The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Jay R. Lueckel.

DIGEST

Present law provides, relative to the notification that a budget deficit exists in the current fiscal year, that the governor shall have interim budget balancing powers to eliminate the deficit:

1. Reduce executive branch budget unit appropriations by three percent of the total appropriation for the fiscal year.

2. In the event the governor has reduced budgets by seven-tenths of one percent of the total appropriation and the deficit still exists, the governor may make further budget adjustments, as follows:

    a. The governor may direct reductions of any appropriation or allocation from the state general fund or dedicated funds, including those constitutionally protected or mandated, by an amount not to exceed five percent of the total amount appropriated or allocated for that fiscal year.

3. The governor may issue executive orders in the form of freeze orders prohibiting the expenditure of monies for specific items.

4. The governor may propose the use of an alternative source of revenue of a designated amount to address the deficit situation.

Proposed law retains present law but further provides that notwithstanding any other provision of law to the contrary, in the event that the governor has reduced state general fund allocations by an aggregate amount equal to at least seven-tenths of one percent of the total of such allocation and appropriations for that fiscal year and a deficit still exists, the state treasurer shall deposit the interest, excluding that portion already appropriated for that fiscal year, earned from dedicated funds, excluding any which are constitutionally protected or mandated, during that fiscal year into the state general fund. Such budget adjustments shall require the prior approval of the Joint Legislative Committee on the Budget.

Present law provides that if the official forecast of recurring money for the next fiscal year is at least one percent less than the official forecast for the current fiscal year, the governor and the legislature may employ the following methods in the development of the state budget for the next fiscal year pursuant to the constitution, for the purpose of avoiding a budget deficit in the next fiscal year:

(1) An amount not to exceed five percent of the total appropriation or allocation in the current fiscal year from any fund shall be available for appropriation in the next fiscal year for a purpose other than as specifically authorized for that fund.

(2) An amount not to exceed five percent of the current fiscal year's total appropriation or allocation for any expenditure which is either protected or mandated by law or the constitution shall be available for appropriation in the next fiscal year for a purpose other than as specifically required by law or constitution.

(3) Monies made available may be transferred to a fund for which revenues have been forecast to be less than the revenues in the current fiscal year for such fund. In no event shall the aggregate amount made available in the next fiscal year for other purposes as provided in Paragraphs (1) and (2) of this Subsection exceed the amount of the difference between the official forecast for the current fiscal year and the next fiscal year.

(4) In the event that monies are transferred from the Louisiana Quality Education Support Fund, the total dollar amount of any resulting reductions in appropriations from that fund shall be apportioned equally between the appropriations for the Board of Regents and the State Board of Elementary and Secondary Education.

Proposed law retains present law and adds additional authority that if the official forecast for the next fiscal year is at least one percent less than the forecast for the current fiscal year, upon request of the governor, an amount equal to the interest earned from dedicated funds, excluding any which are constitutionally protected or mandated, shall be available for appropriation in the next fiscal year for the purpose of avoiding a deficit in the next fiscal year.

Effective July 1, 2011.

(Adds R.S. 39:75(C)(2)(f) and (F))