

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 986** HLS 16RS 1854

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 18, 2016 6:31 PM	Author: SCHRODER
Dept./Agy.: Treasury	Analyst: Alan M. Boxberger
Subject: Eliminates certain statutory dedications and certain	

FUNDS/FUNDING OR +\$694,680,000 GF RV See Note Page 1 of 2
Eliminates certain statutory dedications and eliminates certain dedications of certain funds

Proposed law eliminates 60 statutorily dedicated funds and authorizes the treasurer to transfer any unencumbered balances remaining in the funds repealed and abolished by proposed law to the State General Fund (SGF) after satisfying appropriations for FY 2015-16.

Proposed law eliminates certain dedications into three specified statutory dedications: eliminating SGF as a source of revenue into the New Opportunities Waiver Fund; eliminating distributions to the State Fire Marshal and the Fire and Emergency Training Institute at LSU from the Two Percent Fire Insurance Fund and requiring unencumbered balances to be deposited into the SGF; eliminating the allocation to the Department of Public Safety and Corrections and the Department of Justice from the Video Draw Poker Device Fund and requiring unencumbered balances to be deposited into the SGF. Proposed law eliminates allocations to the Gaming Control Board, Department of Justice and LA Racing Commission from the Pari-mutuel Live Racing Facility Gaming Control Fund and limits the deposit to the New Orleans Sports Franchise Assistance Fund to \$3.1 M annually.

Proposed law has an effective date of July 1, 2016.

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						
REVENUES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	\$694,680,000	\$611,940,000	\$611,940,000	\$611,940,000	\$611,940,000	\$3,142,440,000
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	(\$694,680,000)	(\$611,940,000)	(\$611,940,000)	(\$611,940,000)	(\$611,940,000)	(\$3,142,440,000)
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

While proposed law eliminates 60 statutorily dedicated funds, it does not eliminate the existing expenditures currently supported by these dedications. To the extent that the legislature continues to fund these programs in subsequent fiscal years, the funding source must be replaced by SGF or another revenue source to supplant the loss of the eliminated statutorily dedicated funds. The activities and services supported by these statutory dedications will then compete for annual SGF resources along with other significant SGF supported services. The activities and services currently supported by statutory dedications, if supplanted with SGF support in future fiscal years, would lose the 5% reduction limitation currently provided by the constitution and Title 39.

Technical Issues to be considered:

Proposed law eliminates the Louisiana Agricultural Finance Authority Fund. The La Agricultural Finance Authority has outstanding debt that is secured by lease revenues, net slot machine proceeds pursuant to R.S. 27:392(B)(4), and income and revenues of the Feed and Fertilizer Fund pursuant to R.S. 3:1421. The total outstanding debt remaining at the end of the current fiscal year (FY 17 through FY 23 debt service schedule) is approximately \$23.95M according to the most recent Financial Statement Audit released by the Legislative Auditor on 12/17/14. FY 17 payments are estimated at \$9.5 M.

REVENUE EXPLANATION

Due to the elimination of 60 statutorily dedicated funds, the requirement that the revenue source of such funds flow into the SGF, the additional elimination of certain dedications within 3 specific statutory dedications, and the reallocation and elimination of certain dedications within a 4th statutory dedication, the Treasury estimates that the SGF will receive a remaining statutory dedicated fund balance transfer of approximately \$82.74 M at the end of FY 16 (transferred in FY 17) and an annual supplanting of revenue deposits from statutory dedications into the SGF of approximately \$611,940,000 beginning in FY 17 and annually thereafter. The fund balance estimate is based upon information provided to the Legislative Fiscal Office by the State Treasury, consisting of the estimated FY 16 ending year fund balance and the FY 17 adopted revenue forecast (2/10/16). The revenue impact listed in the revenue table above will likely change as revenue estimates are updated. The estimate is based upon the current fund balance projection, which includes current revenue and expenditure projections, which will likely change prior to the end of the fiscal year. NOTE: Three of the statutory dedications to be eliminated have no projected fund balance at the end of FY 16 and also owe an outstanding seed balance to the treasury that must be repaid. The outstanding seed balances are \$11.3 M La Fire Marshal Fund, \$15.6 M La State Police Salary Fund and \$3.4 M Tobacco Tax Health Care Fund, for a total seed balance due of \$30.2 M.

Proposed law eliminates a potential funding mechanism to the New Opportunities Waiver (NOW) Fund. Under present law, the fund may receive 12% of all recurring state general fund recognized by the Revenue Estimating Conference in excess of the official forecast at the beginning of the fiscal year, up to a maximum of \$50 million in any year. Proposed law eliminates this potential funding mechanism.

SEE CONTINUED REVENUE EXPLANATION ON PAGE 2

<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}	

Evan Brasseaux

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Staff Director

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CONTINUED EXPLANATION from page one:
REVENUE EXPLANATION CONTINUED FROM PAGE 1

The specific funds eliminated are as follows:

- | | |
|---|--|
| 2013 Amnesty Collections Fund | Louisiana Public Defender Fund |
| Academic Improvement Fund | Louisiana State Police Salary Fund |
| Center for Excellence for Autism Spectrum Disorder | LSU Firemen Training Program Film Library Fund |
| Community Water Enrichment Fund | Major Events Fund |
| Competitive Core Growth Fund | Major Events Incentive Program Subfund |
| Compulsive and Problem Gaming Fund | Marketing Fund |
| Department of Health and Hospitals Facility Support Fund | MediFund |
| Department of Justice Legal Support Fund | Municipal Fire and Police Civil Service Operating Fund |
| Department of Revenue Alcohol and Tobacco Control Officers Fund | New Orleans Public Safety Fund |
| DNA Testing Post-Conviction Relief for Indigents Fund | Overcollections Fund |
| Equine Health Studies Program Fund | Payments Towards the UAL Fund |
| FEMA Reimbursement Fund | Rapid Response Fund |
| Fiscal Administrator Revolving Loan Fund | Riverboat Gaming Enforcement Fund |
| FMAP Stabilization Fund | STEM Upgrade Fund |
| Forest Productivity Fund | Sickle Cell Fund |
| Forest Protection Fund | Southern University AgCenter Program Fund |
| Fund for Louisianans in Need of Civil Legal Assistance | Sports Facility Assistance Fund |
| Health Care Redesign Fund | State Emergency Response Fund |
| Higher Education Financing Fund | Status of Grandparents Raising Grandchildren Fund |
| Higher Education Initiatives Fund | Support Education in Louisiana First Fund |
| Indigent Parent Representation Program Fund | Telecommunications for the Deaf Fund |
| Innocence Compensation Fund | Tobacco Regulation Enforcement Fund |
| Legislative Capitol Technology Enhancement Fund | Tobacco Settlement Enforcement Fund |
| Louisiana Agricultural Finance Authority Fund | Tobacco Tax Health Care Fund |
| Louisiana Asbestos Detection and Abatement Fund | Tobacco Tax Medicaid Match Fund |
| Louisiana Charter School Start-Up Loan Fund | UAL & Specialized Educ. Institutions Support Fund |
| Louisiana Economic Development Fund | Video Draw Poker Device Purse Supplement Fund |
| Louisiana Emergency Response Network Fund | Workforce and Innovation for a Strong Economy |
| Louisiana Fire Marshal Fund | Workforce Training Rapid Response Fund |
| Louisiana Interoperability Communications Fund | |
| Louisiana Mega-Project Development Fund | |

The specific funds for which certain dedications are adjusted are as follows:

- New Opportunities Waiver Fund - Eliminates SGF as a potential source of revenue (see explanation on page 1).
- Two Percent Fire Insurance Fund - Eliminates distributions to the State Fire Marshal (\$1.75 M in FY 15) and the Fire and Emergency Training Institute at LSU (\$210,000 in FY 15) and requires unencumbered balances to be deposited into the SGF at the end of each fiscal year
- Video Draw Poker Device Fund - Eliminates the allocation to the Department of Public Safety and Corrections - Public Safety Services (\$5.29 M to Office of State Police and \$1.98 M to Management & Finance in FY 15) and the Department of Justice (\$5.4 M in FY 15) to enforce the laws and regulations governing video draw poker devices and requires unencumbered balances to be deposited into the SGF.
- Pari-Mutuel Live Racing Facility Gaming Control Fund - Eliminates dedications to the Gaming Control Board (\$83,000 in FY 15), the Department of Justice (\$841,000 in FY 15) and the Louisiana Racing Commission (\$4.57 M in FY 15). Proposed law also limits deposits into the New Orleans Sports Franchise Assistance Fund to \$3.1 M annually, which is the approximate appropriation level over the past several fiscal years.

<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}	
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