

**LEGISLATIVE FISCAL OFFICE**

**Fiscal Note**



Fiscal Note On: **SB 2** SLS 09RS 200  
 Bill Text Version: **ENROLLED**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> June 23, 2009 11:33 AM	<b>Author:</b> CHAISSON
<b>Dept./Agy.:</b>	<b>Analyst:</b> Travis McIlwain
<b>Subject:</b> Funds	

FUNDS/FUNDING EN SEE FISC NOTE SD EX See Note Page 1 of 1  
 Provides procedures relative to avoidance of budget deficits. (gov sig)

Current law provides that in no event shall the cumulative percentage reduction in the constitutionally or statutorily protected or mandated appropriations, allocations or expenditures from any fund exceed 5% in any two consecutive fiscal years.

This bill repeals the 5% limit on the cumulative percentage reduction in any two consecutive fiscal years and effectively allows a 5% reduction in dedicated funds in any fiscal year or up to the amount of the budget deficit.

Effective upon governor's signature.

<b>EXPENDITURES</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

  

<b>REVENUES</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**EXPENDITURE EXPLANATION**

This bill will allow the governor and/or legislature additional flexibility in balancing a budget deficit by repealing R.S. 39:75 (F), which repeals the 5% limit on the cumulative percentage reduction in any 2 consecutive fiscal years. To the extent a midyear budget reduction requires the use of all 5% of statutory dedications to alleviate a current year deficit, under current law the ensuing year budget reductions are likely confined to undedicated funds. This measure repeals this limitation.

For example, the Explosives Trust Fund FY 09 budget authority within state police before the FY 09 Deficit Reduction plan was \$115,795. The FY 09 Deficit Reduction Plan reduced this fund by \$5,790 or 5%. Under current law, the governor and/or legislature could not utilize this specific fund to alleviate another deficit in FY 10 if one were to occur. Proposed legislation repeals the 2 consecutive fiscal year limitation, which could allow the governor and/or legislature the ability to reduce this specific fund another 5%.

Essentially these dedicated fund budget authority reductions force a fund balance which is then transferred into the state general fund. For example, the FY 09 Deficit Reduction Plan reduced statutory dedicated budget authority \$24.4 million, while HB 802 of the 2009 Regular Legislative Session will direct the state treasurer to transfer those forced fund balances into the state general fund to alleviate the FY 09 deficit.

**REVENUE EXPLANATION**

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Senate  
 13.5.1 >= \$500,000 Annual Fiscal Cost

Dual Referral Rules

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**