

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 571** HLS 15RS 1079
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 8, 2015	5:53 PM	Author: LAMBERT
Dept./Agy.:		Analyst: Travis McIlwain
Subject: State Operating Budget		

BUDGETARY CONTROLS OR -\$170,338,000 GF EX See Note Page 1 of 1
 Restricts spending of the state general fund (direct) from recurring money to 98% of the official forecast

Proposed bill requires that recommendations for appropriations in the executive budget and appropriations by the legislature of state general fund (SGF) from recurring money shall not exceed 98% of the official forecast of the Revenue Estimating Conference.

EXPENDITURES	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
State Gen. Fd.	(\$170,338,000)	(\$176,628,000)	(\$177,018,000)	(\$191,002,000)	(\$197,306,000)	(\$912,292,000)
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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	(\$170,338,000)	(\$176,628,000)	(\$177,018,000)	(\$191,002,000)	(\$197,306,000)	(\$912,292,000)

REVENUES	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

This bill limits the amount of SGF monies available for appropriation annually by the legislature and may provide some solution to budgetary mid-year deficit reductions. The proposed bill provides that the governor's executive budget and appropriations by the legislature from forecasted recurring SGF not exceed 98% of the official forecast. Based upon the current adopted SGF revenue forecast (1/26/2015), removing 2% of SGF anticipated resources equates to \$170 million in FY 16, increasing up to \$197 million in FY 20. These forecasted resources would not be appropriated by the legislature. The calculations below depict the amount of net SGF resources that would be available for appropriation in subsequent fiscal years based upon the current SGF forecast.

(in millions)	FY 16	FY 17	FY 18	FY 19	FY 20
SGF Forecast	\$8,516.9	\$8,831.4	\$8,850.9	\$9,550.1	\$9,865.3
2%	(\$170.3)	(\$176.6)	(\$177.0)	(\$191.0)	(\$197.3)
Available SGF	\$8,346.6	\$8,654.8	\$8,673.9	\$9,359.1	\$9,668.0

Due to the current budget practice of appropriating all SGF forecasted revenues, any reduction in a SGF revenue forecast during a fiscal year typically triggers a mid-year deficit that must be eliminated in the current year. However, upon enactment of the proposed legislation, the parameters outlined within R.S. 39:75 (Avoidance of Budget Deficits) for eliminating a current year deficit would only be triggered if the current year SGF forecast were to fall in excess of the 2% SGF resources not yet appropriated. For example if this legislation had been enacted for FY 15, instead of solving for an aggregate \$297 million mid-year SGF deficit, the actual deficit needing to be solved would have been \$123.3 million. However, Act 15 (HB 1 for FY 15 budget) would have had to have incorporated approximately \$173.7 million of additional SGF budget reductions in order to have had 2% of the SGF forecast available when the mid-year deficit occurred.

FY 15 SGF Forecast (5/19/2014) \$8,682.6
 2% (\$173.7) represents SGF budget that would have had to have been reduced in Act 15

FY 15 SGF forecast reduction \$297 million of which \$173.7 million could have been "solved" with the 2% not appropriated and the remaining \$123.3 million would have been SGF budget reductions or alternative financings.

The expenditure table above depicts the amount of SGF budget that will have to be foregone each year relative to the current SGF forecast that will be budgeted under current practice.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure. This bill does not decrease overall revenues, but does provide a limitation on the amount of SGF revenues that can be appropriated annually.

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| Senate | <u>Dual Referral Rules</u> | House |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 Rev. Red. to State {H & S} |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} | |

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