

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 4** SLS 161ES 28

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: February 16, 2016 12:26 PM	Author: LAFLEUR
Dept./Agy.: Treasury	Analyst: Matthew LaBruyere
Subject: Deepwater Horizon Economic Damages Collection Fund	

FUNDS/FUNDING OR SEE FISC NOTE GF RV Page 1 of 1
Provides for the deposit and use of certain receipts of the Deepwater Horizon Economic Damages Settlement. (gov sig)

Present law established the Deepwater Horizon Economic Damages Collection Fund as a fund in the state treasury for deposits of the proceeds of the settlement of the state's economic damages lawsuit to recover economic damages sustained from the Deepwater Horizon explosion and oil spill (DWH litigation) into the fund. Present law provides that within 30 days of the receipt of economic damages proceeds from the DWH litigation, the treasurer is to make the following deposits: 1) 45% of each such receipt to the Budget Stabilization Fund until that fund reaches the amount statutorily mandated by existing law; 2) 45% of each such receipt to the Medicaid Trust Fund for the Elderly until \$700,000,000 has been deposited into the fund; 3) 10% of each such receipt to the Health Trust Fund until \$30,000,000 has been deposited into the fund. Proposed law provides that receipts from the DWH litigation received on or before June 30, 2017 are to be deposited into the state general fund. Proposed law retains present law for receipts from the DWH litigation received on or after July 1, 2017. Effective upon signature of the governor or lapse of time for gubernatorial action.

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

FY 16 EXPENDITURE IMPACT

There is no anticipated direct material effect on governmental expenditures as a result of this measure. The funds were to be deposited into the statutorily dedicated Deepwater Horizon Economic Damages Collection Fund. Since the funds will be redirected, the proposed legislation will not represent an impact on state expenditures.

NOTE: The \$200 M from the Deepwater Horizon Oil Spill settlement has been proposed as part of the solution to solving the FY 16 mid-year deficit.

REVENUE EXPLANATION

FY 16 REVENUE IMPACT

The proposed legislation will result in an increase in state general fund revenue and a decrease in statutorily dedicated revenue in FY 16 as a result of redirecting a deposit of \$200 M from the Deepwater Horizon Economic Damages Collection Fund. The economic damages portion of the Deepwater Horizon Litigation for Louisiana is \$1 B that is expected to be paid over 18 years. The state is expected to receive one payment in FY 16, receive no payments for 2 subsequent years, and then the payments will resume in FY 19 and continue through FY 33. The first payment is expected to be approximately \$200 M and the additional yearly payments are expected to be approximately \$53 M.

The consent decree is expected to be signed in mid-April 2016, however a court date has not been set. Upon approval of the consent decree, the funds will be received within 90 days. During testimony at the Joint Legislative Committee on the Budget meeting on 2/13/16, the Division of Administration stated that British Petroleum (BP) would immediately deposit the payment into the state treasury once the decree is signed.

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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"/> 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} | |

John D. Carpenter
Legislative Fiscal Officer