

SENATE CONCURRENT RESOLUTION NO. 128

BY SENATORS DONAHUE AND ALARIO

A CONCURRENT RESOLUTION

To make available for appropriation from the Budget Stabilization Fund the sum of \$204,700,000 not to exceed one-third of the balance of the Budget Stabilization Fund, due to the reduction of the revenue forecast for the current fiscal year in the amount of \$204,700,000 as adopted by the Revenue Estimating Conference at its meeting of April 24, 2012, and as recognized by the Joint Legislative Committee on the Budget at its meeting of May 10, 2012.

WHEREAS, the state of Louisiana has been and continues to experience a severe financial crisis due to the national economic downturn and the recession occurring within the United States; and

WHEREAS, the state has made extensive budgetary reductions in response to the national economic downturn and recession; and

WHEREAS, economic conditions have resulted in the state receiving significantly lower revenues causing corresponding decreases in the official forecasts of the Revenue Estimating Conference; and

WHEREAS, the state has experienced multiple years of mid-year budget reductions; and

WHEREAS, the original budget for Fiscal Year 2011-2012 was enacted based upon the May 18, 2011, Revenue Estimating Conference general fund revenue official forecast of \$8,253,400,000, which forecast was subsequently decreased by \$197,800,000 at the December 14, 2011, meeting of the Revenue Estimating Conference; and

WHEREAS, the mid-year deficit in Fiscal Year 2011-2012 was found to be \$251,279,477 due to the reduction in the official forecast and an increase in mandated costs, and the mid-year deficit was eliminated through a Deficit Reduction Plan proposed by the governor which unilaterally cut expenditures by \$140,870,649, and which eliminated the

remaining projected deficit of \$110,408,828 through additional reductions presented by the governor to the Joint Legislative Committee on the Budget on December 16, 2011; and

WHEREAS, in the Spring of Fiscal Year 2011-2012, the state's fiscal problems persisted, and on April 24, 2012, the Revenue Estimating Conference met and reduced the official forecast for Fiscal Year 2011-2012 yet again by the amount of \$204,700,000; and

WHEREAS, the official forecast for Fiscal Year 2011-2012 has been reduced during the fiscal year in the total amount of \$402,500,000; and

WHEREAS, on May 10, 2012, the Joint Legislative Committee on the Budget received a budget status report and a Monthly Mid-Year Adjustment Report as of April 30, 2012, indicating that the projected deficit increased from \$204,700,000 to \$219,791,000 in the State General Fund for Fiscal Year 2011-2012 due to additional unexpected election costs in the secretary of state's office and additional TOPS scholarship costs; and

WHEREAS, as a result of the actions of the Revenue Estimating Conference and the notification by the Joint Legislative Committee on the Budget, the Fiscal Year 2011-2012 budget will ultimately have to be reduced by the \$219,791,000 and there are only one and one-half months remaining in the fiscal year to eliminate the deficit which through normal budget reductions could cause the closure of certain programs and multiple layoffs and furloughs of state employees; and

WHEREAS, Article VII, Section 10.3 of the Constitution of Louisiana establishes the Budget Stabilization Fund in the state treasury and in Subparagraph (C)(2) thereof provides that if a deficit for the current fiscal year is projected due to a decrease in the official forecast, an amount equal to one-third of the fund not to exceed the projected deficit may be appropriated after the consent of two-thirds of the elected members of each house of the legislature; and

WHEREAS, Article VII, Section 10.3(C)(3) of the Constitution of Louisiana provides that in no event shall the amount included in the official forecast for the next fiscal year plus the amount appropriated in the current fiscal year exceed one-third of the fund balance at the beginning of the current fiscal year; and

WHEREAS, as reported by the state treasurer, the balance in the Budget Stabilization Fund as of July 1, 2011, was \$646,129,953.56 and one-third of the balance in the Budget

Stabilization Fund of \$215,376,651.19 is the maximum amount of the Budget Stabilization Fund available for appropriation for the Fiscal Year 2011-2012 to address a projected deficit; and

WHEREAS, while the total deficit is \$219,791,000, the legislature desires to only use \$204,700,000 from the fund which is the amount of the deficit as recognized by the Revenue Estimating Conference in the official forecast of its meeting on April 24, 2012; and

WHEREAS, subsequent to obtaining the consent of two-thirds of the elected members of each house of the legislature for the use of \$204,700,000 from the Budget Stabilization Fund, the legislature shall appropriate such amount for use in Fiscal Year 2011-2012; and

WHEREAS, in the event that actual collections of revenue become available in Fiscal Year 2011-2012 which exceed the official forecast of revenue available for expenditures in Fiscal Year 2011-2012 as promulgated by the Revenue Estimating Conference on April 24, 2012, the legislature desires that the difference, not to exceed the amount of \$204,700,000, should be deposited into the Budget Stabilization Fund.

THEREFORE, BE IT RESOLVED that pursuant to Article VII, Section 10.3 of the Constitution of Louisiana and R.S. 39:94, the Legislature of Louisiana does hereby consent to make available for appropriation from the Budget Stabilization Fund the sum of \$204,700,000, not to exceed one-third of the balance of the Budget Stabilization Fund, due to the reduction of the revenue forecast for the current fiscal year in the amount of \$204,700,000 as adopted by the Revenue Estimating Conference at its meeting on April 24, 2012, and recognized by the Joint Legislative Committee on the Budget at its meeting of May 10, 2012.

BE IT FURTHER RESOLVED that the treasurer is directed after complying with the provisions of Article VII, Section 9(B) of the Constitution of Louisiana relative to the allocation of monies to the Bond Security and Redemption Fund, to deposit into the Budget Stabilization Replenishment Fund as created in the Act which originated as House Bill No. 822 of the 2012 Regular Session of the Legislature, the difference between the official forecast of revenue available for expenditures for Fiscal Year 2011-2012 adopted by the Revenue Estimating Conference on April 24, 2012, and the actual collections of revenue

available for expenditures in Fiscal Year 2011-2012 as promulgated by the Revenue Estimating Conference, not to exceed the amount of \$204,700,000. Thereafter, the treasurer is directed to transfer the monies in the Budget Stabilization Replenishment Fund to the Budget Stabilization Fund in the state treasury.

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PRESIDENT OF THE SENATE

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SPEAKER OF THE HOUSE OF REPRESENTATIVES