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## DIGEST

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HB 276 Engrossed

2021 Regular Session

Beaulieu

**Abstract:** Changes the base for the expenditure limit to current year appropriations, limits expenditure limit growth to five percent, and changes the method of determining the growth factor.

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 pursuant to present law (R.S. 39:37).

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

Proposed law changes the base from the current expenditure limit to the lesser of the original calculated expenditure limit for the current fiscal year or the appropriated amounts out of the state general fund and dedicated funds.

Proposed law further limits the growth of the expenditure limit to five percent.

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

Proposed law establishes the growth factor as the average of the following four components:

- (1) The present law three-year average growth in La. personal income as reported by the U.S. Dept. of Commerce, or its successor agency.
- (2) The three-year average change in gross domestic product of La. as defined and reported by the U.S. Dept. of Commerce, or its successor agency.
- (3) The three-year average change in population for La. as defined and reported by the U.S. Dept. of Commerce, or its successor agency.
- (4) The three-year average change of the consumer price index for the South Region (CPI-South) as defined and reported by the U.S. Dept. of Labor, or its successor agency.

Present law provides for the determination of the percentage rate of change of personal income in the current year and prior years. Proposed law repeals present law.

Proposed law further requires the commissioner of administration to submit documentation of the methodology and data sources used to determine the rates of change for each factor. Requires any changes in the methodology from the prior year calculation to be reviewed and approved by JLCB prior to implementation.

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

Proposed law requires the commissioner to determine what funds are to be excluded as well as included 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.

Proposed law specifically exempts any federal funds related to the COVID-19 crisis from being counted towards the state's expenditure limit.

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. 273 of this 2021 R.S. of the Legislature is adopted at a statewide election and becomes effective.

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

#### Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Appropriations to the original bill:

1. Make a technical change.