



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 487** HLS 21RS 120
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 11, 2021	4:39 PM	Author: ECHOLS
Dept./Agy.: Statewide		
Subject: Provides relative to deficit avoidance procedures		Analyst: Alan M. Boxberger

BUDGETARY CONTROLS EG SEE FISC NOTE SG EX See Note Page 1 of 1
 (Constitutional Amendment) Provides relative to deficit avoidance procedures

Present constitution authorizes the legislature to establish a method for adjusting appropriations in order to eliminate a projected budget deficit. Present law authorizes the governor to unilaterally reduce SGF appropriations to avoid a deficit, provided the reductions do not exceed 3% of the agency's total appropriation; provides that once the governor reduces total SGF appropriations by 7/10 of 1%, the governor can take actions with JLCB approval to reduce statutory and constitutional dedications by up to 5%, reduce an additional 5% of the SGF, and reduce the MFP provided reductions do not exceed 1% and do not apply to instructional activities. Proposed constitutional amendment adjusts the governor's authority, with JLCB approval, to reduce statutory and constitutional dedications by no more than 20% of the total appropriations or allocation from a fund for the fiscal year. Proposed constitutional amendment provides that an amount not to exceed 20% of the total appropriations or allocations for the current fiscal year from any fund shall be available for expenditure in the next fiscal year for a purpose other than as specifically provided by law or the constitution.

EXPENDITURES	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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						
REVENUES	2021-22	2022-23	2023-24	2024-25	2025-26	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

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. The impact on any potential fund, appropriation or allocation is speculative and unknown until or unless a budget deficit is projected by the Revenue Estimating Conference. Any modification to expenditures related to deficit reduction actions will be achieved by joint action of the governor and the legislature.


Proposed constitutional amendment modifies the governor's and Joint Legislative Committee on the Budget's authority relative to avoidance procedures with regard to a projected budget deficit. After certain reduction thresholds are reached in accordance with present law, the governor can take action, with a majority vote of the JLCB, to make reductions to any appropriation or allocation from the SGF and dedicated and constitutional funds including mandated allocations or appropriations. The reduction adjustments may not exceed 20% of the total appropriation or allocation from the fund for the fiscal year. In present law, such reductions may not exceed 5% of the total appropriation or allocation.

The Secretary of State may incur minimal ballot printing costs associated with this measure. As a regular practice, the Secretary of State typically budgets for up to 10 constitutional amendments and statewide propositions for the fall statewide elections. To the extent the ballot includes more than 10 constitutional amendments and statewide propositions, the Secretary of State may require additional SGF resources for the November 8, 2022, statewide election. Any expenditure impact would be realized in FY 23.

REVENUE EXPLANATION

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

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| <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} |


Christopher A. Keaton
Legislative Fiscal Officer