The original instrument was prepared by Jerry J. Guillot. The following digest, which does not constitute a part of the legislative instrument, was prepared by Martha Hess.

DIGEST

Chaisson (SB 34)

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 at least seven-eighths 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 at least seven-eighths 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.

Proposed law provides that for the purpose of Art. VII, Sections 10(F) and 10.3 of the constitution and R.S. 39:75 and the purpose of the budget estimate and enactment of the budget for the next fiscal year, the official forecast of recurring revenues for the current fiscal year shall mean the May 9, 2008 official forecast of recurring revenues for FY 2008-09, hereinafter the base. At the earlier of the time an official forecast for a fiscal year equals or exceeds the base or the end of FY 2012-13, this provision shall no longer be effective and the official forecast for the next fiscal year shall be the most recently adopted forecast.

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 repeals the two year reduction limitation in present law.

Section 1 of the Act which increases the amount of reductions of appropriations or allocations from the state general fund and dedicated funds from 5% to 10%, 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 1 of the 2009 RS is adopted at the congressional election to be held on October 2, 2010, and at the same time as such proposed amendment becomes effective. Section 2 of the Act which makes the May 9, 2008 official forecast the base for purposes of determining the official forecast of recurring revenues for the current fiscal year for purposes of the budget estimate for the next fiscal year becomes effective on July 1, 2009. Section 3 of the Act which repeals the two year reduction limitation becomes effective on July 1, 2009. Sections 4 and 5 of the Act which are the effective date provisions become effective on July 1, 2009.

(Amends R.S. 39:75(C)(2)(b), (E)(1) and (2); adds R.S. 39:75(E)(5); and repeals R.S. 39:75(F))

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Finance to the original bill.

1. Defines the official forecast of recurring revenues for the current fiscal year for purposes of the budget estimate for the next fiscal year and makes the May 9, 2008 official forecast the base official forecast.

2. Repeals the five percent limit in any two consecutive fiscal years on the cumulative percentage reduction in statutorily protected or mandated appropriations, allocations, or expenditures from any fund.

3. Provides for effective dates.