



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 147** SLS 11RS 314
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action: **w/ HSE COMM AMD**
 Proposed Amd.:
 Sub. Bill For.:

Date: June 16, 2011 10:00 AM	Author: CHAISSON
Dept./Agy.:	Analyst: Greg Albrecht
Subject: Budget Stabilization Fund	

FUNDS/FUNDING EG1 -\$155,500,000 GF RV See Note Page 1 of 1
 Constitutional amendment to provide relative to deposits into the Budget Stabilization Fund. (2/3-CA13s1(A))

Current law provides for automatic deposits to the Budget Stabilization Fund from mineral revenue over certain thresholds (\$850 million plus parish severance and royalty allocations).

Proposed law provides that if the balance of the Fund is at its maximum and money from the fund is made available for appropriation or use, no automatic deposits of mineral revenue shall occur in the fiscal year for which the money in the Fund was appropriated or incorporated into the official forecast, nor for the ensuing fiscal year. Automatic mineral revenue deposits would then resume in the subsequent fiscal year.

To be submitted at the statewide election on October 22, 2011, and if adopted, effective July 1, 2012.

EXPENDITURES	2011-12	2012-13	2013-14	2014-15	2015-16	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>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2011-12	2012-13	2013-14	2014-15	2015-16	5 -YEAR TOTAL
State Gen. Fd.	\$0	(\$155,500,000)	\$0	\$0	\$0	(\$155,500,000)
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$155,500,000	\$0	\$0	\$0	\$155,500,000
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>	\$0
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.

REVENUE EXPLANATION

The bill attempts to address a situation that occurred near the end of FY10, when the revenue forecast for that year dropped dramatically at year-end, triggering availability of the Budget Stabilization Fund. After the appropriate legislative steps, \$198.4 million was withdrawn to support FY10 state general fund appropriations. Since mineral revenue collections at that time were well above the thresholds established for diversion into the Budget Stabilization Fund rather than the state general fund, this withdrawal from the Fund would have necessitated a diversion of mineral revenue into the Fund. This mineral revenue was already obligated to supporting FY10 appropriations. Thus, in a case such as this, using the Budget Stabilization Fund would trigger a diversion of already obligated resources from the state general fund back into the Budget Stabilization Fund. Basically, the use of the Fund itself negated the purpose for which the Fund exists, to support and stabilize state general fund appropriations when state general fund revenue forecasts are reduced.

Current law attempts to allow for use of the Budget Stabilization Fund in these cases by prohibiting the automatic flow of mineral revenue into the Fund until revenue forecasts exceed the actual collections received in FY08, a high water mark for state revenue collections, and a level not anticipated to be reached again at least within the current forecast horizon.

Proposed law allows for use of the Budget Stabilization Fund in these cases by prohibiting the automatic flow of mineral revenue into the Fund during the fiscal year which the Fund was used and the ensuing fiscal year. After that pause automatic mineral revenue flows would fully resume. This provision presumably allows the resumption of automatic mineral revenue flows to be planned for in the budget planning horizon.

Currently, however, automatic mineral revenue flows into the Fund have been prohibited by current law. Once this bill becomes law, July 1, 2012 for FY13, the provisions of this bill and it's companion statutory provision would call for a full resumption of mineral revenue flows into the Budget Stabilization Fund. These mineral revenues are currently anticipated by the state general fund. Currently, the Fund balance is approximately \$155.5 million below its maximum allowed balance, and mineral revenues are currently anticipated to be sufficient in FY13 to fill the fund to its current maximum balance. The maximum balance is subject to annual recalculation, and available mineral revenue is also subject to change. Thus, the actual flow from the state general fund to the Budget Stabilization Fund in FY13 is likely to differ from the projected amount above.

<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 checked="" type="checkbox"/> 6.8(F)1 >= \$500,000 Annual Fiscal Cost {S}	<input checked="" type="checkbox"/> 6.8(F)2 >= \$100,000 Annual SGF Cost {H&S}	H. Gordon Monk Legislative Fiscal Officer
<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}		