

LEGISLATIVE FISCAL OFFICE

Fiscal Note



Fiscal Note On: **SB 105** SLS 051ES 147
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Sub. Bill For.:
 Proposed Amd.:

Date: November 16, 2005 7:06 AM	Author: HINES
Dept./Agy.: Treasury	Analyst: Greg Albrecht
Subject: Budget Stabilization Fund - Define Total State Revenue	

FUNDS/FUNDING OR SEE FISC NOTE SD RV See Note Page 1 of 1
 Provides relative to the balance in the Budget Stabilization Fund. (gov sig)

Currently, the State Constitution, Article VII, Section 10.3(C)(4), establishes the maximum balance of the Budget Stabilization Fund at 4% of total state revenue receipts for the previous fiscal year.

Proposed law restates that provision in statute, and defines total state revenue receipts, for purposes of the Budget Stabilization Fund, as state general fund and dedicated funds as defined in Article VII, Section 10(J) of the State Constitution. That provision excludes from state general fund and dedicated funds the following fund sources: (a) federal funds, (b) self-generated revenue of higher education institutions, (c) inter-agency transfers, and (d) the parish severance and royalty constitutional allocations.

Effective upon governor's signature.

EXPENDITURES	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW					
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

The phrase "total state revenue receipts" is not defined in the Constitution or the statutes. A similar reference to total state revenue receipts for the previous fiscal year is contained in Article VII §7.(C) concerning the annual allocation of the state general fund for purposes of the Interim Emergency Board. By practice, the Treasury has interpreted total state revenue receipts to include a variety of funds including federal aid. For example, the calculation of the Interim Emergency Board allocation of state general funds for FY06 was based on \$17.047 billion of total state revenue receipts for FY05. This total included \$6.191 billion of federal monies (36% of the total).

In the absence of clarification, this practice would presumably be extended to the calculation of the maximum balance of the Budget Stabilization Fund. On that basis, the FY06 maximum balance is \$681.9 million. A new maximum balance is calculated each year on the basis of total state revenue receipts in the previous year. Based on the FY05 budgeted means-of-finance as of June 30, 2005, the maximum balance of the Stabilization Fund calculated under the provisions of this bill (a \$12.2 billion base rather than a \$17.047 billion base) would be an estimated \$488 million; some 28% lower than the maximum calculated under the current practice.

As of June 30, 2005 the Fund had a balance of \$461.6 million; only \$26 million less than the estimated maximum for this year under the provisions of this bill. The current requirement to transfer 25% of the prior year surplus (\$63 million) will more than fill the fund to its estimated maximum, leaving \$37 million of the surplus allocation for nonrecurring revenue purposes. In addition, currently estimated excess mineral revenue (\$303 million) would be available to the state general fund.

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

H. Gordon Monk

H. Gordon Monk
Legislative Fiscal Officer