
DIGEST

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HB 487 Original

2021 Regular Session

Echols

Abstract: Allows reductions of up to 20% to appropriations from constitutionally protected funds and appropriations to health care and higher education during a projected budget deficit.

Present constitution authorizes the legislature to establish by law a method for adjusting appropriations in order to eliminate a projected budget deficit. Proposed constitution repeals present constitution.

Present law authorizes the governor to unilaterally reduce state general fund appropriations to avoid a projected budget deficit, provided the reductions are only to the executive branch and reductions for an agency do not exceed 3% of the agency's total appropriation.

Present law provides that once the governor reduces total state general fund appropriations by 7/10 of 1%, he can take the following actions with approval of the Joint Legislative Committee on the Budget (JLCB):

- (1) Reduce statutory dedications (including constitutional funds) by up to 5%.
- (2) Reduce an additional 5% of the total state general fund amount appropriated for the fiscal year.
- (3) Reduce the MFP provided the reduction does not exceed 1% and does not apply to instructional activities.

Proposed constitution removes the governor's unilateral authority and other reduction limitations and instead authorizes the governor, with a majority vote of the legislature during session or approval of JLCB when the legislature is not in session, to make adjustments to any appropriations or allocations from the state general fund and dedicated funds, including any constitutionally protected or mandated allocations or appropriations.

Proposed constitution further provides that any adjustment made to appropriations or allocations from any dedicated fund, including constitutionally protected or mandated allocations or appropriations, or to state general fund appropriations for higher education, including the Board of Regents and higher education management boards, or to state general fund appropriations or fees and self-generated revenue appropriations for the La. Department of Health may not exceed 20% of the total appropriation or allocation from the fund for the fiscal year.

Present law authorizes the governor to issue executive orders in the form of freeze orders prohibiting the expenditure of monies for specific items. Proposed constitution includes this provision in the constitution.

Present constitution exempts appropriations from certain funds from being reduced during a projected deficit. Proposed constitution removes that exemption.

Provides for submission of the proposed amendment to the voters at the statewide election to be held Nov. 8, 2022.

(Amends Article VII, §10(F))