

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 201** SLS 16RS 163
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

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Dept./Agy.: Legislature	Analyst: Greg Albrecht
Subject: Legislative Fiscal Office	

FUNDS/FUNDING EG SEE FISC NOTE SD EX See Note Page 1 of 1

Constitutional amendment to revise the circumstances that would allow the reduction of constitutionally protected expenditures and dedications to eliminate a projected deficit in an ensuing fiscal year. (2/3 - CA13s1(A))
Present constitution requires a 1% drop in the official forecasts for the ensuing fiscal year from the current fiscal year in order to trigger access to dedicated funds to address a shortfall in the ensuing fiscal year (a maximum of 5% of the dedicated fund appropriations can be reallocated).

Proposed law retains the current law trigger but adds an additional trigger of a 1% drop in the forecast for the ensuing fiscal year from the forecast in place for that ensuing year prior to submittal of the executive budget or prior to the general appropriations bill being enrolled. If this trigger is met, dedicated funds can be accessed up to 5% of their appropriated amounts (same as current law) or up to 1% of their current fiscal year fund balance (newly proposed).

To be submitted to the electors at the statewide election to be held on November 8, 2016.

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	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					
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	2016-17	2017-18	2018-19	2019-20	2020-21	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

Under present constitution, it takes an absolute drop in the forecast for an ensuing fiscal year relative to the forecast for the current fiscal year in order to allow access to potential resources in dedicated funds to address a projected deficit in the ensuing fiscal year's budget. While this can happen, more typical is the case of drops in the forecasts for both the current fiscal year and the ensuing fiscal year, where the forecast for the ensuing fiscal year is still greater than that of the current fiscal year. Thus, access to dedicated funds for use in the ensuing fiscal year's budget is constrained even though revenue forecasts have declined and/or budget deficit projections exist.

Under this bill's proposal, an additional trigger of a 1% drop in the forecast for the ensuing fiscal year from its own forecast in place, either prior to submittal of the executive budget or prior to enrollment of the general appropriations bill, will also allow access to potential resources in dedicated funds. The forecast for the ensuing fiscal year can still be greater than that for the current fiscal year (as is currently the situation), and a projected deficit for the ensuing fiscal (as is currently the situation) can still be addressed with dedicated resources. As under current law, the bill allows reallocations of up to 5% of dedicated fund appropriated amounts, but also allows the option of using up to 1% of their fund balance of the current fiscal.

For illustrative purposes, a 1% drop in the current official forecast for FY17 is \$95 million. The maximum 5% of dedicated appropriations contained in the executive budget proposal for FY17 is \$173 million, and 1% of the latest known fund balances for dedications recognized by the REC (FY15 balances) is \$56 million.

REVENUE EXPLANATION

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

Senate Dual Referral Rules House

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|---|--|
| <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} |

John D. Carpenter
Legislative Fiscal Officer