



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 236** HLS 17RS 234
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 17, 2017 6:44 AM **Author:** SHADOIN
Dept./Agy.: State **Analyst:** Alan M. Boxberger
Subject: Eliminates certain constitutional and fund dedications

FUNDS/FUNDING EG +\$49,265,454 GF RV See Note Page 1 of 2
 (Constitutional Amendment) Eliminates certain constitutional dedication of revenue and certain treasury funds

Proposed constitutional amendment eliminates or amends certain constitutional dedications of revenue and certain treasury funds applicable to the LA Quality Education Support Fund, the Millenium Leverage Fund, the TOPS Fund, the Health Excellence Fund, the Education Excellence Fund, the Lottery Proceeds Fund, the Transportation Trust Fund, the Coastal Protection and Restoration Fund, the Higher Education La. Partnership Fund, the La Investment Fund for Enhancement, the Mineral Revenue Audit and Settlement Fund and the Revenue Stabilization Trust Fund. Proposed constitutional amendment authorizes and directs the state treasurer to transfer any unencumbered balances remaining in the funds eliminated to the SGF after satisfying the appropriations for FY 18, provides for submission of the proposed amendment to the voters at the statewide election to be held on October 14, 2017, and effective July 1, 2018.

EXPENDITURES	2017-18	2018-19	2019-20	2020-21	2021-22	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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						
REVENUES	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	\$49,265,454	\$917,594,235	\$924,516,903	\$932,604,352	\$940,201,405	\$3,764,182,349
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	(\$49,265,454)	(\$917,594,235)	(\$924,516,903)	(\$932,604,352)	(\$940,201,405)	(\$3,764,182,349)
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

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

Proposed constitutional amendment will not result in a net change in state expenditures but will shift expenditures currently paid from specific constitutional and statutory dedications to be paid from the SGF, dependent upon legislative appropriation and priorities.

REVENUE EXPLANATION

Proposed constitutional amendment does not increase or decrease revenue to the state, but will change classification of monies deposited in the treasury and result in a dollar for dollar decrease in recurring revenues deposited into certain dedications and increasing the SGF by an equal amount.

Proposed constitutional amendment repeals certain constitutional and statutorily created funds in the treasury and transfers the balances in the funds to the SGF. The treasurer is directed to transfer any remaining balances to the SGF after satisfying the appropriations for FY 17 -18. The Treasury assumes estimated fund balances will be transferred to the SGF during FY 18 closeout, as well as annual estimated revenue projections beginning in FY 19 and beyond. The corpus in the funds repealed and abolished will be transferred into the SGF. The treasury reports that the transfer of funds* from dedications to SGF would flow as follows:

	<u>Estimated Balance to be Transferred to SGF 8/15/18 during FY 18 closeout</u>	<u>Transfer to SGF per Proposed Amendment beginning FY 19</u>
LA Lottery Proceeds Fund	-	\$154,500,000
La Investment Fund for Enhancements Fund	\$604	-
Mineral Revenue Audit & Settlement	\$10,106,400	-
Louisiana Quality Education Support**	\$37,150,000	\$46,300,000
Coastal Protection and Restoration***	-	\$16,900,000
Millennium Leverage Fund	-	-
Louisiana Fund	\$2,008,450	\$14,300,000
Health Excellence Fund	-	\$28,900,000
Education Excellence Fund	-	\$15,100,000
TOPS Fund	-	\$60,300,000
TTF from 16-cent gas tax and TTF aviation	-	\$495,294,235
TTF from motor vehicle license tax	-	\$59,600,000
TTF from Interest and Fees	-	\$28,100,000
	<u>\$49,265,454</u>	<u>\$917,594,235</u>

*Other impacted funds have no current recurring revenues projected in by the REC FY 18 and beyond.

Continued on Page 2

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| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> |
| <input checked="" 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 LFO used the average end of year fund balance from FYs 13-16 to estimate the potential transfer of funds amount at the end of FY 18. These funds are generally allocated to local school districts or universities (50%/50%) and drawn down on a reimbursement basis and the draw down sometimes crosses fiscal years. Any reduction of balance may be tied to carried over allocations.
***Proposed constitutional amendment appears to delete reference to the Coastal Protection and Restoration Fund in the constitution, but leaves the associated statute in place. The LFO assumes a projected FY 18 ending balance of \$52.3 M in the Coastal Protection and Restoration Fund - is likely being utilized for capital outlay, multi-year projects and that the proposed amendment will not transfer the balance into the SGF. If this assumption is incorrect, it will increase the transfer of monies into the SGF at the end of FY 18 by this amount for a total of \$101,594,940. The monies may also include federal deposits.

Transportation Trust Fund

Proposed constitutional amendment alters dedications of the Transportation Trust Fund. Proposed amendment provides that beginning in FY 19, the avails from one cent per gallon of the gas tax shall be appropriated to the Parish Transportation Fund and provides for the payment of bond obligations and indebtedness in effect on January 1, 2018, from the Trust Fund. Proposed amendment provides that the monies in the TTF shall be appropriated solely and exclusively for payment of all principal, interest, premium and other obligations incident to the issuance of debt instruments. All monies not allocated to the Parish Transportation Fund or debt payments shall be deposited in and credited to the SGF, including the balance derived from the 16-cent gas tax, the aviation fuels tax, motor vehicle license taxes as well as fee and interest earnings.

For informational purposes, one cent of the gas tax equates to approximately \$32,256,250 in FY 19 per the current REC estimate. In FY 18, the recommended appropriation from the TTF to the Parish Transportation Fund is currently \$46.4 M in HB 1 Reengrossed.

For informational purposes, the projected amount of monies required from the 16-cent gas tax to cover TIMED Debt Service Payments from FY 20-21 are \$18.3 M, \$18.4 M and \$18.2 M respectively.

For informational purposes, the REC estimate for the aviation fuels tax is set at \$29.8 M annually.

Proposed constitutional amendment eliminates provisions for limiting state generated tax monies for ports, Parish Transportation Fund, Statewide Flood Control, and state police for traffic control purposes to not more than 20% annually, and also deletes provision that the annual appropriation for airports shall be sum equal to, but not greater than, the annual estimated revenue to be derived from the state taxes to be collected and received on aviation fuel.

Proposed amendment eliminates the dedication of the severance tax to parish government authorities. This projected revenue impact is indeterminable.

NOTE: The revenue table on page 1 depicts an impact in FY 21 equal to the average annual percentage growth between fiscal years 19 and 21, or 0.81%, for the impacted funds.

Senate
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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