

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 196** SLS 15RS 510

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

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Dept./Agy.: Treasury		Analyst: Travis McIlwain
Subject: Funds		

FUNDS/FUNDING OR INCREASE GF RV See Note Page 1 of 1
Constitutional amendment to repeal certain constitutionally dedicated and protected allocations and funds. (2/3-CA13s1(A))

Proposed constitutional amendment repeals constitutionally protected funds as follows: Atchafalaya Basin Conservation Fund, LA Wildlife & Fisheries Conservation Fund, LA Education Quality Trust Fund, Budget Stabilization Fund, Higher Education LA Partnership Fund, Mineral Revenue Audit & Settlement Fund, Oilfield Site Restoration Fund, Oil Spill Contingency Fund, Millennium Trust Fund, LA Fund, Millennium Leverage Fund, Artificial Reef Development Fund, Agricultural & Seafood Products Support Fund, Hospital Stabilization Fund, LA Medical Assistance Trust Fund, Revenue Sharing Fund, First Use Tax Trust Fund, LA Investment Fund for Enhancement and Lottery Proceeds Fund. Proposed constitutional amendment removes the mid-year deficit reduction protection for the Minimum Foundation Program (MFP). Proposed constitutional amendment removes the mid-year deficit reduction protection for the LA Education Quality Trust Fund, Millennium Trust, and the Medicaid Trust Fund for the Elderly.

EXPENDITURES	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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>	<u>\$0</u>
Annual Total						
REVENUES	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
State Gen. Fd.	\$3,900,000,000	\$730,000,000	\$730,000,000	\$730,000,000	\$730,000,000	\$6,820,000,000
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	(\$3,900,000,000)	(\$730,000,000)	(\$730,000,000)	(\$730,000,000)	(\$730,000,000)	(\$6,820,000,000)
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>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. Although this bill eliminates the the dedication, it does not eliminate the expenditures these dedications currently support. Thus, to the extent the legislature continues to fund these expenditures in subsequent fiscal years, the funding source will be the SGF and not the dedicated funds. Thus, these services would be competing for annual SGF resources along with the other significant SGF supported items such as Higher Education and Healthcare.

In addition, by eliminating these various statutorily dedicated funds, during a mid-year SGF deficit situation the expenditures and state services currently being supported by these dedications would lose the 5% cut limitation of dedications currently provided for within the constitution and Title 39.

This proposed constitutional amendment does remove the midyear protection currently granted to the Minimum Foundation Program (MFP) and allows the governor and legislature to reduce MFP without 2/3 vote requirement.

The current constitution provides for \$90 M to be allocated annually from the SGF to each parish in proportion to population and number of homesteads. The current constitution allows a political subdivision to incur debt with revenue sharing proceeds being the pledge. This proposed constitutional amendment eliminates this mandated SGF allocation.

REVENUE EXPLANATION

Due to the elimination of approximately 20 constitutional funds and the requirement that the revenue source of such funds now flow into the SGF, the SGF will have approximately a statutorily dedicated fund balance transfer of approximately \$3.9 billion in FY 16 and annual SGF revenue flow of approximately \$730 million per year. The fund balance calculation is based upon information provided to the Legislative Fiscal Office by the State Treasury, which consisted of the estimated FY 15 ending year fund balance and the FY 16 adopted revenue forecast (5/14/2015). The revenue impact listed in the revenue table above will likely change. This estimate is based upon the current fund balance projection, which includes current revenue and expenditure projections, which will likely change.

NOTE: According to State Treasury, one of these dedications have outstanding State Treasury Seeds that must be satisfied before elimination. Those outstanding seeds are: \$13.5 million - Oil Spill Contingency Fund.

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