



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 146** SLS 15RS 459
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 5, 2015	6:31 PM	Author: CLAITOR
Dept./Agy.:		Analyst: Travis McIlwain
Subject: Budget Stabilization Fund		

FUNDS/FUNDING EG +\$25,000,000 GF RV See Note Page 1 of 1
 Provides relative to the Budget Stabilization Fund. (See Act)

Proposed bill eliminates the annual deposit of \$25 million of designated nonrecurring monies from any source. Proposed bill puts a cap on the fund balance capacity of the Budget Stabilization Fund at \$1 billion. Proposed bill suspends deposits into the fund in the same year in which money was taken out of the fund and in the following fiscal year, with deposits resuming in subsequent years on an incremental basis not to exceed \$50 million per fiscal year except by specific appropriation by the legislature.

Proposed bill provides that it is only effective if SB 147 of 2015 is adopted at the statewide election to be held on October 24, 2015.

EXPENDITURES	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>5 -YEAR TOTAL</u>
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$25,000,000	\$25,000,000	\$0	\$0	\$0	\$50,000,000
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	(\$25,000,000)	(\$25,000,000)	SEE BELOW	SEE BELOW	SEE BELOW	(\$50,000,000)
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0				\$0

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION

In a fiscal year in which the Budget Stabilization Fund is actually utilized to offset a projected midyear budget deficit or the fund is utilized in an ensuing budget year, the proposed bill provides that excess mineral revenues not flow back into the fund in the fiscal year for which the fund is utilized, and further provides that deposits to the fund resume on an incremental basis not to exceed \$50 million per year up to the proposed fund capacity of \$1 billion.

For **illustrative purposes**, based upon the Budget Stabilization Fund balance at the beginning of the fiscal year (\$444.5 million), there is approximately \$148.2 million (1/3 of that balance) that could have been accessed to resolve the FY 15 mid-year deficit. To the extent the legislature and the administration had utilized these resources in FY 15, the flow into the fund of excess mineral revenues would not take place until the fiscal year following the ensuing fiscal year (FY 17), not to exceed \$50 million per year, except by specific appropriation, as opposed to having the entire \$148.2 million immediately flow back into the fund in the same year it was utilized (FY 15 in this illustration) or the immediate subsequent fiscal year (FY 16 in this illustration).

In addition, the bill eliminates the annual deposit of at least \$25 million into the fund. The bill retains deposits of 25% of designated nonrecurring revenues when they occur. The official forecast already anticipates \$25 million deposits from the general fund into the Budget Stabilization Fund in FY16 and FY17 on the basis of current law. This bill removes that portion of current law, resulting in the retention of those amounts in the general fund and the loss of those amounts to the Budget Stabilization Fund.

Note: The Budget Stabilization Fund's statutory provisions are currently subject to litigation regarding the constitutionality of R.S. 39:94(C)(b). This provision effectively provides that no deposits of mineral revenue shall be made into the Budget Stabilization Fund until the official forecast exceeds the state general fund revenue collections for FY 08 (\$10.1 billion). This language has allowed mineral revenue to flow into the state general fund to finance the state operating budget rather than flow into the Budget Stabilization Fund. The current calculated maximum fund capacity is \$811.4 million while its current balance is \$444.7 million.

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| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 Rev. Red. to State {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} | |

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