

2024 Regular Session

HOUSE BILL NO. 619

BY REPRESENTATIVES BEAULLIEU AND GEYMANN

BUDGETARY CONTROLS: Provides relative to the expenditure limit

1 AN ACT

2 To amend and reenact R.S. 39:33.1(A) through (C), relative to the expenditure limit; to
3 provide relative to the powers and duties of the Revenue Estimating Conference with
4 respect to such limit; to provide relative to calculation of such limit; to provide for
5 effectiveness; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 39:33.1(A) through (C) are hereby amended and reenacted to read
8 as follows:

9 §33.1. Determination of expenditure limit

10 A. ~~The commissioner of administration~~ Each year the Revenue Estimating
11 Conference shall adopt, by majority vote, an expenditure limit for the ensuing fiscal
12 year. The chairman of the conference shall submit a the adopted calculation for the
13 ~~expenditure~~ limit for the ensuing fiscal year to the Joint Legislative Committee on
14 the Budget no later than thirty-five days prior to each regular session. Such
15 submission shall be accompanied by documentation of the methodology and data
16 sources used to determine the rates of change for each element of the growth factor.
17 Any changes in the methodology used from the prior year's calculation shall require
18 review and prior approval of the Joint Legislative Committee on the Budget.

1 B.(1) The expenditure limit for the ensuing fiscal year shall ~~be the~~
2 ~~expenditure limit for the current fiscal year plus an amount equal to that limit times~~
3 ~~the growth factor if the growth factor is positive.~~ equal the lesser of the following:

4 (a) The expenditure limit for the fiscal year in which the limit is calculated,
5 as adopted by the Revenue Estimating Conference, plus an amount equal to such
6 limit times the growth factor.

7 (b) The amount appropriated out of the state general fund and dedicated
8 funds for the immediately prior fiscal year plus an amount equal to that amount times
9 the growth factor.

10 (2) The growth factor is defined as the ~~average annual percentage rate of~~
11 ~~change of personal income for Louisiana as defined and reported by the United~~
12 ~~States Department of Commerce, or its successor agency, for the three calendar years~~
13 ~~prior to the fiscal year for which the limit is calculated.~~ the lesser of five percent or
14 the sum of the following:

15 (a) The average annual percentage rate of change of population for Louisiana
16 for the three calendar years prior to the fiscal year for which the limit is calculated,
17 using data reported by the United States Census Bureau or its successor agency.

18 (b) The average annual percentage rate of change of the chained consumer
19 price index for the United States as defined and reported by the United States
20 Department of Labor, or its successor agency, for the three calendar years prior to
21 the fiscal year for which the limit is calculated.

22 (3) The figures used for the calculation of the growth factor shall be those
23 actual or estimated figures most recently reported ~~by the United States Department~~
24 ~~of Commerce~~ at the time the expenditure limit is ~~submitted to the Joint Legislative~~
25 ~~Committee on the Budget~~ calculated by the Revenue Estimating Conference.

26 (4) ~~The annual percentage rate of change of personal income for the calendar~~
27 ~~year immediately preceding the fiscal year for which the expenditure limit is~~
28 ~~calculated shall be derived by:~~

requires the chairman of REC to submit the adopted limit to JLCB no later than 35 days prior to each regular session. Further requires such submission to be accompanied by documentation of the methodology and data sources used to determine the rates of change for each element of the growth factor. Additionally requires that changes in the methodology used from the prior year's calculation be reviewed and approved by JLCB prior to implementation.

Present law provides that the expenditure limit for the ensuing fiscal year equals the expenditure limit for the current fiscal year plus an amount equal to that limit times the growth factor if the growth factor is positive. Proposed law provides that the expenditure limit for the ensuing fiscal year equals the lesser of:

- (1) The expenditure limit for the fiscal year in which the limit is calculated, as adopted by REC, plus an amount equal to such limit times the growth factor.
- (2) The amount appropriated out of the state general fund and dedicated funds for the immediately prior fiscal year plus an amount equal to that amount times the growth factor.

Present law provides that the growth factor is the annual percentage rate of change of personal income for the calendar year immediately preceding the fiscal year for which the expenditure limit is calculated. Further provides that the growth factor shall be derived by:

- (1) Computing the simple average of the available quarterly total personal income estimates for that calendar year.
- (2) Dividing that result by the reported annual estimate of total personal income for the calendar year that is two years prior to the fiscal year for which the limit is calculated.
- (3) Subtracting 1.0 from the result.

Proposed law repeals present law. Further provides that the growth factor is the lesser of five percent or the sum of the following:

- (1) The average annual percentage rate of change of population for La. for the three calendar years prior to the fiscal year for which the limit is calculated, using data reported by the U.S. Census Bureau or its successor agency.
- (2) The average annual percentage rate of change of the chained consumer price index for the United States as defined and reported by the U.S. Dept. of Labor, or its successor agency, for the three calendar years prior to the fiscal year for which the limit is calculated.

Present law requires the figures used for the calculation of the growth factor to be those actual or estimated figures most recently reported by the U.S. Dept. of Commerce at the time the expenditure limit is submitted to JLCB. Proposed law provides that they shall be those actual or estimated figures most recently reported at the time the expenditure limit is calculated by REC.

Present law provides that, after review by JLCB or its designated staff, the commissioner of administration shall determine the state general fund and designated funds to include in the calculation of the expenditure limit in accordance with present law. Proposed law retains present law and further requires the commissioner to determine the state general fund and dedicated funds to exclude from any calculation analyzing capacity below the limit for appropriations for a fiscal year.

Present law defines state general fund and dedicated funds to mean all money required to be deposited in the state treasury, except that money the origin of which is:

- (1) The federal government.
- (2) Self-generated collections by any entity subject to the policy and management authority established by Article VIII, Sections 5 through 7 of the Constitution of La.
- (3) A transfer from another state agency, board, or commission.

Proposed law retains present law.

Effective if and when the proposed amendment of Article VII of the Constitution of La. contained in the Act which originated as House Bill No. ___ of this 2024 R.S. of the legislature is adopted at a statewide election and becomes effective.

(Amends R.S. 39:33.1(A)-(C))