

Regular Session, 2009

SENATE BILL NO. 34

BY SENATORS CHAISSON, ALARIO, BROOME, CHEEK, DONAHUE, N. GAUTREAUX, JACKSON, LAFLEUR, MICHOT, MORRELL, MURRAY, SMITH, THOMPSON AND WALSWORTH

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)

AN ACT

To amend and reenact R.S. 39:75(C)(2)(b), (E)(1) and (2), to enact R.S. 39:75(E)(5), and to repeal R.S. 39:75(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; to define the official forecast of recurring revenues for the current fiscal year for purposes of the budget estimate for the next fiscal year; to repeal the limitation on the cumulative percentage reduction in constitutionally or statutorily protected or mandated appropriations, allocations, or expenditures; to provide for effective dates; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 39:75(C)(2)(b) and (E)(1) and (2) 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

1 shall have interim budget balancing powers to adjust the budget in accordance with
2 the following provisions:

3 * * *

4 (2) * * *

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

11 * * *

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

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

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

1 * * *

2 Section 2. R.S. 39:75(E)(5) is hereby enacted to read as follows:

3 §75. Avoidance of budget deficits

4 * * *

5 E.

6 * * *

7 (5) For the purpose of Article VII, Sections 10(F) and 10.3 of the
8 Constitution of Louisiana and this Paragraph and for the purpose of the budget
9 estimate and enactment of the budget for the next fiscal year, the official
10 forecast of recurring revenues for the current fiscal year shall mean the May 9,
11 2008 official forecast of recurring revenues for Fiscal Year 2008-2009,
12 hereinafter the base. At the earlier of the time an official forecast for a fiscal
13 year equals or exceeds the base or the end of Fiscal Year 2012-2013, the
14 provisions of this Paragraph shall no longer be effective and the official forecast
15 for the next fiscal year shall be the most recently adopted forecast.

16 (6) Any adjustments pursuant to this Subsection in excess of five percent
17 shall not be effective unless approved by the legislature by a favorable vote of
18 a majority of the elected members of each house. Such approval shall be by
19 mail ballot, as provided by the provisions of this Chapter, if the adjustments are
20 made while the legislature is not in session.

21 * * *

22 Section 3. R.S. 39:75(F) is hereby repealed.

23 Section 4. Section 1 of this Act shall take effect and become operative if the
24 amendment of Article VII, Section 10(F)(2)(a) and (b) of the Constitution of Louisiana
25 contained in the Act which originated as Senate Bill No. 1 of this 2009 Regular Session of
26 the Legislature is adopted at the congressional election to be held on October 2, 2010 and
27 at the same time as such proposed amendment becomes effective.

28 Section 5. Sections 2, 3, 4, and 5 of this Act shall become effective on July 1, 2009.

29 If vetoed by the governor and subsequently approved by the legislature, this Act shall

1 become effective on the day following such approval.

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 Dawn Romero Watson.

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.

Proposed law provides that any adjustments pursuant to proposed law in excess of 5% will not be effective unless approved by the legislature by a favorable vote of a majority of the elected member of each house. Provides that such approval will be by mail ballot if the adjustments are made while the legislature is not in session.

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 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 and requires legislative approval of an adjustment in excess of 5% 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 (6); 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.

Senate Floor Amendments to engrossed bill.

1. Adds requirement of legislative approval for adjustments in excess of 5%.