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## DIGEST

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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)