

Regular Session, 2010

HOUSE BILL NO. 1112

BY REPRESENTATIVE LAFONTA

FUNDS/FUNDING: Provides for the use, redirection, and reallocation of funds and allocations in certain circumstances

1 AN ACT

2 To amend and reenact amend and reenact R.S. 39:75(C)(2)(b) and (E)(1) and (2), relative  
3 to the expenditure of state funds; to restrict the limited redirection and transfer of  
4 funds supporting appropriations or allocations from the state general fund and  
5 dedicated funds, including those constitutionally protected or mandated, to be used  
6 for other nonmandatory purposes under certain circumstances; and to provide for  
7 related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 39:75(C)(2)(b) and (E)(1) and (2) are hereby amended and reenacted  
10 to read as follows:

11 §75. Avoidance of budget deficits

12 \* \* \*

13 C. Upon receiving notification that a projected deficit exists, the governor  
14 shall have interim budget balancing powers to adjust the budget in accordance with  
15 the following provisions:

16 \* \* \*

17 (2)(a)

18 \* \* \*

19 (b) In accordance with Article VII, Section 10(F) of the Constitution of  
20 Louisiana, the governor may direct the commissioner of administration to reduce any

1 appropriation or allocation for the executive branch of state government from the  
2 state general fund and dedicated funds, including any which are constitutionally  
3 protected or mandated, by an amount not to exceed ~~five~~ four percent in the aggregate  
4 of the total amount appropriated or allocated from that fund for that fiscal year.

5 \* \* \*

6 E. If the official forecast of recurring money for the next fiscal year is at  
7 least one percent less than the official forecast of recurring money for the current  
8 fiscal year, the governor and the legislature may employ the following methods and  
9 procedures in the development of the state budget for the next fiscal year pursuant  
10 to authority granted in Article VII, Section 10(F) of the Constitution of Louisiana,  
11 for the purpose of avoiding a budget deficit in the next fiscal year.

12 (1) An amount not to exceed ~~five~~ four percent of the total appropriation or  
13 allocation in the current fiscal year from any fund shall be available for appropriation  
14 in the next fiscal year for a purpose other than as specifically authorized for that  
15 fund.

16 (2) An amount not to exceed ~~five~~ four percent of the current fiscal year's  
17 total appropriation or allocation for any expenditure which is either protected or  
18 mandated by law or the Constitution of Louisiana shall be available for appropriation  
19 in the next fiscal year for a purpose other than as specifically required by law or  
20 constitution. For the purposes of this Paragraph, an amount not to exceed one  
21 percent of the current fiscal year's total appropriation for expenditures required by  
22 Article VIII, Section 13(B) of the Constitution of Louisiana shall be available for  
23 other purposes.

24 Section 2. This Act shall take effect and become operative if and when the proposed  
25 amendment of Article VII, Section 10(F)(2)(a) and (b) of the Constitution of Louisiana  
26 contained in the Act which originated as House Bill No. \_\_\_\_\_ of this 2010 Regular  
27 Session of the Legislature is adopted at the statewide election to be held on November 2,  
28 2010, and becomes effective.

## DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

LaFonta

HB No. 1112

**Abstract:** Effective upon passage of a constitutional amendment, decreases the amount that can be reallocated from the state general fund and dedicated funds from 5% to 4% if there is a shortfall in the current fiscal year or if a shortfall is projected in the next fiscal year due to a decline in state revenues.

Present law establishes a procedure to determine a projected deficit and a method for adjusting appropriations to eliminate the deficit.

Present law authorizes the governor, with legislative approval, to reduce up to 5% of appropriations or allocations from the state general fund and dedicated funds in any fiscal year in which a deficit is projected and reductions of 0.7% in appropriations from the state general fund have already occurred. Further provides that such reductions to the Minimum Foundation Program (MFP) shall be limited to 1% and shall not be applicable to instructional activities.

Proposed law decreases the amount of reductions of appropriations or allocations from the state general fund and dedicated funds in any fiscal year in which a deficit is projected and reductions of 0.7% in appropriations from the state general fund have already occurred from 5% to 4%.

Present law authorizes the legislature to reduce the monies appropriated or allocated for mandatory expenditures or allocations by up to 5%, making those funds available for other, nonmandatory expenditures if the official revenue forecast for the next year is at least 1% less than for the current year.

Proposed law decreases the percentage the legislature is authorized to reduce the monies appropriated or allocated for mandatory expenditures or allocations from up to 5% to up to 4%, making those funds available for other, nonmandatory expenditures if the official revenue forecast for the next year is at least 1% less than for the current year.

Present constitution provides that present law shall not be applicable to, nor affect (1) the Bond Security and Redemption Fund or any bonds secured thereby, or any other funds pledged as security for bonds or evidences of indebtedness; (2) the severance tax and royalty allocations to parishes; (3) state retirement contributions; (4) the La. Education Quality Trust Fund; (5) the Millennium Trust, except for appropriations from the trust; and (6) any monies not required to be deposited in the state treasury as provided in Art. VII, §9 of the Const. of La.

Effective if and when the proposed amendment of Art. VII, §10(F)(2)(a) and (b) of the Const. of La. contained in the Act which originated as House Bill No. \_\_\_ of this 2010 R.S. of the Legislature is adopted at the statewide election to be held on Nov. 2, 2010, and becomes effective.

(Amends R.S. 39:75(C)(2)(b) and (E)(1) and (2))