

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 566** HLS 15RS 511
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action: **w/ SEN COMM AMD**
 Proposed Amd.:
 Sub. Bill For.:

Date: June 6, 2015	10:41 AM	Author: FANNIN
Dept./Agy.:		Analyst: Travis McIlwain
Subject: Fund Transfers		

FUNDS/FUNDING EG1 +\$7,800,000 GF RV See Note Page 1 of 2
 Provides for the transfer and deposit on monies among state funds

Proposed bill provides for various statutorily dedicated fund transfers into either the Overcollections Fund (\$121.1 M), Lottery Proceeds Fund (\$5.9 million) or the Budget Stabilization Fund (\$44.6 million). Proposed bill directs the state treasurer to deposit \$10 million annually into the Rapid Response Fund as opposed to an amount to bring the balance to \$10 million. Proposed bill modifies the office of state police dedication included within the Insurance Verification System Fund from \$42 M to the lessor of the amount needed to fund the pay increase adopted by the State Police Commission on February 12, 2015 or \$42 million. Proposed bill creates the New Orleans Public Safety Fund and the Sickle Cell Fund. Proposed bill transfers \$350,000 from the Motor Carrier Regulation Fund and \$75,000 from the Telephonic Solicitation Relief Fund into the Utility & Carrier Inspection & Supervision Fund. Proposed bill provides for the transfer of \$1.8 M from the Riverboat Gaming Enforcement contingent upon the enactment of HB 448 of 2015. Proposed bill provides for the transfer of \$3.5 M from the Video Draw Poker Fund and \$2.5 M from the LA Fire Marshal Fund both into the SGF.

EXPENDITURES	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
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>	\$0
Annual Total		\$0	\$0	\$0	\$0	\$0

REVENUES	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
State Gen. Fd.	\$7,800,000	\$0	\$0	\$0	\$0	\$7,800,000
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$400,000	\$0	\$0	\$0	\$0	\$400,000
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>	\$0
Annual Total	\$8,200,000	\$0	\$0	\$0	\$0	\$8,200,000

EXPENDITURE EXPLANATION

Although this is not an appropriation measure, the bill directs treasury to transfer different amounts of resources into the Overcollections Fund and the Lottery Proceeds Fund for either FY 15 appropriation or FY 16 appropriation.

REVENUE EXPLANATION

The proposed legislation provides for the aggregate transfer of approximately \$179.8 million of various monies from various sources into either the Budget Stabilization Fund (\$44.6 million), the Overcollections Fund (\$121.1 million), the Lottery Proceeds Fund (\$5.9 million), the Utility & Carrier Inspection & Supervision Fund (\$425,000) and the SGF (\$7.8 million). The specific funds transferred into the Overcollections Fund by this bill are listed below:

- \$25,576,380 - Insurance Verification Fund
 - \$11,874,770 - Riverboat Gaming Enforcement Fund
 - \$3,540,000 - Employment Security Administration Account
 - \$4,200,000 - Penalty & Interest Account
 - \$12,000,000 - Self Insurance Fund
 - \$11,100,000 - Resources from LA Department of Revenue (LDR)
 - \$500,000 - LA Office Building Corporation
 - \$2,300,000 - LA Public Facilities Authority (LPFA)
 - \$50,000,000 - Telephone Company Property Assessment Relief Fund (5/14/2015 adopted revenue forecast)
- \$121,091,150 Total Overcollections Fund Transfers**

Louisiana Public Facilities Authority (LPFA) - \$2.3 M: According to information provided by the LPFA to the Legislative Fiscal Office, the total value of capital (as of December 31, 2014) is \$28.8 million of which \$14.8 million are notes receivable (non-cash), \$13.2 million is preliminarily committed for LPFA revolving loan programs, while only \$0.8 million is considered not committed or restricted. This increase in dedicated fund revenue is a component of the \$8.2 M shown in the revenue table above.

LA Lottery Corporation - \$5.9 M: In addition to transferring approximately \$121.1 million into the Overcollections Fund, this bill also provides for the transfer of \$5.9 million from the unrestricted fund assets of the LA Lottery Corporation to the Lottery Proceeds Fund. According to the LA Lottery, based upon the corporation's latest projections, the corporation's retained earnings is anticipated to be \$13.9 million for ending FY 15. However, of that projected amount of retained earnings, approximately \$7.8 million is actually cash being held within the Corporation's Prize & Litigation Reserve. These reserve funds are utilized to offset any potential litigation costs associated with lawsuits that are filed against the corporation. Pursuant to R.S. 47:9030(B), the corporation is a self-sustaining and self-funded entity and monies in the SGF cannot be utilized to pay the expenditures of the corporation. To the extent the \$5.9 million is actually swept, the corporation will only have approximately \$1.9 million remaining within its reserve for its use to mitigate any future unanticipated obligations. This increase in dedicated fund revenue is a component of the \$8.2 M shown in the revenue table above. **(See page 2)**

- Senate Dual Referral Rules House
- 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
- 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}
- 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
- 6.8(F)(2) >= \$500,000 Rev. Red. to State {H & S}
- 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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CONTINUED EXPLANATION from page one:

Budget Stabilization Fund

This bill also provides for the transfer of \$44.6 million into the Budget Stabilization Fund of the \$178 M REC designated FY 14 SGF surplus (FY 14 cash position). Pursuant to R.S. 39:54, 25% of designated non-recurring monies, in this case the FY 14 cash position, is deposited into the Budget Stabilization Fund. The fund balance at the beginning of FY 15 was \$444.5 million. After depositing the \$44.6 M, the fund will have an approximately \$490 M balance.

State General Fund

This legislation provides for the transfer of \$6 M from various funds into the SGF for either FY 15 and/or FY 16 expenditure. The original source of funds include as follows:

- \$1,800,000 - Riverboat Gaming Enforcement Fund contingent upon the passage of HB 448 of 2015
- \$2,500,000 - LA Fire Marshal Fund
- \$3,500,000 - Video Draw Poke Device Fund
- \$7,800,000 - Total SGF transfers-in

Insurance Verification System Fund

This bill specifies that the amount set aside for the provisional pay plan for State Police not exceed \$42 M. Therefore, the amount set aside for the pay can be less than \$42 M. Act 641 of 2014 increased the fees for motorists that operate a vehicle without automotive liability insurance. As a result of increasing the fees, collections by the Office of Motor Vehicles (OMV) are expected to increase significantly and the increased collections will be used by the Office of State Police (OSP), district attorneys, DPSC Corrections, and for other law enforcement purposes in future fiscal years. The OSP plans to use \$24 M of funds deposited in the Insurance Verification Fund to pay for trooper pay grid increases in FY 16.

Telephone Company Property Assessment Relief Fund

In its original form, this legislation eliminated the Telephone Company Property Assessment Relief Fund, which would have allowed the taxes paid into the fund (for purposes of funding a tax credit) to flow into the SGF. House Appropriations Committee amendments amended this portion of the original bill that now keeps the fund in place, but provides for the unexpended and unencumbered balance to be transferred to the Overcollections Fund. Based upon the latest adopted revenue forecast, this balance is anticipated to be approximately \$50 million.

New Orleans Public Safety Fund/Sickle Cell Fund

The proposed legislation creates the New Orleans Public Safety Fund and the Sickle Cell Fund within the state treasury but does not provide for a permanent revenue source to flow into the newly created funds. Creating a new statutory dedication within the state treasury will result in a marginal additional workload for the agency, which can be absorbed with 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.

Utility & Carrier Inspection & Supervision Fund

The proposed legislation provides for the transfer of \$425,000 from 2 resources into the Utility & Carrier Inspection & Supervision Fund. The sources include:

- \$350,000 - Motor Carrier Regulation Fund
- \$75,000 - Telephonic Solicitation Relief Fund
- \$425,000 - Total Utility & Carrier Inspection & Supervision Fund transfers-in

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|---|----------------------------|--|---|
| Senate | <u>Dual Referral Rules</u> | House | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 Rev. Red. to State {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} | |

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