

SENATE CONCURRENT RESOLUTION NO. 2

BY SENATORS MORRELL, ALARIO AND LAFLEUR

A CONCURRENT RESOLUTION

To make available for appropriation from the Budget Stabilization Fund the sum of \$128,459,663.85 not to exceed one-third of the balance of the Budget Stabilization Fund as of the beginning of Fiscal Year 2015-2016, due to the second reduction of the revenue forecast for the current fiscal year in the amount of \$570.1 million as adopted by the Revenue Estimating Conference at its meeting on February 10, 2016, and as recognized by the Joint Legislative Committee on the Budget at its meeting on February 13, 2016.

WHEREAS, Article VII, Section 10.3 of the Constitution of Louisiana establishes the Budget Stabilization Fund in the state treasury and in Subparagraph (C)(2) thereof provides that if a deficit for the current fiscal year is projected due to a decrease in the official forecast, an amount equal to one-third of the fund not to exceed the projected deficit may be appropriated after the consent of two-thirds of the elected members of each house of the legislature; and

WHEREAS, Article VII, Section 10.3(C)(3) of the Constitution of Louisiana provides that in no event shall the amount included in the official forecast for the next fiscal year plus the amount appropriated in the current fiscal year exceed one-third of the fund balance at the beginning of the current fiscal year; and

WHEREAS, the balance in the Budget Stabilization Fund as of July 1, 2015, was \$469,872,014.56, and one-third of such balance was \$156,624,004.85, which is the maximum amount of the Budget Stabilization Fund available for appropriation for Fiscal Year 2015-2016 to address a projected deficit; and

WHEREAS, on November 16, 2015, the Revenue Estimating Conference met and adopted a reduction in the Official Forecast for the current fiscal year in the amount of \$370 million, which was announced on the Fiscal Status Statement presented to the Joint Legislative Committee on the Budget on November 20, 2015; and

WHEREAS, the former governor implemented a deficit reduction plan in November of 2015 to address the November reduction in the Official Forecast of \$370 million and the

prior year's deficit of \$117 million; and

WHEREAS, pursuant to a mail ballot, on December 9, 2015, more than two-thirds of the membership of each house of the legislature approved \$28,164,341 from the Budget Stabilization Fund being made available for appropriation to satisfy the budget deficit; and

WHEREAS, during the current fiscal year the state of Louisiana has experienced a severe financial crisis due to many factors including declining revenues because of the national decline in the prices of oil and gas and decreased collections of corporate income and franchise tax, individual income tax, sales and use tax, and royalty revenues, causing corresponding decreases in the official forecasts of the Revenue Estimating Conference; and

WHEREAS, in addition to declining revenues the state has experienced expenditure shortfalls in the current fiscal year which total over \$370 million which are mostly attributable to shortfalls in the Medicaid program, the Louisiana Taylor Opportunity Program for Students (TOPS), the Minimum Foundation Program, and the Department of Corrections for local housing of state adult prisoners; and

WHEREAS, on February 10, 2016, the Revenue Estimating Conference met and reduced the Fiscal Year 2015-2016 Official Forecast by \$570.1 million; and

WHEREAS, on February 13, 2016, the Joint Legislative Committee on the Budget met and recognized for the current year an operating deficit of approximately \$570,064,000 and unfunded shortfalls of approximately \$373.5 million; and

WHEREAS, the options to eliminate the budget deficit in the last four months of the fiscal year are significantly reduced, thereby leading to the request to use \$128,459,663.85 from the Budget Stabilization Fund for the purposes for which it is intended; and

WHEREAS, subsequent to obtaining the consent of two-thirds of the elected members of each house of the legislature for the use of \$128,459,663.85 from the Budget Stabilization Fund, the legislature shall appropriate such amount for use in Fiscal Year 2015-2016.

THEREFORE, BE IT RESOLVED that pursuant to Article VII, Section 10.3 of the Constitution of Louisiana and R.S. 39:94, the Legislature of Louisiana does hereby consent to make available for appropriation from the Budget Stabilization Fund the sum of \$128,459,663.85 not to exceed one-third of the balance of the Budget Stabilization Fund as

of July 1, 2015, due to the second reduction of the revenue forecast for the current fiscal year in the amount of \$570.1 million as adopted by the Revenue Estimating Conference at its meeting on February 10, 2016, and recognized by the Joint Legislative Committee on the Budget at its meeting on February 13, 2016.

BE IT FURTHER RESOLVED that the treasurer is directed, after complying with the provisions of Article VII , Section 9(B) of the Constitution of Louisiana relative to the allocation of monies to the Bond Security and Redemption Fund, to take the appropriate steps to transfer \$128,459,663.85 from the Budget Stabilization Fund to the state general fund.

BE IT FURTHER RESOLVED that a copy of this Resolution be transmitted to the treasurer.

PRESIDENT OF THE SENATE

SPEAKER OF THE HOUSE OF REPRESENTATIVES