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## **Bi-Partisan Rejection of Governor Blanco's Expenditure Increases**

**BATON ROUGE, LOUISIANA** --With bi-partisan support, the Republican Delegation announces its opposition to raising the expenditure cap proposed by Governor Blanco.

Over the years, the people of Louisiana have created a plan on how to deal with the current budget/fiscal situation. In 1992, the people voted to put in place an expenditure cap. The intention was to limit the rate of growth of government and prohibit spikes in revenue from being allocated to recurring expenditures. Any funds greater than the expenditure limit is to be deemed surplus.

Since then, the people have voted on several occasions to constitutionally direct how that surplus should be spent -- maintenance of the Rainy Day Fund, reduction of debt service, funding of the unfunded accrued liabilities in the retirement systems, priority transportation projects and recently, coastal erosion projects. The goal was to assure stable state finances over the long term, and to date, it has worked.

Given this is the Christmas season we will be charitable and only say that to pursue the Blanco spending plan with one time, hurricane created money is fiscally irresponsible.

Now is not the time to be challenging the wisdom of the people of this state. Republicans *en mass* will not vote to breach the expenditure cap until it is deemed surplus by the Revenue Estimating Conference.

## AN ALTERNATIVE

We agree that many of the items suggested by Governor Blanco in the call have merit. To fund them we suggest we return to October of last year when the Legislature voted nearly unanimously on Act 67 of the First Extraordinary Session of 2005 and Governor Blanco issued Executive Order KBB 2005-82. Without any contention, the Legislature and the Governor cut \$575 million in recurring, non-essential expenditures. In May of 2006 when the first wave of hurricane money was recognized, these cuts were restored. We urge the Governor and her leadership to make these or similar cuts again and use these funds, along with the \$194 million available under the cap and the \$125 million left in the Governor's hurricane fund (a potential total of \$894 million) to accomplish the proposed tax cuts, employee raises and economic development programs suggested.

### **WE NEED TO SCRUB THE BUDGET!**

This will leave the \$827 million surplus from last year to be used as the Governor has recommended: \$400 million toward roads, \$200 million for unfunded accrued liability (UAL), \$100 million for local government debris removal, and the balance on other restricted expenditures.

It will also leave nearly \$1.3 billion to be used for insurance issues in the spring or become surplus and allocated according to the peoples' wishes next fiscal year.

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