
DIGEST

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Chaisson

SB No. 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%. Limits the reduction from any amount appropriated from a fund that is derived from the imposition, assessment, or collection of a fee to 5%.

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. Limits the reduction from any amount appropriated or allocated from a fund that is derived from the imposition, assessment, or collection of a fee to 5%.

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 deficit projection for the development of the budget estimate and enactment of the budget for the next fiscal year, federal funds received from the American Recovery and Reinvestment Act of 2009 (ARRA) shall be incorporated in the official forecasts of recurring revenues for fiscal years 2008-09 through 2012-13 in proportion to the amount of such funds available for appropriation in that fiscal year. Specifies that ARRA funds shall not be incorporated into the official forecast for determination of the use of the Budget Stabilization Fund.

Proposed law provides that any adjustments pursuant to proposed law in excess of 5% will not be effective unless approved by the Joint Legislative Committee on the Budget and subsequently 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 incorporates ARRA funds into the official forecast for specific purposes 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%.

Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Appropriations to the reengrossed bill.

1. Limits the reduction and redirection of funds derived from fees to 5%.
2. Changes the definition of the official forecast. Deletes references to using the Fiscal 2008-2009 official forecast. Adds incorporation of ARRA funds into the official forecast for specific fiscal years for limited purposes.
3. Requires approval of the Joint Legislative Committee on the Budget prior to approval by the legislature.