



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 113** SLS 11RS 176
Bill Text Version: **ENGROSSED**
Opp. Chamb. Action:

Proposed Amd.:
Sub. Bill For.:

Date: May 18, 2011	12:35 PM	Author: CROWE
Dept./Agy.:		Analyst: Travis McIlwain
Subject: Federal Funds - Projected Deficit		

FUNDS/FUNDING

EG SEE FISC NOTE GF RV See Note

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Constitutional amendment to authorize limited redirection and transfer of funds supporting appropriations and allocations from the state general fund and dedicated funds in certain circumstances. (2/3 CA13s1(A))

Proposed constitutional amendment provides for another parameter of when a budget deficit exists in the current year and in the budget year. The additional parameter is if there is a decrease in federal financial participation in state assistance expenditures for non-discretionary state general fund expenditures. Proposed constitutional amendment also excludes the Medicaid Trust Fund for the Elderly from being subject to the constitutionally allowed 5% reduction in the current year and in the budget year if such a deficit is declared.

Proposed constitutional amendment is contingent upon voter approval at the statewide election to be held October 22, 2011. The companion to this legislation is SB 114, which is the proposed Title 39 statutory changes.

EXPENDITURES	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

REVENUES	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	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. This bill adds another provision in the constitution by which a projected deficit is designated in the current fiscal year and in the subsequent fiscal year. The proposed constitutional amendment will be considered by voters at the statewide election to be held on October 22, 2011. The Secretary of State may incur minimal ballot printing costs associated with this measure. However, as a regular practice, the Secretary of State typically budgets for up to 10 constitutional amendments for the fall statewide elections.

REVENUE EXPLANATION

This bill creates an additional condition by which a deficit would trigger the governor’s and/or legislature’s interim budget balancing powers and trigger subsequent fiscal year capabilities for the “next fiscal year.” The additional condition is when there is a decrease in federal financial participation in state assistance expenditures for non-discretionary state general fund expenditures in the current year or in the subsequent fiscal year. This bill appears to target any decrease in Federal Medical Assistance Percentages (FMAP) or any other federal financial participation decrease that are considered non-discretionary expenditures and would require additional SGF. Currently a deficit is based upon SGF revenue projections.

To the extent this bill is enacted and adopted by the voters at the October 22, 2011 election, these proposed provisions would be in effect during FY 12 and the building of the FY 13 budget. This bill essentially provides for another definition of the “deficit” beyond just a reduction in the SGF revenue forecast.

This bill also exempts the Medicaid Trust for the Elderly from being a fund that would be subject to a 5% reduction if a deficit is declared.

NOTE: By including this additional deficit parameter, the Division of Administration will likely be required to provide a monthly report to the Joint Legislative Committee on the Budget (JLCB) on the status of not only the SGF, but also the federal financial participation in state assistance that requires non-discretionary SGF.

Senate

☐ 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}

☐ 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

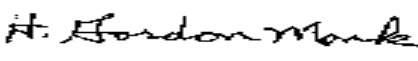
Dual Referral Rules

House

☐ 6.8(F)1 >= \$500,000 Annual Fiscal Cost {S}

☐ 6.8(F)2 >= \$100,000 Annual SGF Cost {H&S}

☐ 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}



H. Gordon Monk
Legislative Fiscal Officer