



STATE OF LOUISIANA  
LEGISLATIVE FISCAL OFFICE  
BATON ROUGE

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TO: The Honorable Charles E. Kleckley, Speaker of the House of Representatives  
Honorable Members of the House of Representatives

FROM: H. Gordon Monk, Legislative Fiscal Officer *AGM*  
Evan J. Brasseaux, LFO Staff Director *EB*

DATE: May 9, 2012

SUBJECT: House Rule 7.19, HB 1 Engrossed (General Appropriations Bill) and  
HB 1059 Engrossed (Supplemental Appropriations Bill)

Per House Rule 7.19, the Legislative Fiscal Office is required to submit a report to the House of Representatives, which indicates whether the appropriation bills appropriate one-time money. The LFO has determined one-time money to be approximately \$267.7 million in HB 1 Engrossed for FY 13. The LFO calculated this amount as follows:

- \$17,857,205 – Various fund “sweeps,” as contained within HB 822 Engrossed, that transfer balances into the SGF.
- \$27,250,000 – HB 822 Engrossed provides for the transfer of legal settlement proceeds from the Average Wholesale Price lawsuit in the amount of \$27.25 million. HB 822 Engrossed provides for \$27,250,000 in legal settlement proceeds (6 different cases settled) to be transferred into the SGF. The specific settlements are from the following companies: Dey Pharma - \$3.0 million, Boehringer - \$3.25 million, Actavis, Inc. - \$4.0 million, Schering Plough - \$5.0 million, GlaxoSmithKline - \$10.0 million, and Purdue - \$2.0 million. The lawsuits accused these pharmaceutical firms of defrauding the Louisiana Medicaid program with dishonest pricing schemes.
- \$3,831,168 – HB 822 Engrossed transfers approximately \$3.8 million of excess Fees and Self-generated Revenue collections from the Department of Revenue into the SGF.
- \$20,000,000 – HB 822 Engrossed transfers \$20.0 million from the Ernest Morial New Orleans Exhibition Hall Authority into the LA Medical Assistance Trust Fund (MATF). This authority is a political subdivision of the state created in 1978 by Act 305. According to the latest audit available (5/23/2011), as of December 2010, the authority had approximately \$106.2 million in cash assets and \$43.8 million in investments. However, according to the Ernest Morial New Orleans Exhibition Hall Authority, this fund balance is based on an accounting mechanism that does not reflect an unobligated amount. According to the authority, the current financial obligations in 2012 include: 1.) \$20 million property insurance deductible, 2.) \$18.6 million debt service payments in 2012, 3.) Portion of “The Great Hall Project,” which is \$54 million and financed internally, 4.) Annual capital improvement program of \$10 million. Included within the current version of HB 2 (Capital Outlay Bill) is a capital outlay appropriation in the amount of \$20 million. In FY 13, the state will essentially be utilizing the cash of the political subdivision in exchange for general obligation bond debt issuance in the capital outlay bill.

- \$79,686,242 – HB 822 Engrossed provides for the transfer of \$84.4 million in Go Zone bond repayments to be transferred into the SGF and approximately \$25.9 million into the MATF. Act 41 of the 2006 First Extraordinary Legislative Session authorized the state to issue state general obligation bonds pursuant to the Gulf Opportunity Zone Act of 2005 (Go Zone), which provided debt relief to various political subdivisions. The provision of the congressional act provided for \$200 million in gulf tax credit bonds with a state match of \$200 million (General Obligation Bonds). There are 13 political subdivisions that owe the

Division of Administration (DOA) a total of approximately \$408.0 million in principal and \$157.9 million in interest (\$575.4 million). Each of the 13 political subdivisions signed cooperative endeavor agreements (CEA) with the DOA, with the first interest payment due January 2012 and the last payment in 2027. To date, the DOA has collected approximately \$82.1 million in payments, which includes \$79.7 million from the Orleans Parish School Board (paid entire debt in full) and the remaining in interest payments. Because the DOA received the entire debt payoff amount from the Orleans School Board in one year (as opposed to over a 15-year period), the LFO only included the amount paid to the DOA from the Orleans Parish School Board.

- \$11,608,118 – Various fund “sweeps,” as contained within HB 822 Engrossed, that transfer balances into the MATF.
- \$35,000,000 – HB 822 Engrossed provides for the proceeds from the sale of New Orleans Adolescent Hospital (NOAH) be transferred into the Overcollections Fund. These proceeds are being utilized in the FY 13 budget of LSU HCSB by increasing the agency’s statutory dedications and decreasing SGF by a like amount.
- \$13,100,000 – HB 822 Engrossed provides for program income of the Community Development Block Grant (CDBG) Program in the amount of \$13.1 million to be transferred to the SGF. According to the Division of Administration (DOA), these funds were generated from Louisiana Land Trust property sales. The Louisiana Land Trust is a nonprofit organization formed to manage the properties that have been purchased by the state under the Road Home Program as part of the recovery effort from hurricanes Katrina and Rita in 2005.
- \$20,000,000 – HB 822 Engrossed provides for the transfer of \$20.0 million from the Office of Risk Management’s Self Insurance Fund into the SGF. According to the Office of Risk Management (ORM), the \$20.0 million is excess insurance proceeds anticipated to be received in FY 13 from Katrina/Rita insurance claims. ORM has been in negotiations with these insurance carriers for the past 6 years for claims payments not yet received. ORM anticipates these carriers making a “good faith effort” to pay some of the proceeds in FY 13. Thus, the \$20.0 million has yet to be received.
- \$11,000,000 – HB 822 Engrossed provides for the Louisiana Housing Finance Agency (LHFA) (or the newly created LA Housing Corporation) to transfer \$11.0 million to the MATF, effective July 1, 2012.
- \$12,637,698 – HB 822 Engrossed provides for the transfer of \$12,637,698 of non-recurring SGF from previous capital outlay projects originally appropriated in various Acts from 1999 to 2010 Regular Legislative Sessions into the Coastal Protection & Restoration Fund. HB 822 Engrossed then provides for the transfer of \$12,637,698 from the Coastal Protection & Restoration Fund into the SGF. There are approximately 30 capital outlay projects with unexpended resources ranging from \$2,361 to \$5.42 million. These funds originated as one-time non-recurring SGF officially designated by the Revenue Estimating Conference (REC).
- \$15,200,000 – The TOPS Constitutional amendment (Act 423 of 11RS) increases funds available for appropriation in FY 12 from the TOPS Fund by \$81.6 million. An OPB BA-7 dated 1/12/12 allocated \$66.4 million of monies from the TOPS Constitutional amendment to offset a SGF reduction to TOPS due to mid-year cuts (Executive Order BJ 2011-25), leaving \$15.2 million from the Constitutional amendment available for appropriation from the TOPS Fund in FY 12. HB 1 Engrossed uses the \$15.2 million in one-time funds from FY 12 from the TOPS Fund for payment of TOPS awards in FY13.
- \$500,000 – House Appropriation Committee amendments provide \$500,000 of funding from the Louisiana Mega-Project Fund to the Office of Historic Preservation for urban redevelopment and restoration activities. Specifically, funding will be utilized for the Main Street Program, which attempts to rejuvenate downtown commercial districts.

Attached is a detailed listing of the various sources of revenue associated with the LFO’s one-time money calculation.

FY 13 HB 1 - LFO One-Time Money List

ENGROSSED

Various Funds Sweeps (transferred into SGF)

Algiers Economic Development Foundation Fund	\$240
Artificial Reef Development Fund	\$5,000,000
Automobile Theft & Insurance Prevention Authority Fund	\$41,366
Beautification Project for New Orleans Neighborhoods Fund	\$1,198
Bossier Parish Truancy Program Fund	\$7,689
Casino Gaming Proceeds Fund	\$1,760
Concealed Handgun Permit Fund	\$243,326
DOJ Debt Collection Fund	\$202,373
DOJ Legal Support Fund	\$436,812
Entertainment Promotion & Marketing Fund	\$58,240
Environmental Trust Fund	\$1,914,131
FEMA Reimbursement Fund	\$95,326
Friends of NORF Fund	\$1,240
Greater New Orleans Sports Foundation Fund	\$330
Higher Education Initiatives Funds	\$312
Litter Abatement & Education Fund	\$1,415
LAPA Fund	\$3,752
LA Filmmakers Grant Fund	\$183,949
LA Highway Safety Fund	\$4,132
Mega Project Development Fund	\$3,400,000
Mineral & Energy Operation Fund	\$17,634
New Orleans Urban Tourism & Hospitality Training In Economic Development Foundation Fund	\$1,295
Oil & Gas Regulatory Fund	\$563,330
Overcollections Fund	\$2,799,856
Penalty & Interest Account	\$1,000,000
Petroleum Products Fund	\$122,714
Right to Know Fund	\$4,025
Small Business Surety Bonding Fund	\$145,660
Teacher Educational Aid for Children Fund	\$13
Tobacco Control Special Fund	\$3,604
2% Fire Insurance Fund	\$690,000
Underground Damages Prevention Fund	\$22,920
UNO Slidell Technology Park Fund	\$1,245
Variable Earnings Transaction Fund	\$23,142
Academic Improvement Fund	\$864,176
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	<b>\$17,857,205</b>

Legal Settlements (transferred into SGF)

Dey Pharma	\$3,000,000
Boehringer	\$3,250,000
Actavis, Inc.	\$4,000,000
Schering Plough	\$5,000,000
GlaxoSmithKline (Abbott Labs)	\$10,000,000
Purdue	\$2,000,000
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	<b>\$27,250,000</b>

SGR from the Department of Revenue (transferred into SGF)

\$3,831,168

Ernest Morial New Orleans Exhibition Hall Authority (transferred into the LA Medical Assistance Trust Fund)

\$20,000,000

Go Zone Bond Repayments

Go Zone Bond Repayments (transferred into the SGF)

\$79,686,242

*Represents the entire debt payoff by the Orleans Parish School Board (paid in full FY 12)*

Various Funds Sweeps (transferred into the LA Medical Assistance Trust Fund)

DOI Administrative Fund	\$96,743
LA Fire Marshal Fund	\$1,009,226
LA Help Our Wildlife Fund	\$21,485
Motor Carrier Regulation Fund	\$34,288
OMV Customer Service & Technology Fund	\$2,953,953
Riverboat Gaming Enforcement Fund	\$4,247,788
Telephonic Solicitation Relief Fund	\$119,900
Traumatic Head & Spinal Cord Injury Trust Fund	\$1,724,285
Utility & Carrier Inspection & Supervision Fund	\$1,400,450
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	<b>\$11,608,118</b>

Property Sale (transferred into the Overcollections Fund)

New Orleans Adolescent Hospital (NOAH) (transferred into the Overcollections Fund)

\$35,000,000

FY 13 HB 1 - LFO One-Time Money List

ENGROSSED

<u>Community Development Block Grant Funds (transferred into the SGF)</u>	\$13,100,000
<u>Self Insurance Fund (transferred into the SGF)</u>	\$20,000,000
<u>Louisiana Housing Finance Agency (transferred into the LA Medical Assistance Trust Fund)</u>	\$11,000,000
<u>Coastal Protection &amp; Restoration Fund (transferred into the SGF)</u>	\$12,637,698
<u>TOPS Constitutional Amendment (TOPS Program Funding)</u>	\$15,200,000
<u>Office of Historic Preservation</u>	
Mega-Project Development Fund	\$500,000
<u>LFO Total One-Time Money</u>	\$267,670,431
House Rule 7.19 Threshold (per latest adopted revenue forecast - 4/24/2012)	\$299,600,000
Over/Under	(\$31,929,569)

NOTE: \$154,775,489 of resources transferred into the SGF in the Engrossed HB 822 are being utilized in HB 1059 (FY 12 Supplemental Appropriations Bill). These SGF resources are being budgeted in FY 12 to "free-up" a like amount of LA Medical Assistance Trust Fund resources, which are being appropriated in FY 13. The original source of the \$154.8 million is listed above.