



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 131** SLS 11RS 274
Bill Text Version: **ENGROSSED**
Opp. Chamb. Action:

Proposed Amd.:
Sub. Bill For.:

Date: May 12, 2011	8:21 AM	Author: LONG
Dept./Agy.:		
Subject: Fiscal Controls		Analyst: Travis McIlwain

FISCAL CONTROLS EG SEE FISC NOTE GF EX See Note Page 1 of 1

Provides for the governor's interim budget balancing authority, authorizing him to reduce certain state general fund or statutorily dedicated fund appropriations or allocations by an addititonal five percent. (7/1/11)
Current law limits the reduction to any constitutionally protected or mandated allocations or appropriations including the state general fund to 5% or the amount of the budget deficit, and only when state general fund allocations or appropriations have been reduced by at least 7/10 of 1%, or 0.7% (Art VII, Sec 10(F)(2) & R.S. 39:75). There is a 1% limitation on the reduction to the Minimum Foundation Program (MFP) with no reductions in instructional activities. Current law provides that if the official forecast for the next fiscal year is at least 1% less than for the current fiscal year, 5% of constitutionally protected or mandated allocations or appropriations in the current fiscal year shall be available for general use in the next fiscal year. The 1% limitation associated with the MFP applies in this case, as well. In either case (current year deficit or budget year deficit), no transfer shall exceed the amount of the deficit. Proposed law allows the governor to direct the commissioner of administration to reduce any appropriation or allocation for the executive branch of state government from the state general fund and dedicated funds, excluding any which are constitutionally protected, by an additional amount not to exceed 5% in the aggregate of the total amount appropriated from that fund for that fiscal year. Those funds described in R.S. 49:308.5(C) are also excluded. Effective July 1, 2011.

EXPENDITURES	2011-12	2012-13	2013-14	2014-15	2015-16	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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2011-12	2012-13	2013-14	2014-15	2015-16	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 increases the interim budget reduction abilities of the governor and the Joint Legislative Committee on the Budget (JLCB) from 5% to 10% of various funds including the state general fund and increases the ability to make additional funds available to balance a budget deficit.

For illustrative purposes, HB 1 has approximately \$2.8 billion of total statutory dedication and \$7.7 billion of state general fund budgeted for FY 12. To the extent this bill is adopted and is effective July 1, 2011, if the Joint Legislative Committee on the Budget (JLCB) notifies the governor of a FY 12 deficit during the year the total amount of statutory dedications the governor/JLCB could reduce is \$276.9 million, or up to 10%, as opposed to \$138.4 million, or up to 5%. The total amount of state general fund the governor could reduce is \$767.2 million, or up to 10%, as opposed to \$383.6 million, or up to 5%. This illustration is likely an overstatement in that the governor/JLCB will likely not reduce all statutory dedications, including the constitutional funds, and that \$3.1 billion of the FY 12 state general fund is associated with the Minimum Foundation Program (MFP), which current constitutional provisions limit to a 1% reduction of the total appropriation upon approval of 2/3 vote of the legislature.

As stated within the constitution, these statutory dedications cannot take place until 0.7% of the state general fund has been reduced (Article VII, Section 10(F)(2)(a)), or \$57.8 million (FY 12 SGF budget). This bill does not impact the interim budget reduction limitation of 3% of the total appropriation per budget unit (R.S. 39:75(C)(1)(a)).

REVENUE EXPLANATION

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

Senate	Dual Referral Rules	House	
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}		<input type="checkbox"/> 6.8(F)1 >= \$500,000 Annual Fiscal Cost {S}	<i>H. Gordon Monk</i>
		<input type="checkbox"/> 6.8(F)2 >= \$100,000 Annual SGF Cost {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}	H. Gordon Monk Legislative Fiscal Officer