

Regular Session, 2009

SENATE BILL NO. 34

BY SENATOR CHAISSON

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

FUNDS/FUNDING. Authorizes limited redirection and transfer of funds supporting appropriations and allocations from the state general fund and dedicated funds in certain circumstances. (See Act)

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AN ACT

To amend and reenact R.S. 39:75(C)(2)(b), (E)(1) and (2), and (F), relative to the expenditure of state funds; to authorize the 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; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

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

§75. Avoidance of budget deficits

* * *

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

* * *

(2) * * *

1 (b) In accordance with Article VII, Section 10(F) of the Constitution of
 2 Louisiana, the governor may direct the commissioner of administration to reduce any
 3 appropriation or allocation for the executive branch of state government from the
 4 state general fund and dedicated funds, including any which are constitutionally
 5 protected or mandated, by an amount not to exceed ~~five~~ **ten** percent in the aggregate
 6 of the total amount appropriated or allocated from that fund for that fiscal year.

7 * * *

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

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

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

26 * * *

27 F. In no event shall the cumulative percentage reduction made under the
 28 provisions of Paragraph (2) of Subsection C and Subsection E of this Section in
 29 constitutionally or statutorily protected or mandated appropriations, allocations, or

1 expenditures from any fund exceed ~~five~~ **ten** percent in any two consecutive fiscal
2 years.

3 * * *

4 Section 2. This Act shall take effect and become operative if and when the
5 amendment of Article VII, Section 10(F)(2)(a) and (b) of the Constitution of Louisiana
6 contained in the Act which originated as Senate Bill No. _____ of this 2009 Regular Session
7 of the Legislature is adopted at the special statewide election to be held in 2009 and at the
8 same time as such proposed amendment becomes effective.

The original instrument and the following digest, which constitutes no part
of the legislative instrument, were prepared by Jerry J. Guillot.

DIGEST

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 1% 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 increases 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 1% in appropriations from the state general fund have already occurred from 5% to 10%.

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 increases 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 10%, 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 Louisiana 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, Section 9 of the constitution.

Present law provides that in no event shall the cumulative percentage reduction made under the provisions of present law in constitutionally or statutorily protected or mandated appropriations, allocations, or expenditures from any fund exceed 5% in any two consecutive

fiscal years.

Proposed law provides that in no event shall the cumulative percentage reduction made under the provisions of proposed law in such appropriations, allocations, or expenditures from any fund exceed 10% in any two consecutive fiscal years.

Becomes effective and operative if and when the amendment of Article VII, Section 10(F)(2)(a) and (b) of the Constitution of Louisiana contained in the Act which originated as SB _____ of the 2009 RS is adopted at the special statewide election to be held in 2009 and at the same time as such proposed amendment becomes effective.

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