

SENATE CONCURRENT RESOLUTION NO. 2

BY SENATORS ALARIO, BARROW, CHABERT, JOHNS, LAFLEUR, LONG AND MORRISH

A CONCURRENT RESOLUTION

To make available for appropriation from the Budget Stabilization Fund the sum of \$99,000,000, an amount not to exceed the projected deficit, due to the reduction of the Fiscal Year 2016-2017 official forecast in the amount of \$340.5 million as adopted by the Revenue Estimating Conference at its meeting on January 13, 2017, resulting in the second mid-year deficit for the current fiscal year, and presented to and recognized by the Joint Legislative Committee on the Budget at its meeting on January 27, 2017.

WHEREAS, during the current fiscal year, it was determined that the state of Louisiana ended Fiscal Year 2015-2016 with a deficit of \$313.8 million (Fiscal Year 2016 Deficit); and

WHEREAS, Article VII, Section 10(G) of the Constitution of Louisiana provides that if a deficit exists in any fund at the end of a fiscal year, that deficit shall be eliminated no later than the end of the next fiscal year; and

WHEREAS, the governor presented a deficit reduction plan to the Joint Legislative Committee on the Budget on December 15, 2016, that addressed and eliminated the Fiscal Year 2016 Deficit of \$313.8 million through a combination of budget reductions contained in Executive Order JBE 16-74 and adjustments approved by the Joint Legislative Committee on the Budget; and

WHEREAS, additionally, during the current Fiscal Year 2016-2017, the state of Louisiana has experienced a severe financial crisis due to many factors, including declining revenues attributable to decreased collections of corporate income and franchise tax, individual income tax, and sales and use tax, causing corresponding decreases in the amount of \$340.5 million in the official forecast of the Revenue Estimating Conference for Fiscal Year 2016-2017; and

WHEREAS, Article VII, Section 10.3 of the Constitution of Louisiana establishes the Budget Stabilization Fund in the state treasury and in Subparagraph (C)(2) thereof provides that if a deficit for the current fiscal year is projected due to a decrease in the official forecast, an amount equal to one-third of the fund not to exceed the projected deficit may be appropriated after the consent of two-thirds of the elected members of each house of the legislature; and

WHEREAS, R.S. 39:95 provides that the state treasurer shall report the balance of the Budget Stabilization Fund as of July first of each fiscal year to the Revenue Estimating Conference, which shall certify the Budget Stabilization Fund balance and the determination of one-third of the balance; and

WHEREAS, the balance in the Budget Stabilization Fund as of July 1, 2016, was \$358,982,171, and one-third of such balance as certified by the Revenue Estimating Conference is \$119,660,723, which is the maximum amount of the Budget Stabilization Fund available for appropriation for Fiscal Year 2016-2017 to address a projected deficit; and

WHEREAS, subsequent to obtaining the consent of two-thirds of the elected members of each house of the legislature for the use of an amount not to exceed \$99,000,000 from the Budget Stabilization Fund, the legislature shall appropriate such amount for use in Fiscal Year 2016-2017; and

WHEREAS, in addition to the decline in the official forecast, due to the state of emergency caused by heavy rain and flooding, the state has also experienced expenditure shortfalls in the current fiscal year which total over \$30 million; and

WHEREAS, the state has further identified additional shortfalls in the current fiscal year that total at least \$35 million and are attributable to Local Housing of Adult Offenders and the Department of Corrections; and

WHEREAS, prior to recognizing the reduction of the Fiscal Year 2016-2017 official forecast in the amount of \$340.5 million, hundreds of millions of dollars in reductions and adjustments were made to agencies and departments in state government; and due to the state of emergency caused by rains and flooding, certain state departments are waiting on federal reimbursement of approximately \$246 million in disaster expenditures which has caused

budgetary and cash flow problems for those agencies and departments; and in the last four months of the fiscal year, the options to eliminate the budget deficit are significantly reduced, thereby leading to the request to use \$99,000,000 from the Budget Stabilization Fund towards elimination of the second mid-year deficit for the current fiscal year, which is a purpose for which the Budget Stabilization Fund is intended; and

WHEREAS, after incorporating debt service savings and means of financing options, the current deficit for Fiscal Year 2016-2017 is \$304.22 million, without inclusion of the aforementioned shortfalls of at least \$65 million.

THEREFORE, BE IT RESOLVED that pursuant to Article VII, Section 10.3 of the Constitution of Louisiana and R.S. 39:94, the Legislature of Louisiana does hereby consent to make available for appropriation from the Budget Stabilization Fund the sum of \$99,000,000, an amount not to exceed one-third of the balance of the Budget Stabilization Fund as of July 1, 2016, due to the reduction of the revenue forecast for the current fiscal year as adopted by the Revenue Estimating Conference at its meeting on January 13, 2017, and utilizing means of financing adjustments reduced that amount to \$304.22 million, which was recognized by the Joint Legislative Committee on the Budget at its meeting on January 27, 2017.

BE IT FURTHER RESOLVED that the treasurer is directed, after complying with the provisions of Article VII , Section 9(B) of the Constitution of Louisiana relative to the allocation of monies to the Bond Security and Redemption Fund, to take the appropriate steps to transfer \$99,000,000 from the Budget Stabilization Fund to the state general fund.

BE IT FURTHER RESOLVED that a copy of this Resolution be transmitted to the treasurer.

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PRESIDENT OF THE SENATE

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SPEAKER OF THE HOUSE OF REPRESENTATIVES