

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 38** SLS 202ES 121

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: October 13, 2020 11:55 AM	Author: WHITE, B
Dept./Agy.: Treasury	Analyst: Alan M. Boxberger
Subject: Creates the Fiscal Year 2021 Balanced Budget Reserve Fund	

FUNDS/FUNDING EG SEE FISC NOTE SD EX Page 1 of 1
Provides relative to the creation, use, dedication, and transfer of funds in the state treasury. (gov sig) (Item #16)

Proposed law creates the Fiscal Year 2021 Balanced Budget Reserve Fund as a special fund in the treasury and provides that any money transferred, donated, or appropriated to the fund by the legislature shall be deposited into the fund. Proposed law provides that monies in the fund shall remain in the fund at the end of the fiscal year and interest earned on the investment of monies in the fund shall be credited to the fund.

Proposed law creates the 2020 Overcollections Fund, provides for administration of the fund by the treasury, and directs the treasurer to deposit into and credit to the fund the difference between the official forecast of recurring revenue available for the general purpose expenditures of FY 20 adopted by the Revenue Estimating Conference (REC) on 5/11/20, and actual collections of revenue available for general purpose expenditures in FY 20, prior to being reported as a balance to the Joint Legislative Committee on the Budget (JLCB) in the prior year and being recognized by the REC. Proposed law shall be effective upon signature of the governor or lapse of time for gubernatorial action.

EXPENDITURES	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	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						
REVENUES	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
State Gen. Fd.	(\$190,200,000)	\$0	\$0	\$0	\$0	(\$190,200,000)
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$190,200,000	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$190,200,000
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

EXPENDITURE EXPLANATION

Proposed law creates the 2020 Overcollections Fund and directs the treasurer to deposit into and credit to the fund specific monies (see Revenue Explanation Below). If reported to JLCB and recognized by the REC, these monies will be designated as prior year surplus and made available for specific purposes as detailed in LA Const. Art. VII, §10(D)(2). Proposed law would divert these monies from the constitutional authorized expenditures into the 2020 Overcollections Fund and be available for legislative appropriation from that source. Proposed law does not specify allowable or intended uses of monies deposited into the 2020 Overcollections Fund.

Proposed law also creates the Fiscal Year 2021 Balanced Budget Reserve Fund, but does not provide a recurring source of revenues nor stipulate allowable uses of monies deposited into the fund.

Creating a new statutory dedication within the state treasury will result in a marginal workload increase for the Department of Treasury, which can generally be absorbed within existing resources. However, to the extent other legislative instruments create new statutory dedications, there may be material additional costs associated with the aggregate effort to administer these funds. The Treasury performs fund accounting, financial reporting, banking and custodial functions for 404 special funds. When unable to absorb additional workload with existing resources, the Treasury anticipates it will be required to add one T.O. position at a total personnel services cost of approximately \$71,000, plus approximately \$2,450 for a one-time purchase of office equipment. These expenditures are assumed to be SGF in this fiscal note.

REVENUE EXPLANATION

Proposed law creates the 2020 Overcollections Fund and directs the treasurer to deposit into and credit to the fund the difference between the official forecast of recurring revenue available for the general purpose expenditures of FY 20 adopted by the Revenue Estimating Conference (REC) on 5/11/20, and actual collections of revenue available for general purpose expenditures in FY 20, prior to being reported as a balance to the Joint Legislative Committee on the Budget (JLCB) in the prior year and being recognized by the REC. The LFO assumes proposed law intends to divert only SGF excess collections based on the language "available for general purpose expenditures." At the 9/25/20 meeting of the Revenue Estimate Conference (REC), the projected balance of SGF actual revenue collections over the FY 20 forecast as of 5/11/20 was \$190.2 M. The effect of proposed law would be to deposit \$190.2 M into the statutorily dedicated 2020 Overcollections Fund instead of those monies being available to appropriate for specified allowable and required expenditure purposes in accordance with LA Const. Art. VII, §10(D)(2).

Proposed law also creates the Fiscal Year 2021 Balanced Budget Reserve Fund but does not provide a recurring source of revenues. Monies deposited into the fund will be contingent upon transfers, donations, or appropriations into the fund by the legislature.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Christopher A. Keaton
Legislative Fiscal Officer