

2024 Third Extraordinary Session

SENATE BILL NO. 4

BY SENATOR HENSGENS AND REPRESENTATIVE GEYMANN

APPROPRIATIONS. Limits the amount of money that may be appropriated in a fiscal year.
(Item #14)(See Act)

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AN ACT

To amend and reenact R.S. 39:34(C), 38(B), and 54(C) and to enact R.S. 39:33.3, relative to state finances; to provide relative to the calculation of a limit above which certain funds may only be appropriated for certain purposes; to provide relative to exceptions; to provide for definitions; to provide relative to the authority of the governor; to provide relative to the powers and duties of the commissioner of administration; to provide relative to the powers and duties of the Revenue Estimating Conference; to provide for a special effective date; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 39:34(C), 38(B), and 54(C) are hereby amended and reenacted and R.S. 39:33.3 is hereby enacted to read as follows:

§33.3. Determination of Government Growth Limit

A. The Government Growth Limit, hereafter referred to in this Section as the "growth limit", shall be established by the Revenue Estimating Conference during the first quarter of each calendar year for the next fiscal year and is a limit above which appropriation of recurring revenue from the

1 state general fund and dedicated funds can only be made for the purposes
2 provided in this Section. The commissioner of administration shall cause a
3 calculation of the ensuing year's growth limit to be submitted to the Revenue
4 Estimating Conference each year for the conference's consideration and
5 adoption.

6 B. After adoption by the Revenue Estimating Conference, the chairman
7 of the conference shall cause the growth limit for the ensuing fiscal year to be
8 submitted to the Joint Legislative Committee on the Budget by the deadline for
9 submission of the executive budget to such committee.

10 C.(1) If the growth factor provided in this Paragraph is positive, the
11 growth limit for the ensuing fiscal year shall be calculated as the sum of the base
12 plus the result of the base times the growth factor in accordance with the
13 following provisions:

14 (a) The growth factor shall only be applied to the base once for each
15 annual calculation and shall equal the sum of the following:

16 (i) The average annual percentage rate of change in population for
17 Louisiana, as defined and reported by the United States Department of
18 Commerce, or its successor agency, for the five calendar years prior to the fiscal
19 year for which the limit is calculated.

20 (ii) The average of the following:

21 (aa) The average annual percentage rate of change through December
22 of the chained-consumer price index for the United States as defined and
23 reported by the United States Department of Labor, Bureau of Labor Statistics,
24 or its successor agency, for the five calendar years prior to the fiscal year for
25 which the limit is calculated.

26 (bb) The average annual percentage rate of change through December
27 of the chained-consumer medical price index for the United States as defined
28 and reported by the United States Department of Labor, Bureau of Labor
29 Statistics, or its successor agency, for the five calendar years prior to the fiscal

1 year for which the limit is calculated.

2 (b) The figures used for the calculation of the growth factor shall be
3 those actual or estimated figures most recently reported at the time the growth
4 limit is adopted by the Revenue Estimating Conference.

5 (c) The base shall be the total of appropriations for recurring expenses
6 from the state general fund and dedicated funds for the immediately prior fiscal
7 year; however, the base shall not include either of the following:

8 (i) Appropriations made pursuant to Subsection D of this Section.

9 (ii) Any appropriation or allocation excluded from analysis of
10 appropriation totals in relation to the expenditure limit shall also be excluded
11 from calculation of the base.

12 (2) If the growth factor provided in Paragraph (1) of this Subsection is
13 negative, the growth limit for the ensuing fiscal year shall be equal to the base,
14 as defined in Paragraph (1) of this Subsection.

15 D. Recurring revenue amounts recognized in the official forecast above
16 the growth limit and below the expenditure limit shall only be appropriated for
17 nonrecurring expenses. For the purposes of this Subsection, the term
18 "nonrecurring expense" means an expense that is not of a continuing or
19 recurring character and that in the normal course of administration is not
20 expected to be necessary in approximately the same amounts each year.

21 E. The limit calculated pursuant to the provisions of this Section shall
22 not apply to the appropriation of funds from the Budget Stabilization Fund
23 incorporated into the official forecast for the current fiscal year.

24 F. For purposes of this Section "state general fund and dedicated funds"
25 shall have the meaning provided in Article VII, Section 10 of the Constitution
26 of Louisiana.

27 * * *

28 §34. Executive budget

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1 C. The executive budget recommendations for appropriations shall not
2 exceed the expenditure limit for the ensuing fiscal year. Additionally, executive
3 budget recommendations for appropriation of recurring revenue shall not
4 exceed the government growth limit for the ensuing fiscal year.

5 * * *

6 §38. Additional proposals

7 * * *

8 B. Any proposal by the governor to exceed the expenditure limit limit, the
9 government growth limit, or both shall be itemized by program and shall constitute
10 a submission by the governor separate and apart from the executive budget.

11 * * *

12 §54. Limitations on appropriations

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14 C. Appropriations ~~by the legislature~~ from the state general fund and dedicated
15 funds for any fiscal year shall not exceed the expenditure limit and shall be in
16 conformity with the requirements of R.S. 39:33.3.

17 * * *

18 Section 2. This Act shall take effect and become operative if and when the proposed
19 amendment of Article VII of the Constitution of Louisiana contained in the Act which
20 originated as Senate Bill No. ____ of this 2024 Third Extraordinary Session of the Legislature
21 is adopted at a statewide election and becomes effective.

The original instrument and the following digest, which constitutes no part
of the legislative instrument, were prepared by Curry Lann.

DIGEST

SB 4 Original 2024 Third Extraordinary Session Hensgens

Proposed law establishes the growth limit for Fiscal Year 2026-2027 and for each fiscal year thereafter to restrict the growth in the total amount of recurring state general fund and dedicated fund monies the legislature may appropriate in any fiscal year. Requires the commissioner of administration to submit a calculation of the ensuing year's growth limit to the Revenue Estimating Conference (REC) each year for the conference's consideration and adoption. Requires the REC to adopt a growth limit for the ensuing fiscal year during the first quarter of each calendar year. Further requires the chairman of REC to submit the adopted limit for the ensuing fiscal year to the Joint Legislative Committee on the Budget by the deadline for submission of the executive budget each year.

Proposed law establishes the calculation for the growth limit. If the growth factor, described below, is positive, the calculation is the sum of the appropriations for recurring expenses from the state general fund and dedicated funds for the immediately prior fiscal year, less certain excepted expenditures "the base", plus the product of the base times the growth factor, as defined in proposed law. Expenditures excepted from calculation of the base are:

- (1) Any appropriation of revenues above the growth limit and below the expenditure limit and the official forecast.
- (2) Any appropriation or allocation excluded from analysis of appropriation totals in relation to the expenditure limit.

Establishes calculation of the "growth factor" as the sum of the following:

- (1) The average annual percentage rate of change in population for Louisiana, as defined and reported by the United States Department of Commerce, or its successor agency, for the five calendar years prior to the fiscal year for which the limit is calculated.
- (2) The average of the following:
 - (a) The average annual percentage rate of change through December of the chained-consumer price index for the United States as defined and reported by the United States Department of Labor, Bureau of Labor Statistics, or its successor agency, for the five calendar years prior to the fiscal year for which the limit is calculated.
 - (b) The average annual percentage rate of change through December of the chained-consumer medical price index for the United States as defined and reported by the United States Department of Labor, Bureau of Labor Statistics, or its successor agency, for the five calendar years prior to the fiscal year for which the limit is calculated.

If the growth factor is negative, proposed law provides that the growth limit for the ensuing year shall equal the base.

Requires figures used in calculation of the limit to be those most recently reported at the time the limit is adopted by REC.

Proposed law provides that recurring revenue amounts recognized in the official forecast above the growth limit and below the expenditure limit may only be appropriated for nonrecurring expenses. For the purposes of proposed law, the term "nonrecurring expense" means an expense that is not of a continuing or recurring character and that in the normal course of administration is not expected to be necessary in approximately the same amounts each year.

Proposed law provides that the limit does not apply to the appropriation of funds from the Budget Stabilization Fund incorporated into the official forecast for the current fiscal year.

For purposes of proposed law, defines the term "state general fund and dedicated funds" to have the same meaning as present constitution (Art. VII, Sec.10).

Present law (R.S. 39:34) prohibits the executive budget recommendations for appropriations from exceeding the expenditure limit for the ensuing fiscal year. Proposed law retains present law and further prohibits executive budget recommendations for appropriations of recurring revenue from exceeding the growth limit for the ensuing fiscal year.

Present law (R.S. 39:38) requires any proposal by the governor to exceed the expenditure limit to be itemized by program and to constitute a submission by the governor separate and

apart from the executive budget. Proposed law provides that any proposal by the governor to exceed the expenditure limit, the growth limit, or both shall constitute a separate submission from the executive budget.

Present law (R.S. 39:54) prohibits appropriations from the state general fund and dedicated funds for any fiscal year from exceeding the expenditure limit. Proposed law retains present law and further requires appropriations to be in conformity with proposed law relative to the growth limit.

Effective if and when the proposed amendment of Article VII of the Constitution of La. contained in the Act which originated as Senate Bill No. ___ of the 2024 Third Extraordinary Session of the Legislature is adopted at a statewide election and becomes effective.

(Amends R.S. 39:34(C), 38(B), and 54(C); adds R.S. 39:33.3)