Legislature must pay piper on World’s Fair loan

BATON ROUGE, La. (AP) — In case lawmakers have forgotten, a bill has been filed to jog their memories of the world’s fair. The state has to make good on its loan guarantee.

The legislators are being faced with the prospect at the same time they are being asked to grant financial concessions to the New Orleans Saints.

Rep. Kevin Reilly of Baton Rouge said Wednesday that he had just filed the so-called supplemental appropriations bill which details money that the Legislature must come up with to ward off a deficit at the end of the fiscal year on June 30.

The lawmakers have to rob the future to fund the measure. They use money that doesn’t start coming in until the new fiscal year begins on July 1. They rob from Peter to pay Paul each year.

The bill includes $13.4 million “plus interest” of about $1 million that must be paid to various New Orleans banks because the Legislature last year guaranteed loans to the fair, which went bankrupt.

The Legislature guaranteed loans up to $17 million but only $16 million was borrowed and the world’s fair paid back $1.2 million of it.

The supplemental appropriations bill probably isn’t going to do much to avoid a deficit this fiscal year, according to Mark Drennen, the Legislature’s chief fiscal officer.

Gov. Edwin Edwards was told in January by his fiscal officers that the state was short $50 million of ending the fiscal year in the black.

He ordered state agencies to begin cutting services so that the $50 million would be made up by June 30.

Drennen is preparing a report for the House Appropriations Committee now updating the fiscal situation.

Preliminary findings are that even with the $50 million in cuts, the state will wind up $30 million in the red, he said.

Generally, some agencies have money left over and send it back to the treasury. The total could well take care of the $30 million deficit.

The problem is that because of bookkeeping problems, the state never knows the total of what the agencies send back until October.

An additional problem is that whatever the agencies send back is always used to balance the following year’s budget or pay for construction projects, said Drennen.

Edwards has already said that the revenue take for the new fiscal year is expected to be $2 billion short of what is needed to fund services at current levels.

This is a no win session for legislators and they are all complaining because they’ve got to throw the dice and, one veteran lobbyist said, “They have the tax package from last year hanging around their necks and they don’t have any money to use for goodies to take home to the voters.”