

2020 Regular Session

HOUSE BILL NO. 578

BY REPRESENTATIVE AMEDEE

BUDGETARY CONTROLS: Provides relative to the expenditure limit

1 AN ACT

2 To amend and reenact R.S. 39:33.1(A) through (C) and 52.1, relative to the expenditure  
3 limit; to provide for submission of the expenditure limit to the legislature; to limit  
4 the annual growth of the expenditure limit; to provide for the calculation of the  
5 growth factor; to provide for the contents of the expenditure limit calculation; to  
6 provide for changing the expenditure limit; to provide for effectiveness; and to  
7 provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

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

11 §33.1. Determination of expenditure limit

12 A. The commissioner of administration shall submit a 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~~ at the same  
15 time the executive budget is submitted to the Joint Legislative Committee on the  
16 Budget pursuant to R.S. 39:37. The calculation shall include a comparison of the  
17 expenditure limit to the applicable expenditures in the executive budget  
18 recommendation, the appropriated amount at the beginning of the year, and the most  
19 recent appropriated amount available for the current fiscal year and each of the  
20 previous four fiscal years.

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 multiplied by the lesser of six percent or the growth factor if the growth factor is  
4 positive. If the growth factor is negative, the expenditure limit for the ensuing fiscal  
5 year shall be the expenditure limit for the current fiscal year.

6           (2) The growth factor is defined as the average ~~annual percentage rate of~~  
7 ~~change of personal income for Louisiana as defined and reported by the United~~  
8 ~~States Department of Commerce, or its successor agency, for the three calendar years~~  
9 ~~prior to the fiscal year for which the limit is calculated.~~ of the following two  
10 indicators:

11           (a) The average annual percentage rate of change of employment in the  
12 private sector for Louisiana as defined and reported by the United States Department  
13 of Labor, or its successor agency, for the three calendar years prior to the fiscal year  
14 for which the limit is calculated.

15           (b) The average annual percentage rate of change of the population of the  
16 state of Louisiana as defined and estimated by the United States Census Bureau, or  
17 its successor agency, for the five calendar years prior to the fiscal year for which the  
18 limit is calculated.

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

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

26           (a) ~~Computing the simple average of the available quarterly total personal~~  
27 ~~income estimates for that calendar year.~~



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DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

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HB 578 Original

2020 Regular Session

Amedee

**Abstract:** Changes requirements for submission of the expenditure limit calculation, limits expenditure limit growth to 6%, changes the method of determining the growth factor, and allows for mail ballot to change the expenditure limit.

Present law requires the commissioner of administration to submit the calculation for the expenditure limit for the ensuing fiscal year to the Joint Legislative Committee on the Budget (JLCB) no later than 35 days prior to each regular session.

Proposed law deletes the 35 day requirement in present law and instead requires that the expenditure limit be submitted at the same time the executive budget is submitted to JLCB.

Proposed law requires that the expenditure limit calculation include a comparison of the expenditure limit to applicable expenditures and historical comparative information.

Present law provides that the determination of the expenditure limit for the next fiscal year be based on the current limit multiplied by a positive growth factor.

Proposed law limits the growth of the expenditure limit to 6%.

Proposed law provides that, if the growth factor is not positive, the expenditure limit for the next fiscal year shall be the expenditure limit for the current fiscal year.

Present law defines the growth factor as the three-year average growth in La. personal income.

Proposed law removes this growth factor and adds two other indicators to the determination of the growth factor:

- (1) The three-year average percentage change of the job growth in the private sector of Louisiana as defined and reported by the U.S. Dept. of Labor, or its successor agency.
- (2) The five-year average change of the population estimates of Louisiana as defined and reported by the U.S. Census Bureau, or its successor agency.

Present law requires the determination of the percentage rate of change of personal income in the current year and prior years.

Proposed law deletes present law and requires that the commissioner of administration include the methodology and data sources used to determine the rates of change for each factor. Any changes in the methodology from the prior year calculation shall require review and prior approval of the JLCB.

Present law requires the commissioner to determine the state general fund and designated funds to be included in the expenditure limit.

Proposed law requires the commissioner to determine the funds to be included and excluded in the expenditure limit. Further requires the commissioner to determine the state general

fund and dedicated funds to be included and excluded from the determination of the amount appropriated in the current fiscal year applicable to the expenditure limit.

Present law requires a concurrent resolution adopted by a 2/3 vote of each house of the legislature to change the expenditure limit.

Proposed law allows the legislature to use the mail ballot procedure contained in present law to obtain the 2/3 approval of each house to change the expenditure limit when the legislature is not in session.

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 2020 RS of the Legislature is adopted at a statewide election and becomes effective.

(Amends R.S. 39:33.1(A)-(C) and 52.1)