

2024 Regular Session

HOUSE BILL NO. 709

BY REPRESENTATIVES GEYMANN AND BEAULLIEU

APPROPRIATIONS: Limits the amount of monies that may be appropriated in a fiscal year

1 AN ACT

2 To amend and reenact R.S. 39:34(C), 38(B), and 54(C) and to enact R.S. 39:33.3, relative
3 to state finances; to provide relative to the calculation of a limit above which funds
4 may only be appropriated for certain purposes; to provide relative to exceptions; to
5 provide for the establishment of an initial limit; to provide with respect to the powers
6 and duties of the secretary of the Department of Revenue; to provide for legislative
7 intent; and to provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. The legislature hereby finds that collection of revenues in excess of
10 amounts needed for the ordinary operating expenses of government should result in a return
11 of some of those revenues to taxpayers. The legislature further recognizes that these
12 collections are derived from a multitude of sources, making it impossible or impractical to
13 return all prior payments. Because it is impossible to calculate the amount, if any, that each
14 individual contributed to these excess collections, the legislature therefore intends to return
15 the money to as large a group of Louisiana residents as can be identified in an economically
16 feasible manner. The legislature finds that it is reasonable and fair to simplify the process
17 used to refund state excess revenues for any fiscal year by allowing a proportionate refund
18 of such revenues to qualified applicants. To minimize cost to the state and to maximize
19 efficiency, the legislature also finds it is reasonable and economically efficient to refund
20 these excess revenues through a pro rata distribution to qualified applicants.

1 Section 2. R.S. 39:34(C), 38(B), and 54(C) are hereby amended and reenacted and
2 R.S. 39:33.3 is hereby enacted to read as follows:

3 §33.3. Determination of Louisiana Sustainability Limit

4 A. The Louisiana sustainability limit, hereafter referred to in this Section as
5 the sustainability "limit", shall be established by the Revenue Estimating Conference
6 during the first quarter of each calendar year for the next fiscal year and is a limit
7 above which appropriations from the state general fund and dedicated funds can only
8 be made for purposes provided in this Section.

9 B. After adoption by the Revenue Estimating Conference, the chairman of
10 the conference shall cause the sustainability limit for the ensuing fiscal year to be
11 submitted to the Joint Legislative Committee on the Budget no later than thirty-five
12 days prior to each regular session.

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

17 (a) The growth factor shall only be applied to the base once for each annual
18 calculation and shall equal the ten-year average percentage rate of change in the
19 state's gross domestic product using the percentage rate of change in the state's gross
20 domestic product as defined and reported by the United States Department of
21 Commerce, or its successor agency, for the ten fiscal years immediately preceding
22 the fiscal year in which the limit is calculated. The figures used for the calculation
23 of the growth factor shall be those actual or estimated figures most recently reported
24 at the time the limit is submitted to the Joint Legislative Committee on the Budget.

25 (b) The base shall be the actual appropriations from the state general fund
26 and dedicated funds for the immediately prior fiscal year except appropriations made
27 pursuant to Subsection (E) of this Section.

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

4 D. Notwithstanding any provision of this Section to the contrary, if the
5 sustainability limit calculated pursuant to the provisions of Subsection C of this
6 Section is greater than the expenditure limit calculated for the same fiscal year, the
7 sustainability limit shall be equal to the expenditure limit. If the legislature alters the
8 expenditure limit in a fiscal year and the resulting limit is lower than the
9 sustainability limit for that fiscal year, the sustainability limit for that fiscal year shall
10 automatically be lowered to equal the amount set by the legislature for the
11 expenditure limit.

12 E. Amounts recognized in the official forecast above the sustainability limit
13 and below the expenditure limit shall only be appropriated for one or more of the
14 following purposes:

15 (1) Any purpose for which nonrecurring revenue may be appropriated
16 pursuant to Article VII, Section 10(D)(2) of the Constitution of Louisiana.

17 (2) For rebate to taxpayers as a pro rata distribution to qualified applicants,
18 if the legislature has provided by law for the qualification for and distribution of such
19 funds.

20 F. The sustainability limit shall not apply to the appropriation of monies
21 attributable to the incorporation of funds from the Budget Stabilization Fund into the
22 official forecast.

23 G. If in the fiscal year immediately prior to the fiscal year in which the
24 sustainability limit is being calculated, monies from the Budget Stabilization Fund
25 were incorporated into the official forecast for the immediately prior fiscal year and
26 the official forecast for the next fiscal year following the year in which the
27 sustainability limit is being calculated reflects growth in state general fund revenues
28 relative to the fiscal year in which the sustainability limit is being calculated, the
29 limit for the next fiscal year may be increased by a favorable vote of two-thirds of

1 the elected members of each house. Such a change to the sustainability limit shall
2 be made pursuant to a concurrent resolution adopted by a favorable vote of
3 two-thirds of the elected members of each house which clearly states the legislature's
4 intent to change the sustainability limit.

5 H. For purposes of this Section "state general fund and dedicated funds"
6 shall have the meaning provided in Article VII, Section 10 of the Constitution of
7 Louisiana.

8 I. The provisions of this Section shall not apply to or affect funds allocated
9 by Article VII, Section 4, Paragraphs (D) and (E) of the Constitution of Louisiana.

10 * * *

11 §34. Executive budget

12 * * *

13 C. The executive budget recommendations for appropriations shall not
14 exceed the lesser of the Louisiana sustainability limit or the expenditure limit for the
15 ensuing fiscal year.

16 * * *

17 §38. Additional proposals

18 * * *

19 B. Any proposal by the governor to exceed the expenditure limit, the
20 Louisiana sustainability limit, or both shall be itemized by program and shall
21 constitute a submission by the governor separate and apart from the executive
22 budget.

23 * * *

24 §54. Limitations on appropriations

25 * * *

26 C. ~~Appropriations~~ Except as provided in R.S. 39:33.3(E) and (F),
27 appropriations by the legislature from the state general fund and dedicated funds for
28 any fiscal year shall not exceed the lesser of the Louisiana sustainability limit or the
29 expenditure limit.

1 * * *

2 Section 3. Notwithstanding any provision of this Act to the contrary, the Louisiana
3 Sustainability Limit for the 2025-2026 Fiscal Year shall equal the actual appropriations from
4 the state general fund and dedicated funds for Fiscal Year 2023-2024 plus the product of
5 such amount times three percent. For the purposes of this Section, the term "state general
6 fund and dedicated funds" shall have the meaning provided in Article VII, Section 10 of the
7 Constitution of Louisiana.

8 Section 4. This Act shall take effect and become operative if and when the proposed
9 amendment of Article VII of the Constitution of Louisiana contained in the Act which
10 originated as House Bill No. ___ of this 2024 Regular Session of the Legislature is adopted
11 at a statewide election and becomes effective.

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)]

HB 709 Original 2024 Regular Session Geymann

Abstract: Beginning with Fiscal Year 2025-2026, establishes the La. sustainability limit (sustainability limit) to restrict the growth in the total amount of state general fund and dedicated fund monies the legislature may appropriate in any fiscal year to the 10-year average percentage rate of change in the state's gross domestic product (GDP) and provides for uses of any recognized revenues above the sustainability limit and below the expenditure limit.

Present constitution requires the legislature to provide for the determination of an expenditure limit for each fiscal year state general fund and dedicated fund appropriations.

Proposed law establishes the sustainability limit for Fiscal Year 2025-2026 and for each fiscal year thereafter to restrict the growth in the total amount of state general fund and dedicated fund monies the legislature may appropriate in any fiscal year. Further provides that the initial sustainability limit shall equal the actual appropriations from the state general fund and dedicated funds for Fiscal Year 2023-2024 multiplied by a 3% growth factor. Thereafter, the limit shall be calculated by applying a growth factor to the actual appropriations from the state general fund and dedicated funds for the immediately prior fiscal year, except for appropriations authorized by proposed law in excess of the limit, as detailed below. Establishes the "growth factor" as the 10-year average percentage rate of change in the state's GDP, as defined and reported by the U.S. Dept. of Commerce or its successor agency, for the 10 fiscal years immediately preceding the fiscal year in which the limit is being calculated.

Proposed law further requires that if the sustainability limit calculated for any fiscal year exceeds the expenditure limit calculated for the same fiscal year, the sustainability limit shall be equal to the expenditure limit for that fiscal year. Additionally provides that if the legislature lowers the expenditure limit in a fiscal year and the resulting limit is lower than

the sustainability limit for that fiscal year, the sustainability limit for that fiscal year is automatically lowered to equal the expenditure limit set by the legislature.

Proposed law provides that recurring revenue amounts recognized in the official forecast above the sustainability limit and below the expenditure limit may only be appropriated for the following:

- (1) Any purpose for which nonrecurring revenue may be appropriated pursuant to present constitution (Art. VII, Sec. 10(D)(2)), including but not limited to: payments against the unfunded accrued liability of public retirement systems, capital outlay projects in the comprehensive state capital budget, deposit into the Budget Stabilization Fund, and deposit into the Coastal Protection and Restoration Fund.
- (2) Providing a pro rata distribution to qualified applicants, if the legislature has provided by law for the qualification for and distribution of such fund.

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. Further authorizes the legislature to raise the limit for the ensuing fiscal year if all of the following conditions are met:

- (1) In the immediately prior fiscal year, monies from the Budget Stabilization Fund were incorporated into the official forecast for that fiscal year.
- (2) The official forecast for the ensuing fiscal year reflects growth in state general fund revenues relative to the current fiscal year.

Requires any change to the sustainability limit to be approved by passage of a concurrent resolution by a 2/3 vote of the legislature, which resolution clearly states the legislature's intent to change the limit.

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).

Further provides that present law does not apply to or affect funds allocated by present constitution (Art. VII, Sec. 4(D) and (E)).

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 prohibits the recommendations for appropriations from exceeding the lesser of the sustainability limit or the expenditure limit.

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 sustainability limit, or both shall constitute a separate submission from the executive budget.

Present law (R.S. 39:54) prohibits appropriations by the legislature from the state general fund and dedicated funds for any fiscal year from exceeding the expenditure limit. Proposed law prohibits appropriations by the legislature from the state general fund and dedicated funds for any fiscal year from exceeding lesser of the sustainability limit or the expenditure limit.

Further provides that the sustainability limit for the 2025-2026 Fiscal Year shall equal the actual appropriations from the state general fund and dedicated funds for Fiscal Year 2023-2024 plus the product of such amount times three percent. Provides that for the purposes of

proposed law, the term "state general fund and dedicated funds" shall have the meaning provided in Article VII, Section 10 of the Constitution of Louisiana.

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