSRF) to be deposited into the newly created statutory dedication – State Budget Authority Reserve Trust. For illustrative purposes, the Treasury reported to the Interim Emergency Board that \$13.97 B was deposited into the BSRF during FY 19. Therefore, the estimated amount that would be diverted to the newly created fund is \$139.7 M annually (\$13.97 B x 1%). Proposed law will indirectly impact revenues, possibly across multiple means of finance (designated in this fiscal note as SGF for simplicity). In addition to SGF, SGR and most statutorily dedicated revenues flow through the BSRF and may be impacted. The ultimate impact will depend on decisions made through legislative appropriations.

*NOTE: These projections do not reflect any growth or change in the outyears as the BSRF is not a forecasted fund. The LFO assumes there is potential change in the outyears but that amount is indeterminable and will be based on actual revenue collections in each ensuing fiscal year.*

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**

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**CONTINUED EXPLANATION from page one:**

**EXPENDITURE EXPLANATION CONTINUED FROM PAGE ONE**

For informational purposes, the legislature appropriated \$131.6 M SGF and \$74.9 M IAT in FY 19 via the Supplemental Bill (Act 50 of the 2019 Regular Session). For FY 18, the legislature appropriated \$158.5 M SGF and \$2.2 M IAT via the Supplemental Bill (Act 59 of the 2018 Regular Session).

Proposed law provides that all unexpended and unencumbered monies in the trust at the end of the fiscal year shall remain in the fund.

Creating a new statutory dedication within the state treasury will result in a marginal workload increase for the Department of Treasury, which can generally be absorbed within existing resources. However, to the extent other legislative instruments create new statutory dedications, there may be material additional costs associated with the aggregate effort to administer these funds. The Treasury performs fund accounting, financial reporting, banking and custodial functions for 404 special funds. When unable to absorb additional workload with existing resources, the Treasury anticipates it will be required to add one T.O. position at a total personal services cost of approximately \$71,000, plus approximately \$2,450 for a one-time purchase of office equipment. These expenditures are assumed to be SGF in this fiscal note.

The treasury also reports that given limitations of the current statewide accounting system, the diversion of revenues flowing through the BSRF that will require a 1% carve-out into the State Budget Authority Reserve Trust would require a significant workload increase. Until all state agencies are moved onto the LaGov Enterprise Solution, each deposit into the treasury would require a manual claw back for deposit into the Fund. In the current accounting system, once a deposit is coded to a particular revenue source it flows almost instantaneously through the BSRF, is deposited into the appropriate agency account, and is available for expenditure. The treasury would be required to intercede and remove 1% of any deposit manually before an expenditure occurs. This would impact innumerable individual transactions on an annual basis. Once state agencies have transferred all accounting functions onto LaGov, that system can be programmed to make the necessary diversion as it flows through the BSRF. The legacy accounting system does not have this capability at this time.

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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