

Office of the Governor
State of Louisiana

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June 29, 2023

VIA HAND DELIVERY

Honorable Clay J. Schexnayder
Speaker of the House
Louisiana House of Representatives
Post Office Box 94062
Baton Rouge, Louisiana 70804-9062



RE: Veto of House Bill 166 of the 2023 Regular Session

Dear Speaker Schexnayder:

Please be advised that I have vetoed House Bill 166 of the Regular Session of 2023.

This bill would have required the state to adopt economic forecasts for additional years into the future, essentially requiring state economists to commit to speculative guesses about future economic conditions. It would have also required departmental budgeting authorities to make the same speculative projections about what their budgets would contain, multiple years into the future.

Currently, the legislature crafts the budget for the next fiscal year using an estimate of available funds adopted by the Revenue Estimating Conference ("REC"). The REC adopts an official forecast based on an estimate generated by the Division of Administration or the Legislative Fiscal Office. Economists from each entity use detailed economic models to formulate projections, which are derived from examining the current year's performance and account for any expected gain or loss in revenue. During my tenure as Governor, we have seen how unpredictable even current year projections can be. Just last month, the REC adopted a forecast of expected tax taxes, licenses, and fees more than \$800 million higher than the forecast it had approved five months earlier in December.

Furthermore, it would be unworkable for departments to provide detailed speculative estimates of expenditures and budget analysis in out years. Departmental expenditures are reliant on appropriations by the legislature, which can change from year to year in response to legislative priorities and changing circumstances. Moreover, while the fiscal note acknowledges a relatively modest \$97,000 one-time cost to begin this process, it does not account for the significant increase

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in workload and staff that would be necessary to achieve the directives of this legislation. And such a process would yield results that are, at best, unreliable.

Ultimately, even with expert economists and sophisticated economic modeling, there is no oracular solution that could provide us in December 2023 with precise or useful predictions about Louisiana's total revenues and expenditures in 2027. For these reasons, I have vetoed this bill.

Accordingly, House Bill 166 will not become law.

Sincerely,

A handwritten signature in black ink, appearing to read "John Bel Edwards". The signature is stylized and cursive, with a large initial "J" and "E".

John Bel Edwards
Governor

enclosure

cc: Honorable Patrick Page Cortez
Louisiana Senate President