

Regular Session, 2001

HOUSE BILL NO. 507

BY REPRESENTATIVES DANIEL, MORRISH, AND STRAIN

BUDGETARY CONTROLS: (Constitutional Amendment) Authorizes budget adjustments in certain circumstances

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A JOINT RESOLUTION

Proposing to amend Article VII, Section 10(F) of the Constitution of Louisiana, relative to the expenditure of state funds; to authorize the legislature to provide for procedures for determination of deficits and associated budget adjustments; to authorize introduction and consideration of such law in any regular session of the legislature; to authorize the adjustment of budgets for certain mandatory or protected expenditures, appropriations, and allocations from the state general fund and dedicated funds under certain circumstances; to authorize the limited transfer of monies from one fund to another under certain circumstances; to authorize limited redirection and transfer of funds supporting appropriations or allocations from the state general fund and dedicated funds, including those constitutionally protected or mandated, to be used for other nonmandatory purposes under certain circumstances; to authorize the legislature to provide for implementation; to provide for submission of the proposed amendment to the electors; and to provide for related matters.

1           Section 1. Be it resolved by the Legislature of Louisiana, two-thirds of  
2           the members elected to each house concurring, that there shall be submitted  
3           to the electors of the state of Louisiana, for their approval or rejection in the  
4           manner provided by law, a proposal to amend Article VII, Section 10(F) of the  
5           Constitution of Louisiana, to read as follows:

6                   §10. Expenditure of State Funds

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8                   (F) Projected Deficit. ~~(1)~~ The legislature by law shall establish  
9                   a procedure to determine if appropriations will exceed the official  
10                  forecast and an adequate method for adjusting appropriations in order  
11                  to eliminate a projected deficit. Any law establishing a procedure to  
12                  determine if appropriations will exceed the official forecast and  
13                  methods for adjusting appropriations, including any constitutionally  
14                  protected or mandated allocations or appropriations, once enacted, shall  
15                  not be changed except by specific legislative instrument which receives  
16                  a favorable vote of two-thirds of the elected members of each house of  
17                  the legislature. Notwithstanding the provisions of Article III, Section  
18                  2 of this constitution, such law may be introduced and considered in  
19                  any regular session of the legislature.

20                   ~~(2)(a)~~ Adjustments to any constitutionally protected or  
21                   mandated allocations or appropriations, and transfer of funds associated  
22                   with such adjustments, are authorized when state general fund  
23                   allocations or appropriations which are not constitutionally required  
24                   have been reduced in an aggregate amount equal to at least three  
25                   percent of the total of such appropriations for a fiscal year. Such  
26                   adjustments may not exceed five percent of the total appropriation or

1 allocation from a fund for the fiscal year. For purposes of this  
2 Subsubparagraph, reductions to expenditures required by Article VIII,  
3 Section 13(B) of this constitution shall not exceed one percent and such  
4 reductions shall not be applicable to instructional activities.  
5 Notwithstanding any other provisions of this constitution to the  
6 contrary, monies transferred as a result of such budget adjustments to  
7 a fund other than the fund in which such monies were recognized  
8 within the official forecast are deemed available for appropriation and  
9 expenditure in the year of the transfer from one fund to another, but in  
10 no event shall the aggregate amount of any transfers exceed the amount  
11 of the deficit.

12 (b) Notwithstanding any other provision of this constitution to  
13 the contrary, for the purposes of the budget estimate and enactment of  
14 the budget for the next fiscal year, when the official forecast of  
15 recurring revenues for the next fiscal year is at least one percent less  
16 than the official forecast for the current fiscal year, the following  
17 procedure may be employed to avoid a budget deficit in the next fiscal  
18 year. An amount equal to no more than five percent of the total  
19 appropriations or allocations for the current fiscal year from any fund  
20 established by law or this constitution may be transferred to a fund  
21 projected to be in deficit and shall be available for expenditure in the  
22 next fiscal year for a purpose other than as specifically provided by law  
23 or this constitution. For the purposes of this Subsubparagraph, a  
24 maximum amount equal to no more than one percent of the current  
25 fiscal year appropriation for expenditures required by Article VIII,  
26 Section 13(B) of this constitution shall be available for expenditures for

1        other purposes in the next fiscal year. Notwithstanding any other  
2        provisions of this constitution to the contrary, monies transferred as a  
3        result of the budget actions authorized by this Subsubparagraph to a  
4        fund other than the fund in which such monies were recognized within  
5        the official forecast are deemed available for appropriation and  
6        expenditure, but in no event shall the aggregate amount of any such  
7        transfers exceed the amount of the deficit.

8                (c) The legislature may provide by law for the implementation  
9        of the provisions of this Subparagraph.

10               (3) If within thirty days of the determination that appropriations  
11        will exceed the official forecast the necessary adjustments in  
12        appropriations are not made to eliminate the projected deficit, the  
13        governor shall call a special session of the legislature for this purpose  
14        unless the legislature is in regular session. This special session shall  
15        commence as soon as possible as allowed by the provisions of this  
16        constitution, including but not limited to Article III, Section 2(B).

17               (4) The provisions of Subparagraphs (1) and (2) of this  
18        Paragraph shall not be applicable to, nor affect:

19               (a) The Bond Security and Redemption Fund or any bonds  
20        secured thereby, or any other funds pledged as security for bonds or  
21        other evidences of indebtedness.

22               (b) The allocations provided for by Article VII, Section 4(D)  
23        and (E) of this constitution.

24               (c) The contributions made in accordance with Article X,  
25        Section 29(E) of this constitution.

1                   (d) The Louisiana Education Quality Trust Fund as defined in  
2                   Article VII, Section 10.1(A)(1) of this constitution.

3                   (e) The Millennium Trust as provided in Article VII, Section  
4                   10.8 of this constitution, except for appropriations from the trust.

5                   Section 2. Be it further resolved that this proposed amendment  
6                   shall be submitted to the electors of the state of Louisiana at the  
7                   statewide election to be held on November 5, 2002.

8                   Section 3. Be it further resolved that on the official ballot to be  
9                   used at said election there shall be printed a proposition, upon which  
10                  the electors of the state shall be permitted to vote FOR or AGAINST,  
11                  to amend the Constitution of Louisiana, which proposition shall read  
12                  as follows:

13                  To authorize the legislature to establish procedures determining  
14                  projected deficits and budget adjustments related to deficit  
15                  avoidance; to authorize adjustments of up to five percent of  
16                  constitutionally protected and mandated allocations and  
17                  appropriations if aggregate reductions of three percent of  
18                  nonmandatory appropriations from the state general fund have  
19                  been made; to limit such reductions of the Minimum Foundation  
20                  Program to one percent; to authorize the transfer of monies from  
21                  one fund to another as a result of such budget adjustments, but  
22                  not to exceed the amount of the deficit; to authorize, for the  
23                  purposes of the budget estimate and enactment of the budget for  
24                  the next fiscal year, that if the official revenue forecast for the  
25                  next fiscal year is at least one percent less than the forecast for  
26                  the current fiscal year, an amount equal to no more than five

1                   percent of the monies appropriated from any fund established  
 2                   by law or constitution shall be available for appropriation in the  
 3                   next fiscal year for a purpose other than as specified by law or  
 4                   constitution; to limit amounts available for use for other  
 5                   purposes with respect to the Minimum Foundation Program to  
 6                   one percent; to exempt from such reductions any revenues  
 7                   dedicated or pledged as security for bonds, the severance tax  
 8                   and royalty allocations to parishes, retirement contributions, the  
 9                   Louisiana Education Quality Trust Fund, and the Millennium  
 10                  Trust except for appropriations from the trust; and to authorize  
 11                  the legislature to provide for the implementation of these  
 12                  provisions. (Amends Article VII, Section 10(F))

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#### DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument.

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Daniel, et al.

HB No. 507

Present constitution authorizes the legislature to establish a procedure to determine a projected deficit and a method for adjusting appropriations to eliminate the deficit.

Present law provides for notification to the governor by the Joint Legislative Committee on the Budget of a deficit and authorizes the governor to reduce appropriations for any program appropriated from a fund in a deficit posture in an amount not to exceed 10% for the budget unit.

Proposed constitutional amendment retains present constitution and adds that such law may include methods for adjusting constitutionally protected or mandated appropriations or allocations. Once enacted, such law may not be changed except by a specific legislative instrument receiving a favorable vote of two-thirds of the elected members of each house of the legislature. Further, notwithstanding the provisions of present constitution with respect to the limitations related to subject matter for annual sessions of the legislature, such law may be introduced and considered in any regular session of the legislature.

Proposed constitution authorizes adjustments to any constitutionally protected or mandated allocations or appropriations, and any transfer of funds associated therewith, when state general fund allocations or appropriations which are not constitutionally required have been reduced in an aggregate amount equal to at least 3% of the total of such appropriations for that fiscal year. Such adjustments are limited to 5% of the total appropriation or allocation from a fund in the current fiscal year; however, adjustments to the Minimum Foundation Program are limited to 1%. Monies transferred as a result of such budget adjustments to a fund other than the fund in which the monies were recognized within the official forecast are deemed available for appropriation in the year of the transfer, but in no event shall the aggregate amount of any transfers exceed the amount of the deficit.

Proposed constitution provides a procedure for avoiding a budget deficit in the next fiscal year if the official revenue forecast for the next fiscal year is at least 1% less than the official forecast for the current fiscal year. An amount equal to no more than 5% of the total appropriations or allocations for the current fiscal year from any fund established by law or present constitution may be transferred to a fund projected to be in deficit. Such monies would be available for expenditure in the next fiscal year for a purpose other than as specifically provided by law or present constitution, but in no event shall the aggregate amount of any transfers exceed the amount of the deficit. Further, an amount equal to no more than 1% of the current fiscal year appropriation for the Minimum Foundation Program would be available for expenditure for other purposes in the next fiscal year.

Proposed constitutional amendment authorizes the legislature to provide for implementation of these provisions.

Proposed constitutional amendment 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 (Art. VII, §4(D) and (E)); (3) state retirement contributions; (4) the Louisiana Education Quality Trust Fund; and (5) the Millennium Trust, except for appropriations from the trust.

Provides for submission of the proposed amendment to the voters at the statewide election to be held on November 5, 2002.

(Amends Const. Art. VII, §10(F))