



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: HB 477 HLS 11RS 516
Bill Text Version: ORIGINAL
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: May 16, 2011 1:12 PM Author: FANNIN
Dept./Agy.: Subject: Funds Analyst: Travis McIlwain

FUNDS/FUNDING OR -\$118,000,868 GF RV See Note Page 1 of 2
Provides for the transfer and deposit of monies among state funds

Proposed bill provides for the transfer of \$5.6 M from various funds into the Overcollections Fund, effective FY 11. Proposed bill provides for the transfer of \$118 M SGF into the Overcollections Fund, effective FY 11. Proposed bill provides for the transfer of \$97.2 M SGR from higher education institutions into the Higher Education Initiatives Fund, effective FY 11. Proposed bill provides for the transfer of \$187.3 M from various funds into the Overcollections Fund, effective July 1, 2011. Proposed bill provides for the transfer of the current balance and all future interest earned of 7 various funds into the Overcollections Fund, effective July 1, 2011. Proposed bill provides for the transfer of \$1.0 M SGR from Office of State Lands for deposit into the Overcollections Fund, effective July 1, 2011. Proposed bill provides for the transfer of not less than \$10.6 M from the Community & Family Support System Fund to the Overcollections Fund, effective July 1, 2011. Proposed bill provides for the transfer of \$20.0 M from unrestricted or unencumbered fund assets of the LA Housing Finance Agency (LHFA), effective July 1, 2011. Proposed bill provides for the transfer of not less than \$87.7 M from the sale of correctional facilities. Proposed bill provides that monies in the Rapid Response Fund at the end of FY 11 shall not be included in the determination of the fund balance, requiring the state treasurer to deposit \$10 M into the fund on July 1, 2011.

Table with 7 columns: EXPENDITURES, 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, 5-YEAR TOTAL. Rows include State Gen. Fd., Agy. Self-Gen., Ded./Other, Federal Funds, Local Funds, and Annual Total.

Table with 7 columns: REVENUES, 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, 5-YEAR TOTAL. Rows include State Gen. Fd., Agy. Self-Gen., Ded./Other, Federal Funds, Local Funds, and Annual Total.

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. The various fund deposits will presumably be appropriated within FY 12 or FY 11. If not, these monies will likely remain within their respective funds until the legislature appropriates or directs that the state treasurer transfer such fund balances elsewhere.

REVENUE EXPLANATION

This bill provides for the transfer of approximately \$526.5 million from various funds and revenue sources into either the Overcollections Fund (\$429.3 million) or the Higher Education Initiatives Fund (\$97.2 million). Of the total \$526.5 million, approximately \$220.9 million will be transferred in FY 11 (effective upon signature of the governor) and the other \$305.6 million will be transferred in FY 12 (effective July 1, 2011). The information reflected within the revenue table above is a summation of the FY 11 & FY 12 impact. Because there is approximately \$299.8 million of transfers among various statutory dedicated funds, these specific transfers are not reflected within the revenue table above. The fiscal impact of the proposed legislation is discussed per section as follows:

Section 1: Fund Transfers - Proposed legislation transfers \$123,644,846 from 3 various funds into the Overcollections Fund, effective upon the signature of the governor (FY 11 impact). The specific funds impacted include: \$5,593,978 from the Louisiana Fire Marshal Fund, \$50,000 from the Incentive Fund, & \$118,000,868 SGF.

Section 2: Higher Education Tuition - Proposed legislation transfers \$97,246,512 SGR from higher education institutions to the Higher Education Initiatives Fund, effective upon the signature of the governor (FY 11 impact). The excess SGR is "freed-up" in FY 11 due to a means of finance substitution contained within the FY 11 supplemental appropriations bill (HB 611) that replaces SGR with \$67.2 million SGF (Ed Jobs unallotted SGF) and \$30.0 million SGF (FY 11 excess recognized at the March 7, 2011 REC) (FY 11 impact).

Section 3: Fund Transfers - Proposed legislation transfers \$186,289,938 from various statutory dedications into the Overcollections Fund and transfers \$1.0 M State Lands SGR into the Overcollections Fund effective July 1, 2011 (FY 12 impact). NOTE: Because the fund transfers within Section 3 are effective July 1, 2011, the state treasurer has the full 12 months in FY 12 to meet the transfer requirements outlined within this bill if the required amount to be transferred is not available to transfer on July 1, 2011. Based upon preliminary FY 11 & FY 12 expenditure/revenue projections, there are 12 various funds that may not have the necessary fund balances to transfer.

Section 4: Future Interest Earned - Proposed legislation directs the state treasurer to transfer the current balance and all future interest earned and credit to the Overcollections Fund. The funds impacted include: Agricultural Products Processing Development Fund, Formosan Termite Initiative Fund, School & District Accountability Rewards Fund, General Aviation & Reliever Airport Grant Program Fund, Railroad Crossing Safety Fund, Manufactured Home Tax Fairness Fund, Rural Development Fund. These particular funds do not have any FY 11 current appropriations. Based upon FY 10 total interest earned data, these 7 funds generated approximately \$3,090 in interest revenue. However, to the extent the fund balances are transferred per this bill, future interest earnings that will flow into the Overcollections Fund will likely be much smaller. Effective July 1, 2011 (FY 12 impact).

Section 5: Community & Family Support System Fund - Proposed legislation provides for the transfer of not less than \$10,590,000 from the Community & Family Support System Fund to the Overcollections Fund. Effective July 1, 2011 (FY 12 impact). (See Page 2)

Senate Dual Referral Rules House
13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} 6.8(F)1 >= \$500,000 Annual Fiscal Cost {S}
13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} 6.8(F)2 >= \$100,000 Annual SGF Cost {H&S}
6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}
H. Gordon Monk
Legislative Fiscal Officer

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CONTINUED EXPLANATION from page one:

Section 6: Louisiana Housing Finance Agency (LHFA) - Proposed legislation provides for the transfer of \$20.0 million of the unrestricted or unencumbered fund assets of the LHFA (or its successor) into the Overcollections Fund. According to the Louisiana Housing Finance Agency, transferring \$20.0 million would likely result in approximately \$800,000 of unearned interest accruing within their investment account (assuming a 4% interest rate). Effective July 1, 2011 (FY 12 impact). NOTE: R.S. 40:600.17 provides that all monies received within the LHFA shall be deemed to be trust funds, to be held and applied solely to or for the public functions and corporate purposes of the agency.

Section 7: Correctional Sale - Proposed legislation provides for the transfer of all proceeds from the sale of correctional facilities of not less than \$87,738,555 into the Overcollections Fund. Effective July 1, 2011 (FY 12 impact).

The total fund impact of the transfers for FY 11 & F 12 together is as follows:

State General Fund - (\$118,000,868)

Fees & Self Generated Revenues - (\$118,246,512) (\$97.2 million - higher education tuition, \$1.0 million - State Lands collections, \$20.0 million - Louisiana Housing Finance Agency (LHFA SGR)
Louisiana State Fire Marshal - (\$9,050,610)
Incentive Fund - (\$4,000,000)

Higher Education Initiatives Fund - \$97,246,512

Agricultural Products Processing Development Fund - (\$480)
Formosan Termite Initiative Fund - (\$37,393)
DNA Testing Post-Conviction Relief for Indigents Fund - (\$28,500)
Adult Probation & Parole Officer Retirement Fund - (\$4,160,175)
Archaeological Curation Fund - (\$29,767)
School & District Accountability Rewards Fund - (\$3)
Calcasieu Parish Fund - (\$401,852)
Tobacco Tax Health Care Fund - (\$505,780)
Bossier Parish Truancy Fund - (\$19,000)
Teacher Educational Aid for Children - (\$216)
Variable Earnings Transaction Fund - (\$27,266)
LA Economic Development Fund - (\$37,673,208)
UNO Slidell Technology Park Fund - (\$362,478)
Casino Gaming Proceeds Fund - (\$3,060)
Greater New Orleans Sports Foundation - (\$8,900)
Algiers Economic Development Foundation Fund - (\$4,007)
New Orleans Urban Tourism & Hospitality Training Economic Development Foundation Fund - (\$306,251)
New Orleans Neighborhoods Fund - (\$304,822)
Friends of NORD Fund - (\$304,822)
General Aviation & Reliever Airport Grant Program Fund - (\$3)
Railroad Crossing Safety Fund - (\$3,069)
Municipal Fire & Police Civil Service Operation Fund - (\$183,654)
DOI Administrative Fund - (\$187,393)
Insurance Fraud Investigation Fund - (\$76,931)
Auto Theft & Insurance Fraud Prevention Authority Fund - (\$14,639)
DOJ Debt Collection Fund - (\$339,545)
Mineral & Energy Operation Fund - (\$1,326,792)
Motorcycle Safety, Awareness and Operator Training Program Fund - (\$62,135)
LA Towing & Storage Fund - (\$69,602)
Concealed Handgun Permit Fund - (\$870,147)
Right To Know - (\$136,855)
Underground Damages Prevention Fund - (\$256,803)
Hazardous Materials Emergency Response Fund - (\$210,170)
Pet Overpopulation Fund - (\$4,440)
Explosives Trust Fund - (\$995,621)
OMV Customer Service Technology Fund - (\$351,721)
DPS Police Officer Fund - (\$339,616)
LA Life Safety & Property Protection Trust Fund - (\$458,779)
LA Highway Safety Fund - (\$1,954)
Industrialized Building Program Fund - (\$2,405)
Fraud Detection Fund - (\$36,547)
Rehabilitation for the Blind & Visually Impaired Fund - (\$1,000,889)
Manufactured Home Tax Fairness Fund - (\$52)
Rural Development Fund - (\$1,265)
LA Environmental Education Fund - (\$10,434)
FEMA Reimbursement Fund - (\$41,022,977)
Artificial Reef Development Fund - (\$26,613,236)
Scenic Rivers Fund - (\$1,962)
Reptile & Amphibian Research Fund - (\$1,441)
Utility & Carrier Inspection/Supervision Fund - (\$9,053)
Telephonic Solicitation Relief Fund - (\$115,192)
Self-Insurance Fund - (\$60,000,000)
Community & Family Support System Fund - (\$10,590,000)

Overcollections Fund - \$429,263,335

NOTE: The Higher Education Initiatives Fund and the Overcollections Fund are the only two funds in which monies were transferred into. In addition, this bill transfers \$118 million of FY 11 SGF into the Overcollections Fund.

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