

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



Fiscal Note On: **SB 155** SLS 16RS 185  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> March 23, 2016 8:31 AM	<b>Author:</b> CLAITOR
<b>Dept./Agy.:</b> Treasury	<b>Analyst:</b> Matthew LaBruyere
<b>Subject:</b> Economic Damages from Oil Spill Settlement	

FUNDS/FUNDING OR SEE FISC NOTE SD RV Page 1 of 1  
 Provides for the allocation for a portion of the economic damages proceeds from the Deepwater Horizon event. (7/1/16)

Present law established the Deepwater Horizon Economic Damages Collection Fund as a fund in the state treasury for deposits of the settlement of the state's economic damages lawsuit to recover economic damages sustained from the Deepwater Horizon explosion and oil spill (DWH litigation) into the fund. Present law provides that the first \$200 M in receipts from the DWH litigation is deposited into the Fiscal Year 2015-2016 Deficit Elimination Fund. Present law provides that within 30 days of the receipt of economic damages proceeds from the DWH litigation, the treasurer is to deposit funds as follows: 1) 45% of each receipt to the Budget Stabilization Fund until that fund reaches the amount statutorily mandated by existing law; 2) 45% of each receipt to the Medicaid Trust Fund for the Elderly until \$700 M has been deposited into the fund; 3) 10% of each receipt to the Health Trust Fund until \$30 M has been deposited into the fund. Proposed law retains present law but reduces each of the allocations of the Budget Stabilization Fund and the Medicaid Trust Fund for the Elderly from 45% to 40%. Further provides that 10% shall be allocated and distributed to the Board of Regents.

<b>EXPENDITURES</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	SEE BELOW	SEE BELOW	SEE BELOW	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>				<b>\$0</b>

<b>REVENUES</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
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Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>				<b>\$0</b>

**EXPENDITURE EXPLANATION**

The proposed legislation will result in additional statutory dedicated fund resources to be distributed to public postsecondary education institutions within the state. The bill provides for the Board of Regents to distribute fund deposits and interest earnings equitably to public postsecondary education institutions in the state. This would allow the Board of Regents to distribute at least \$5.33 M in annual deposits to public postsecondary education institutions beginning in FY 19.

**REVENUE EXPLANATION**

There is no anticipated direct material effect on governmental revenues as a result of this measure. The proposed legislation redistributes the monies deposited into the Deepwater Horizon Economic Damages Fund. The Budget Stabilization Fund and Medicaid Trust Fund for the Elderly allocations are each reduced from 45% to 40% and the Board of Regents is allocated 10%. The Health Trust Fund allocation of 10% is unchanged.

The state will receive \$1 B from the economic damages settlement from British Petroleum Deepwater Horizon Oil Spill that will be paid over 18 years. The first payment of \$200 M will be received in FY 16 and used to solve the FY 16 mid-year deficit. This would allow the remaining \$800 M to be deposited into fund. Beginning in FY 19, the state will receive annual payments in the amount of \$53.3 M for the next 15 years. This legislation would deposit \$53.3 M annually into the Deepwater Horizon Economic Damages Fund. As a result of this, the Budget Stabilization Fund would receive \$21.32 M, the Medicaid Trust Fund for the Elderly would receive \$21.32 M, the Health Trust Fund would receive \$5.33 M and the Board of Regents would receive \$5.33 M.

The Board of Regents will continue to receive interest earnings on monies in the fund. According to the Treasury, the interest rate for February 2016 was 0.29%. For each month the entire deposit of \$53.3 M remains in the Deepwater Horizon Economic Damages Fund, the Board of Regents would earn \$12,900 in interest based on the latest interest rate. This amount is subject to change depending on the amount remaining in the fund and the interest rate.

The current allocation would deposit \$24 M into the Budget Stabilization Fund, \$24 M into the Medicaid Trust Fund and \$5.3 M into the Health Trust Fund.

<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}	

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