

Regular Session, 2001

HOUSE BILL NO. 507

BY REPRESENTATIVES DANIEL, MORRISH, STRAIN, FAUCHEUX,
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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

7 * * *

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 monies
22 associated with such adjustments, are authorized when state general
23 fund allocations or appropriations have been reduced in an aggregate
24 amount equal to at least seven-tenths of one percent of the total of such
25 allocations and appropriations for a fiscal year. Such adjustments may
26 not exceed five percent of the total appropriation or allocation from a

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

10 (b) Notwithstanding any other provision of this constitution to
11 the contrary, for the purposes of the budget estimate and enactment of
12 the budget for the next fiscal year, when the official forecast of
13 recurring revenues for the next fiscal year is at least one percent less
14 than the official forecast for the current fiscal year, the following
15 procedure may be employed to avoid a budget deficit in the next fiscal
16 year. An amount not to exceed five percent of the total appropriations
17 or allocations for the current fiscal year from any fund established by
18 law or this constitution shall be available for expenditure in the next
19 fiscal year for a purpose other than as specifically provided by law or
20 this constitution. For the purposes of this Subsubparagraph, an amount
21 not to exceed one percent of the current fiscal year appropriation for
22 expenditures required by Article VIII, Section 13(B) of this constitution
23 shall be available for expenditures for other purposes in the next fiscal
24 year. Notwithstanding any other provisions of this constitution to the
25 contrary, monies made available as authorized under this
26 Subsubparagraph may be transferred to a fund for which revenues have

1 been forecast to be less than the revenues in the current fiscal year for
2 such fund. Monies transferred as a result of the budget actions
3 authorized by this Subsubparagraph are deemed available for
4 appropriation and expenditure, but in no event shall the aggregate
5 amount of any such transfers exceed the amount of the difference
6 between the official forecast for the current fiscal year and the next
7 fiscal year.

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 (f) Any monies not required to be deposited in the state treasury
6 as provided in Article VII, Section 9 of this constitution.

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

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

15 To authorize the legislature to establish procedures determining
16 projected deficits and budget adjustments related to deficit
17 avoidance; to provide that such procedures for amendment may
18 be made by specific legislation enacted by a favorable two-
19 thirds vote of the legislature; to authorize adjustments of up to
20 five percent of constitutionally protected and mandated
21 allocations and appropriations if aggregate reductions of seven-
22 tenths of one percent of allocations and appropriations from the
23 state general fund have been made; to limit such reductions of
24 the Minimum Foundation Program to one percent; to authorize
25 the transfer of monies from one fund to another as a result of
26 such budget adjustments, but not to exceed the amount of the

1 deficit; to authorize, for the purposes of the budget estimate and
2 enactment of the budget for the next fiscal year, that if the
3 official revenue forecast for the next fiscal year is at least one
4 percent less than the forecast for the current fiscal year, an
5 amount not to exceed five percent of the monies appropriated
6 from any fund established by law or constitution shall be
7 available for appropriation in the next fiscal year for a purpose
8 other than as specified by law or constitution; to limit amounts
9 available for use for other purposes with respect to the
10 Minimum Foundation Program to one percent; to exempt from
11 such reductions any revenues dedicated or pledged as security
12 for bonds, the severance tax and royalty allocations to parishes,
13 retirement contributions, the Louisiana Education Quality Trust
14 Fund, the Millennium Trust except for appropriations from the
15 trust, and monies not required to be deposited in the state
16 treasury; and to authorize the legislature to provide for the
17 implementation of these provisions. (Amends Article VII,
18 Section 10(F))

DIGEST

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

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 total state general fund allocations or appropriations have been reduced in an aggregate amount equal to at least 0.70% of the total of such appropriations or allocations 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 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 for which revenues have been forecast to be less than the revenues in the current fiscal year. 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 difference between the official forecast for the current fiscal year and the next fiscal year. 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; (5) the Millennium Trust, except for appropriations from the trust; and (6) monies not required to be deposited into the state treasury.

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))

Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Appropriations to the original bill.

1. Changes basis of state general fund cuts required to trigger reductions in other funds from 3% of discretionary state general fund allocations and appropriations to 0.70% of total state general fund allocations and appropriations.
2. Exempts monies not required to be deposited into the state treasury from applicability of provisions of proposed constitution.

Committee Amendments Proposed by House Committee on Civil Law and Procedure to the engrossed bill.

1. Clarifies ballot language.