



LEGISLATIVE FISCAL OFFICE

Fiscal Note

Fiscal Note On: **HB 802** HLS 09RS 1425
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

| | |
|-----------------------------------|---------------------------------|
| Date: May 21, 2009 7:48 AM | Author: FANNIN |
| Dept./Agy.: | Analyst: Travis McIlwain |
| Subject: Fund Transfers | |

FUNDS/FUNDING OR -\$327,121,944 GF RV See Note Page 1 of 2
 Provides for the transfer and deposit of monies among state funds

Proposed legislation modifies the current statutory requirements of the use of the Mega-Project Development Fund by amending the definition of mega-project as creating direct jobs or demonstrating a minimum initial investment, increases the minimum investment from \$100 million to \$500, and additionally defines that a mega-project can be for the purchase of land for a mega-project. Proposed legislation provides for the transfer of \$24,378,056 of total statutory dedicated funding from various funds into the state general fund into accordance with the FY 09 Deficit Reduction Act. Provides for the transfer of \$408,488 the LA Tech Innovation Fund to the Overcollections Fund. Provides for the transfer of \$344,500,000 from FY 09 excess state general fund receipts into the Medical Assistance Trust Fund. Effective upon governor's signature.

Proposed legislation provides for the transfer of \$3.0 million from the Incentive Fund to the state general fund. Effective July 1, 2009

| EXPENDITURES | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 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 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 5 -YEAR TOTAL |
|--------------------------------|----------------|----------------|----------------|----------------|----------------|------------------------|
| State Gen. Fd. (\$327,121,944) | | \$0 | \$0 | \$0 | \$0 | (\$327,121,944) |
| Agy. Self-Gen. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Ded./Other \$327,121,944 | | \$0 | \$0 | \$0 | \$0 | \$327,121,944 |
| 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

Legislation transfers \$344.5 million of FY 09 excess state general fund receipts to the Louisiana Medical Assistance Trust Fund (MATF), transfers \$3.0 million from the Incentive Fund into the the state general fund, transfer \$24.4 million from various statutory dedicated funds to the state general fund in accordance with the FY 09 Deficit Reduction Plan and transfers \$0.4 million from the Louisiana Technology Innovation Fund to the Overcollections Fund. The net impact of these fund transfers is an overall decrease in state general fund revenues of \$327.1 million and a net increase in statutory dedicated funds in the like amount.

Legislation also provides that the FY 09 ending fund balance within the Rapid Response Fund will not be utilized by the state treasurer for purposes of determining the amount to be deposited into the fund at the beginning of the fiscal year pursuant to R.S. 51:2361(A)(2). This provision essentially allows the state treasurer to transfer \$10 million of state general fund into this fund for FY 10. This \$10 million dedication has been accounted for in the latest adopted FY 10 revenue forecast.

The revenue table above assumes all fund transfers are a FY 10 impact. However, based upon bill language, the \$3.0 million transfer from the Incentive Fund to the state general fund as well as the modifications to the Rapid Response Fund balance are items to be effective July 1, 2009, while other specific fund transfers are effective upon the governor's signature. To the extent the governor signs this legislation into law before the end of FY 09, the \$344.5 million transfer into MATF and the \$24.4 million transfer (FY 09 Deficit Reduction Plan) will take place in FY 09.

The \$24.4 million statutory dedicated budget authority reductions were approved by the governor and the legislature in January 2009. This bill merely transfers those fund balances from the specific fund to the state general fund.

(Cont. on Page 2)

Senate Dual Referral Rules

13.5.1 >= \$500,000 Annual Fiscal Cost

13.5.2 >= \$500,000 Annual Tax or Fee Change

House

6.8(F) >= \$500,000 Annual Fiscal Cost

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease

H. Gordon Monk
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Legislative Fiscal Officer

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CONTINUED EXPLANATION from page one:

Louisiana Mega-Project Development Fund

This bill alters the criteria required for a project to attain funding through the LA Mega-Project Development Fund which appears to allow more lenient access to the fund, and specifically allows the Fund to be used to finance ownership transfers of facilities closing or near to closing due to bankruptcy. Changing the criteria for use of the funds does not impact the expenditure of the funds until projects are approved. This bill will have no immediate fiscal impact to the state but will allow the funds to be more readily accessed for projects that would not meet the Fund's original requirements. The current fund balance is \$185.8 million.

Senate

Dual Referral Rules

House

13.5.1 >= \$500,000 Annual Fiscal Cost

6.8(F) >= \$500,000 Annual Fiscal Cost

13.5.2 >= \$500,000 Annual Tax or Fee Change

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease

Handwritten signature of H. Gordon Monk

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Legislative Fiscal Officer