

Regular Session, 2011

SENATE BILL NO. 114

BY SENATORS CROWE, ADLEY, ALARIO, APPEL, BROOME, CLAITOR,
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Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

FUNDS/FUNDING. Authorizes limited redirection and transfer of funds supporting appropriations and allocations from the state general fund and dedicated funds in certain circumstances. (2/3-CA7s10(F)(1))

AN ACT

To amend and reenact R.S. 39:2(11.1), the introductory paragraph of R.S. 39:75(C), and the introductory paragraph of 75(E) and to enact R.S. 39:2(40.1) and 75(F), relative to the expenditure of state funds; to authorize the limited redirection and transfer of funds supporting appropriations or allocations from the state general fund and dedicated funds, including those constitutionally protected or mandated, to be used for other nonmandatory purposes under certain circumstances; to define recurring federal financial participation for certain circumstances; to define projected deficit for certain circumstances; to provide for an effective date; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 39:2(11.1), the introductory paragraph of R.S. 39:75(C), and the introductory paragraph of 75(E) are hereby amended and reenacted, and R.S. 39:2(40.1) and 75(F) are hereby enacted to read as follows:

§2. Definitions

As used in this Chapter, except where the context clearly requires otherwise, the words and expressions defined in this Section shall be held to have the meanings

here given to them.

* * *

(11.1) "Deficit" means the excess for any fiscal year of actual expenditures paid by warrant or transfer over the actual monies received and any monies or balances carried forward for any fund at the close of the fiscal year as such are reported by the office of statewide reporting within the division of administration.

"Projected deficit" means the excess of appropriations and non-appropriated requirements over the official forecast for any fund during any fiscal year. **For purposes of determining if adjustments to any constitutionally protected or mandated allocations or appropriations, and the transfer of monies associated with such adjustments, are authorized pursuant to Article VII, Section 10(F)(2)(a) of the constitution and R.S. 39:75(C) and for purposes of determining if an amount not to exceed five percent of the total appropriations or allocations from any fund established by law or the constitution shall be available for expenditure in the next fiscal year for a purpose other than as specifically provided by law or the constitution as authorized in Article VII, Section 10(F)(2)(b) of the constitution and R.S. 39:75(E), "projected deficit" shall include a reduction in federal funds when such reduction requires an increase in state funding needed to maintain the current level of those state assistance expenditures for nondiscretionary state general fund expenditures.**

* * *

(40.1) "Recurring federal financial participation" for purposes of Article VII, Section 10(F)(2)(a) and (b), means the receipt of federal financial participation which has been available for the preceding two fiscal years.

* * *

§75. Avoidance of budget deficits

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C. Upon receiving notification that a projected deficit exists **or that a decrease in recurring federal financial participation in state assistance**

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E. If the official forecast of recurring money for the next fiscal year is at least one percent less than the official forecast of recurring money for the current fiscal year or if there is a decrease in the recurring federal financial participation in state assistance expenditures for nondiscretionary state general fund expenditures in the next fiscal year causing an increase in state funding needed to maintain the current level of expenditures for those state assistance expenditures for nondiscretionary state general fund expenditures, the governor and the legislature may employ the following methods and procedures in the development of the state budget for the next fiscal year pursuant to authority granted in Article VII, Section 10(F) of the Constitution of Louisiana, for the purpose of avoiding a budget deficit in the next fiscal year.

* * *

F. The decreases in the recurring federal financial participation in state assistance expenditures for nondiscretionary state general fund expenditures shall be incorporated into the continuation and five-year base line budget projection for the next fiscal year as presented to the Joint Legislative Committee on the Budget.

Section 2. Section 1 of this Act shall take effect and become operative if the amendment of Article VII, Section 10 of the Constitution of Louisiana contained in the Act which originated as Senate Bill No. 113 of this 2011 Regular Session of the Legislature is adopted at the statewide election to be held on October 22, 2011, and at the same time as such proposed amendment becomes effective.

Section 3. Sections 2 and 3 of this Act shall become effective on July 1, 2011. If

- 1 vetoed by the governor and subsequently approved by the legislature, this Act shall become
2 effective on the day following such approval.

The original instrument was prepared by Martha Hess. The following digest, which does not constitute a part of the legislative instrument, was prepared by Michelle Broussard-Johnson.

DIGEST

Crowe (SB 114)

Present law defines "proposed deficit" to mean the excess of appropriations and non-appropriated requirements over the official forecast for any fund during the fiscal year.

Proposed law retains present law but provides that for purposes of determining if adjustments are authorized by the constitution or statute, "projected deficit" shall include a reduction in federal funds when such reduction requires an increase in state funding needed to maintain the current level of those state assistance expenditures for nondiscretionary state general fund expenditures.

Present law provides that the division of administration shall submit a budget status report monthly to the Joint Legislative Committee on the Budget which shall indicate the balance of the budget for the state general fund and dedicated funds by comparing the official forecast for these funds to the total authorized appropriations from each fund.

Present law provides that if the budget status report indicates that the total appropriation from any fund will exceed the official forecast for that fund, the Joint Legislative Committee on the Budget shall immediately notify the governor that a projected deficit exists for that fund.

Proposed law retains present law and provides that if the governor receives notification that a projected deficit exists for that fund or if there is a decrease in the recurring federal financial participation in state assistance expenditures for nondiscretionary state general fund expenditures in the next fiscal year causing an increase in state funding needed to maintain the current level of expenditures for those state assistance expenditures for nondiscretionary state general fund expenditures, the governor shall have interim budget balancing powers to adjust the budget.

Present law authorizes the legislature to reduce the monies appropriated or allocated for mandatory expenditures or allocations by up to 5%, making those funds available for other, nonmandatory expenditures if the official revenue forecast for the next year is at least 1% less than for the current year.

Proposed law retains present law and provides that if the official revenue forecast for the next fiscal year is at least 1% less than for the current year or if there is a decrease in the recurring federal financial participation in state assistance expenditures for nondiscretionary state general fund expenditures in the next fiscal year causing an increase in state funding needed to maintain the current level of expenditures for those state assistance expenditures for nondiscretionary state general fund expenditures, the governor and legislature may follow certain procedures to avoid a budget deficit.

Section 1 of the Act which authorizes the reduction of appropriations or allocations from the state general fund and dedicated funds if there is a decrease in the recurring federal financial participation in state assistance expenditures for nondiscretionary state general fund expenditures a reduction in federal funds, becomes effective and operative if the amendment of Article VII, Section 10 of the constitution of Louisiana contained in the Act which originated as SB 113 of the 2011 RS is adopted at the congressional election to be held on

October 22, 2011, and at the same time as such proposed amendment becomes effective. Sections 2 and 3 of the Act, which are the effective date provisions, become effective on July 1, 2011.

(Amends R.S. 39:2(11.1), 75(C)(intro para), 75(E)(intro para), and adds R.S. 39:2(40.1) and 75(F))

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Finance to the original bill.

1. Revises definition of projected deficit.
2. Removes provisions regarding the budget status report and the official forecast containing information on the balance of budgeted federal funds.
3. Authorizes adjustments in current year when there is a decrease in federal financial participation in state assistance expenditures for nondiscretionary state general fund expenditures rather than when a deficit is caused by a reduction in federal funds.
4. Authorizes procedure to avoid budget deficit in next fiscal year when there is a decrease in federal financial participation in state assistance expenditures for nondiscretionary state general fund expenditures rather than when a deficit is caused by a reduction in federal funds.
5. Provides that a decrease in the federal financial participation in state assistance expenditures for nondiscretionary state general fund expenditures shall be incorporated into the continuation and five-year base line budget projection for the next fiscal year.
6. Technical amendments.

Senate Floor Amendments to engrossed bill.

1. Technical corrections made.
2. Defines recurring federal financial participation.