

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 89** SLS 17RS 271
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

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Subject: Provides for appropriation limits from certain sources to

APPROPRIATIONS OR -\$188,400,000 GF EX See Note Page 1 of 1

Provides for the limits of appropriations from state general fund and dedicated funds to ninety-eight percent of the official forecast unless certain conditions have been met. (7/1/17)

Present law limits appropriations by the legislature by providing that appropriations from the SGF and dedicated funds for any fiscal year shall not exceed the official forecast in effect at the time the appropriations are made. Present law further provides that except as noted by R.S. 39:75(E), appropriations by the legislature from any fund shall not exceed the official forecast of money available for appropriation from that fund in effect at the time the appropriations are made.

Proposed law revises present law by providing that appropriations made from the state general fund and dedicated funds for any fiscal year shall not exceed 98% of the official forecast in effect at the time the appropriations are made unless actual collections of SGF and dedicated funds for three consecutive fiscal years reflect a fifty million dollar or more undesignated fund balance as reported to the JLCB as provided in R.S. 39:75(A)(2) and certified by the commissioner of administration to the JLCB as provided in R.S. 39:75(A)(3)(a). Proposed law is effective 7/1/17.

EXPENDITURES	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	(\$188,400,000)	(\$167,358,000)	(\$171,110,000)	(\$173,624,000)	DECREASE	(\$700,492,000)
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	(\$83,850,000)	DECREASE	DECREASE	DECREASE	DECREASE	(\$83,850,000)
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 (\$272,250,000)						(\$272,250,000)

REVENUES	2017-18	2018-19	2019-20	2020-21	2021-22	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

Proposed law would limit the legislature's ability to appropriate funds out of SGF and dedicated funds to 98% of the official forecast of the Revenue Estimating Conference until and unless actual collections of aggregated SGF and dedicated funds reflect a fifty million dollar or more undesignated fund balance for three consecutive years. *NOTE: For this fiscal note, the LFO assumes that proposed law's intent is to determine whether end-of-year revenue collections exceed actual expenditures by a minimum of \$50 M annually rather than "undesignated fund balances."*

For informational purposes, proposed law would restrict the ability of the legislature to appropriate \$188.4 M (2%) out of \$9.44 B of SGF in the REC estimate adopted on 5/16/17. The SGF recommendation in HB 1 Reengrossed currently falls below the maximum \$9.25 B provided for in proposed law, with a current appropriation level of \$9.24 B. *NOTE: The current REC estimate projects SGF revenues through FY 21. Thus, the table at top reflects only "DECREASE" for SGF in FY 22.*

The LFO assumes proposed law would restrict the ability of the legislature to appropriate \$83.85 M of statutorily dedicated funds currently included in HB 1 Reengrossed, which would require reductions to each fund in an amount of 2% below the current recommendation. HB 1 Reengrossed includes monies recognized in the REC as well as projected net beginning fund balances among the state's dedicated funds at a total of \$4.19 B. *NOTE: The REC only adopts estimates for statutory dedications for the current and subsequent fiscal year. Thus, the table at top reflects only "DECREASE" for statutory dedications in FY 19 through FY 22.*

Proposed law is silent with regard to how the state may access the 2% of authority set aside if in the event revenue collections exceed the appropriation authority. To that end, the LFO assumes legislative action would be required to utilize excess revenues above the appropriation to address subsequent year supplemental bills or to address other needs. Alternatively, if any excess revenues collected above the appropriation were not utilized by the legislature by the end of the subsequent fiscal year, those monies would be declared surplus and become available for specific constitutionally authorized uses.

REVENUE EXPLANATION

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

Senate Dual Referral Rules
 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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