

**LEGISLATIVE FISCAL OFFICE**

**Fiscal Note**



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

<b>Date:</b> July 1, 2009	2:11 PM	<b>Author:</b> FANNIN
<b>Dept./Agy.:</b>		<b>Analyst:</b> Travis McIlwain
<b>Subject:</b> Fund Transfers		

FUNDS/FUNDING EN -\$242,064,232 GF RV See Note Page 1 of 2  
 Provides for the transfer and deposit of monies among state funds

Proposed legislation provides that monies will not be repaid to the Budget Stabilization Fund until the adopted revenue forecast exceeds FY 08 actual or such monies are specifically provided for repayment. Proposed legislation creates the Hurricane Recovery Health Insurance Premium Fund, the Center of Excellence For Autism Spectrum Disorder Fund, the Walking The Walk For Our Kids Fund, the Technology Commercialization Fund and the Statewide Education Facilities Fund. Proposed legislation provides for an additional utilization of funds for the Vermilion Parish Visitor Enterprise Fund by adding the Maurice Historical Preservation Society to the list of eligible items for expenditure of such funds. Proposed legislation repeals R.S. 22:2371, which is the statute that created the Insure Louisiana Incentive Program Fund, and directs the state treasurer to transfer any unexpended monies into the state general fund. Provides for the transfer of \$3.9 million from the Incentive Fund to the state general fund. Provides for the transfer of \$90.0 million from the Coastal Protection & Restoration Fund to the State Emergency Response Fund (SERF). Provides for modifications to the Rapid Response Fund **(See Page 2)**

<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	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
<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.	(\$242,064,232)	\$0	\$0	\$0	\$0	<b>(\$242,064,232)</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$242,064,232	\$0	\$0	\$0	\$0	<b>\$242,064,232</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><u>\$0</u></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**

There is no anticipated direct material effect on governmental expenditures as a result of this measure. The state general fund deposits and various statutory dedicated fund deposits will presumably be appropriated within FY 10 or FY 09. If not, these monies will remain within their respective funds until the legislature appropriates or directs the state treasurer to transfer such fund balances elsewhere. In addition, this bill provides that the Vermilion Parish Visitor Enterprise Fund can now be utilized for the Maurice Historical Prevention Society.

**REVENUE EXPLANATION**

Although a portion of these fund transfers will take place in FY 09 and FY 10, the revenue table above assumes all fund transfers are a FY 10 impact.

This bill seeks to alleviate the Budget Stabilization Fund replenishment weakness by providing that that monies withdrawn from this fund do not have to be replenished until the adopted revenue forecast exceeds FY 08 actual collections, or if the legislature specifically appropriates monies for such purpose. The Budget Stabilization Fund is financed by mineral revenue. In periods when general revenues are declining even though mineral revenue is relatively high (excess mineral revenue exists), withdrawals from the Fund can be largely ineffective in supporting the budget because mineral revenue has to be diverted into the fund in the same year that the Fund is being used to avert weakness in non-mineral revenue. Based upon the latest adopted revenue forecast, state general fund revenues are anticipated to grow from \$8.1 billion in FY 10 to \$8.9 billion in FY 13. The FY 08 actual state general fund revenues were in excess of \$9.0 billion.

This bill creates the Hurricane Recovery Health Insurance Premium Fund, the Center of Excellence For Autism Spectrum Disorder Fund, the Walking The Walk For Our Kids Fund, the Technology Commercialization Fund and the Statewide Education Facilities Fund, but does not provide for a specific funding mechanism of such funds other than grants, gifts and donations.

This bill transfers \$24,378,056 from various statutory dedicated funds into the state general fund in accordance with the FY 09 Deficit Reduction Plan. Essentially, the statutory dedicated reductions associated with the FY 09 Deficit Reduction Plan forced fund balances which are then transferred into the state general fund. For example, the FY 09 Deficit Reduction Plan reduced statutory dedicated budget authority \$24.4 million, while this bill will direct the state treasurer to transfer those forced fund balances into the state general fund to alleviate the FY 09 deficit.

**(See Page 2)**

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

*H. Gordon Monk*

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 Legislative Fiscal Officer**

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**CONTINUED EXPLANATION from page one:**

and transfers \$13.5 million from the fund to the state general fund. Effective July 1, 2009. Proposed legislation transfers \$24,378,056 of various statutory dedicated funding into the state general fund in accordance with the FY 09 Deficit Reduction Plan. This bill transfers \$43,104,580 from various statutory dedicated funds to the Overcollections Fund. This bill transfers \$315.5 million state general fund into the Medical Assistance Trust Fund (MATF) and transfers \$29.0 million state general fund into the Overcollections Fund. This bill transfers \$90,582 from the Conservation Fund to the following funds: \$21,825 - LA Duck License Stamp and Print Fund, \$65,014 - Wildlife Habitat and Natural Heritage fund, \$3,743 - LA Wild Turkey Stamp Fund. Proposed legislation extends the SERF bridge loan funding deadline for the Dept. of Education from the end of FY 09 to the end of FY 10. Effective upon the governor's signature.

**CONTINUED REVENUE EXPLANATION**

Legislation also provides that any unexpended and unencumbered monies remaining with the Insure Louisiana Incentive Program Fund be credited to the state general fund. The current fund balance within this specific fund is \$75,587,322 (as of June 30, 2009). The revenue table assumes that this amount will be deposited into the state general fund.

Legislation transfers \$315.5 million of FY 09 state general fund into the MATF and transfers \$33,929,610 million of FY 09 state general fund into the Overcollections Fund. Other fund transfers include: \$90.0 million from the Coastal Protection and Restoration Fund into the SERF, transfers \$21,825 from the Conservation Fund into the LA Duck License Stamp & Print Fund, transfers \$65,014 from the Conservation Fund into the Wildlife Habitat & Natural Heritage Fund, transfers \$3,743 from the Conservation Fund into the LA Wild Turkey Stamp Fund.

Legislation 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.

Legislation also extends the repayment by the Department of Education of bridge loan funding from the FEMA reimbursement fund from the end of FY 09 to the end of FY 10. Act 196 of the 2007 Regular Legislative Session provided for a bridge loan repayment at the end of FY 09. Included within the FY 07 budget for the Recovery School District was \$33.5 million SERF monies to be used to provide bridge funding to the Department of Education in anticipation of reimbursement from the federal government. Bridge funding is to be utilized solely for expenses incurred as a result of Hurricanes Katrina and Rita.

Although this measure provides for various transfers among statutory dedicated funds with various impacts, the greatest impact of this legislation is upon the Overcollections Fund. This measure transfers \$33,929,610 FY 09 state general fund and \$43,104,580 from various other funds into the Overcollections Fund for a total increase in the Overcollections Fund balance available for expenditure in FY 09 and FY 10 of \$77,034,190.

Below is a table of the **state general fund impact** as a result of this measure:

\$75,587,322	Transfer from the Insure Louisiana Incentive Program Fund to the state general fund
\$3,900,000	Transfer from the Incentive Fund to the state general fund
\$24,378,056	Transfer from various statutory dedicated funds in accordance with FY 09 Deficit Reduction Plan
(\$315,500,000)	Transfer FY 09 state general fund into the MATF
(\$29,000,000)	Transfer FY 09 state general fund into the Overcollections Fund
(\$10,000,000)	Requires the state treasurer to not include unexpended balance of Rapid Response Fund
\$13,500,000	Transfer from the Rapid Response Fund to the state general fund
<u>(\$4,929,610)</u>	<u>Transfer FY 09 state general fund into the Overcollections Fund</u>
<b>(\$242,064,232)</b>	<b>TOTAL</b>

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

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