



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 137** SLS 11RS 276
Bill Text Version: **REENGROSSED**
Opp. Chamb. Action:

Proposed Amd.:
Sub. Bill For.:

Date: May 18, 2011	5:15 PM	Author: LONG
Dept./Agy.:		
Subject: Funds - Interest		Analyst: Travis McIlwain

FISCAL CONTROLS RE SEE FISC NOTE GF EX See Note Page 1 of 1
Provides for certain budget adjustment authority upon receiving notification that a projected budget deficit exists. (7/1/11)

Proposed legislation gives the Governor and the legislature another interim budget balancing power upon receiving notification that a projected deficit exists. Proposed legislation provides that if the governor has reduced state general fund appropriations and allocations by 0.7% and a deficit still exists, the state treasurer shall deposit the interest earned during that fiscal year into the state general fund, subject to Joint Legislative Committee on the Budget (JLCB) approval. Dedicated funds considered constitutionally protected or mandated are excluded. Those funds described in R.S. 49:308.5(C) are also excluded. The interest transfers in the current year require majority approval by the state legislature. In addition, proposed legislation provides that if the official forecast of recurring money for the next fiscal year is at least 1% less than the official forecast of recurring money for the current year, upon request of the governor, an amount equal to the interest earned from dedicated funds 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.

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	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

EXPENDITURE EXPLANATION

To the extent the governor is notified that a projected deficit exists, there are various interim budget balancing tools the commissioner of administration and legislature can utilize to eliminate the deficit. This bill essentially creates another tool that can be used to address a projected deficit in the current year and mitigate a projected 1% revenue decrease in the ensuing subsequent fiscal year by allowing the governor to direct the state treasurer to transfer the unappropriated interest earnings of non-constitutional funds into the state general fund.

Because the timing of deficit projections will ultimately determine the amount of interest available for transfer into the state general fund, the specific amount that could be transferred is indeterminable. However, for **illustrative purposes**, according to the state’s accounting system (ISIS), in FY 10 various funds that may be impacted by this bill generated approximately \$55.9 million in interest earnings (revenue code: 1435). This figure excludes those specific funds that are currently within Article VII, Section 10 of the constitution and the Transportation Trust Funds.

The interest transfer cannot take place until 0.7% of state general fund appropriations and allocations has been reduced (\$57.8 million based upon the FY 12 SGF budget). This bill does not modify this 0.7% threshold nor does it impact the governor’s unilateral interim budget reduction limitation of 3% of the total appropriation per budget unit (R.S. 39:75(C)(1) (a)). With respect to the ensuing fiscal year, the interest transfer can not take place unless a 1% recurring revenue decrease is projected for the ensuing fiscal year.

NOTE: In previous fiscal years, the legislature has typically enacted a “funds bill,” which has provided for various transfers of unappropriated fund balances (which includes interest earnings) among statutory dedicated funds and the state general fund for state expenditure in the current fiscal year and subsequent fiscal year. With approval from JLCB, this bill (SB 137) authorizes the governor to direct the treasury to transfer the unappropriated interest as opposed to having this done through a legislative instrument as is the process currently.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure. Proposed legislation impacts interest earnings within various statutory dedicated funds.

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}	 H. Gordon Monk Legislative Fiscal Officer
		<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}	