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Blanco to call holiday session

Citizens insurance crisis tops agenda

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By Ed Anderson

BATON ROUGE -- Gov. Kathleen Blanco said Friday that she will call lawmakers into a special 10-day session starting Dec. 8 to tap a surplus of at least \$827 million to help deal with the state's insurance problems, grant tax cuts to families and businesses, finance large economic development projects and give pay raises to teachers, state employees, police officers and firefighters.

Although short on details, Blanco said in a statement that the session will focus on "immediate insurance rate relief caused by the Citizens insurance crisis."

Before leaving on a two-week industry-hunting trip to Kuwait and the Far East, the governor said she wanted the December session to set aside some of the surplus for rebate checks to homeowners who have policies with the state-run insurance company, Louisiana Citizens Property Insurance Co. The state entity levied assessments on all homeowners' policies to pay off claims from Hurricane Katrina and a \$1 billion bond issue to keep it solvent.

The statement released by Blanco is not the official agenda for the session, but rather a general outline of what topics will be covered. Blanco's press secretary, Marie Centanni, did not rule out another special session in January, which is the month lawmakers would prefer.

"This is the only one planned right now," she said.

Lawmakers meet in a mini-general session with an emphasis on fiscal matters starting April 30 and running through June 28. The December session marks the fourth special session Blanco has called since she became governor in 2004, and the second one this year.

The spending topics for the December session -- such as tax cuts and pay raises -- are items that are frequently debated in a session leading up to statewide and legislative elections.

More details on the session's agenda will be released when Blanco addresses the Louisiana Association of Educators annual convention in Baton Rouge on Monday at 10 a.m., Centanni said.

Before she went on the recent overseas trip, Blanco said she was leaning toward calling lawmakers into a special session in December to deal with tapping an estimated \$827.3 million surplus from the fiscal year that ended last June, as well as a proposed minimum surplus of \$250 million for the budget year ending next June.

That surplus cannot be touched until a panel of revenue estimators approves the numbers for budgeting. Blanco said in the statement that, because "our economy is coming back strong and we continue to be fiscally responsible and accountable to taxpayers, Louisiana will have an \$827 million budget surplus from last fiscal year. Additionally, I believe we can anticipate significant new revenue for the current fiscal year," which ends June 30.

She said the surplus "will aid our recovery and allow us to address ongoing challenges facing Louisiana. . . . I insist on tax cuts for families and businesses. This is a must." The governor gave no details on which taxes may be cut or by how much.

Blanco said she wants to take the surplus cash to deal with the state's "crumbling roads. I want a significant investment in statewide road improvements."

As additional revenue is recognized by the panel in early December, Blanco said, "I will continue my investment in education by raising the pay for our teachers, faculty and support workers.

"Pay raises are overdue to hardworking state employees, corrections officers, probation and parole officers, police and firefighters. I recommend consideration be given to this public service work force."

Blanco also aims to use some of the surplus for infrastructure improvements for an economic development mega-site project. Though she did not identify the project, it is widely thought to be a German steel mill for St. James Parish.

Blanco also said she wants to use some of the surplus to pay down the state's retirement systems' shortfalls and "address the problem of deferred maintenance on state buildings, especially on our higher education campuses."

"It sounds as though she is promising everything to everybody," said Jim Brandt, president of the Public Affairs Research Council, a nonpartisan governmental watchdog agency. "It is not what the Constitution allows."

Brandt pointed out that the surplus, which is regarded as one-time money and not recurring revenue, can be spent only to pay off debt, finance highway projects with a federal matching dollar amount, pay off the state's retirement system debt, and for capital construction projects that do not need recurring dollars.

"I am surprised at how vague this is," said Rep. Jim Tucker, R-Algiers, co-chairman of the Legislative Republican Caucus and a prime mover in a failed attempt to get legislators to call themselves into a special session this month.

"What exactly are they proposing?," Tucker asked. "The devil is in the details, but if on-going expenditures are covered with one-time money, we will be seeing one of the worst fiscal disasters in the works since Edwin Edwards borrowed \$900 million in 1986" to operate state government.

Tucker said that the scope of the items mentioned for debate in the session "cover the waterfront and . . . has an entire session's work in it."

As late as Thursday, Blanco Chief of Staff Jimmy Clarke and House Speaker Joe Salter, D-Florien, said two special sessions were under consideration: a short one in December and a longer one in January.

Senate leaders as recently as last week said that the sentiment for a pre-Christmas session waned and they predicted a session would be delayed until January. Senate President

Donald Hines, D-Bunkie, said he was "99 percent sure" that a December session was scrubbed.

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