

2024 Third Extraordinary Session

SENATE BILL NO. 3

BY SENATOR HENSGENS AND REPRESENTATIVE GEYMAN

APPROPRIATIONS. Constitutional amendment to limit the amount of money that may be appropriated in a fiscal year. (2/3-CA13s1(A))(Item #14)

A JOINT RESOLUTION

Proposing to amend Article VII, Sections 10(C) and (E) and 11(A) of the Constitution of Louisiana, relative to state finances; to provide for calculation of a limit above which certain funds may only be appropriated for certain purposes; to provide for exceptions; to authorize the legislature to change the limit in certain circumstances; to provide for the establishment of an initial limit; to provide relative to the duties of the governor with respect to state finances; to provide with respect to the powers and duties of the Revenue Estimating Conference; and to specify an election for submission of the proposition to electors and provide a ballot proposition.

Section 1. Be it resolved by the Legislature of Louisiana, two-thirds of the members elected to each house concurring, that there shall be submitted to the electors of the state of Louisiana, for their approval or rejection in the manner provided by law, a proposal to amend Article VII, Sections 10(C) and (E) and 11(A) of the Constitution of Louisiana, to read as follows:

§10. Expenditure of State Funds

Section 10.

* * *

1 (C) Expenditure ~~Limit~~ **and Government Growth Limits.** (1) **Expenditure**
 2 **Limit.** (a) The legislature shall provide for the determination of an expenditure limit
 3 for each fiscal year to be established during the first quarter of the calendar year for
 4 the next fiscal year. However, the expenditure limit for the 1991-1992 Fiscal Year
 5 shall be the actual appropriations from the state general fund and dedicated funds for
 6 that year except funds allocated by Article VII, Section 4, Paragraphs (D) and (E).
 7 For subsequent fiscal years, the limit shall not exceed the expenditure limit for the
 8 current fiscal year plus an amount equal to that limit times a positive growth factor.
 9 The growth factor is the average annual percentage rate of change of personal
 10 income for Louisiana as defined and reported by the United States Department of
 11 Commerce for the three calendar years prior to the fiscal year for which the limit is
 12 calculated.

13 ~~(2)~~(b) The expenditure limit may be changed in any fiscal year by a favorable
 14 vote of two-thirds of the elected members of each house. Any such change in the
 15 expenditure limit shall be approved by passage of a specific legislative instrument
 16 which clearly states the intent to change the limit.

17 ~~(3)~~(c) Beginning with the 1995-1996 Fiscal Year, the expenditure limit shall
 18 be determined in accordance with the provisions of Paragraph (J) of this Section. The
 19 redetermination of the expenditure limit for each fiscal year from the 1991-1992
 20 Fiscal Year through the 1994-1995 Fiscal Year shall only be used in computing the
 21 expenditure limit for the 1995-1996 Fiscal Year and shall not affect the expenditure
 22 limit already computed in accordance with this Paragraph for such fiscal years.

23 ~~(4) The provisions of this Paragraph shall not apply to or affect funds~~
 24 ~~allocated by Article VII, Section 4, Paragraphs (D) and (E).~~

25 **(2) Government Growth Limit. (a) Beginning with a limit for the 2026-**
 26 **2027 fiscal year, there shall be a limit for each fiscal year above which**
 27 **appropriation of recurring revenue from the state general fund and dedicated**
 28 **funds can only be made for the purposes provided in this Subparagraph. Such**
 29 **limit shall be known as the Government Growth Limit and shall be established**

1 by the Revenue Estimating Conference during the first quarter of the calendar
2 year for the next fiscal year. The legislature shall establish procedures by law
3 for the calculation of such limit.

4 (b) Notwithstanding any provision of this Subparagraph, if the
5 Government Growth Limit calculated for any fiscal year exceeds the
6 expenditure limit calculated for the same fiscal year, the Government Growth
7 Limit shall be set 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 Government Growth Limit for that fiscal year, the Government Growth Limit
10 for that fiscal year shall automatically be lowered to equal the limit set by the
11 legislature for the expenditure limit.

12 (c) Recurring revenue amounts recognized in the official forecast above
13 the Government Growth Limit and below the expenditure limit may be
14 appropriated only for nonrecurring expenses. For the purposes of this Item, the
15 term "nonrecurring expense" means an expense that is not of a continuing or
16 recurring character and that in the normal course of administration is not
17 expected to be necessary in approximately the same amounts each year.

18 (d) The limit calculated pursuant to the provisions of this Subparagraph
19 shall not apply to the appropriation of funds from the Budget Stabilization
20 Fund incorporated into the official forecast for the current fiscal year.

21 (e) A Government Growth Limit may be changed by a favorable vote of
22 two-thirds of the elected members of each house of the legislature if each of the
23 growth factors for the two fiscal years immediately preceding the year to be
24 changed was two percent or less. Any change in the Government Growth Limit
25 authorized by this Subsubparagraph shall be approved by passage of a specific
26 legislative instrument which clearly states the intent to change the limit.

27 (3) The provisions of this Paragraph shall not apply to or affect funds
28 allocated by Article VII, Section 4, Paragraphs (D) and (E).

29 * * *

1 (E) Balanced Budget. Appropriations ~~by the legislature~~ from the state general
 2 fund and dedicated funds for any fiscal ~~year~~year, except funds allocated by Article
 3 VII, Section 4, Paragraphs (D) and ~~(E)~~(E), shall not exceed the official forecast in
 4 effect at the time the appropriations are made. Appropriations of recurring
 5 revenue from the state general fund and dedicated funds, shall comply with the
 6 provisions of Subparagraph (C)(2) of this Section.

7 * * *

8 §11. Budgets

9 Section 11.(A) Budget Estimate. The governor shall submit to the legislature,
 10 at the time and in the form fixed by law, a budget estimate for the next fiscal year
 11 setting forth all proposed state expenditures. This budget shall include a
 12 recommendation for appropriations from the state general fund and from dedicated
 13 funds, except funds allocated by Article VII, Section 4, Paragraphs (D) and (E),
 14 which shall not exceed the official forecast of the Revenue Estimating Conference
 15 and the expenditure limit for the fiscal year. The recommendation shall also comply
 16 with the provisions of Article VII, ~~Section~~Sections 10(C)(2) and (D). This budget
 17 shall include a recommendation for funding of state salary supplements for full-time
 18 law enforcement and fire protection officers of the state, as provided in Article VII,
 19 Section 10(D)(3) of this constitution.

20 * * *

21 Section 2. Notwithstanding any provision of this Act to the contrary, the Government
 22 Growth Limit for the 2026-2027 Fiscal Year shall equal the base, plus the product of such
 23 amount and three percent. For the purposes of this Section, "the base" shall mean the total
 24 of appropriations for recurring expenses from the state general fund and dedicated funds for
 25 the immediately prior fiscal year; however, the base shall not include any appropriation or
 26 allocation excluded from analysis of appropriation totals in relation to the expenditure limit.

27 Section 3. Be it further resolved that this proposed amendment shall be submitted to
 28 the electors of the state of Louisiana at the statewide election to be held on March 29, 2025.

29 Section 4. Be it further resolved that on the official ballot to be used at the election,

1 there shall be printed a proposition, upon which the electors of the state shall be permitted
 2 to vote YES or NO, to amend the Constitution of Louisiana, which proposition shall read as
 3 follows:

4 Do you support an amendment to require the legislature to establish a
 5 procedure for the calculation of a limit to restrict any increase in the amount
 6 of recurring revenue the legislature may appropriate from state general fund
 7 and dedicated funds in any fiscal year; to provide restrictions on use of
 8 monies available for appropriation in excess of such limit; to authorize
 9 exceptions to the limit in certain circumstances; and to require the governor's
 10 proposed budget each year to conform to such limit?

11 (Amends Article VII, Sections 10(C) and (E) and 11(A))

The original instrument and the following digest, which constitutes no part
 of the legislative instrument, were prepared by Curry Lann.

DIGEST

SB 3 Original

2024 Third Extraordinary Session

Hensgens

Present constitution (Art. VII, §10) requires the legislature to provide for the determination of an expenditure limit for each fiscal year for state general fund and dedicated fund appropriations. Proposed constitutional amendment retains present constitution.

Proposed constitutional amendment (Art. VII, §10) further establishes the growth limit for Fiscal Year 2026-2027 and for each fiscal year thereafter. Except in certain limited circumstances provided in proposed constitutional amendment, prohibits spending of recurring revenues above such limit. Requires the Revenue Estimating Conference to adopt a growth limit during the first quarter of the calendar year for the ensuing fiscal year. Further requires the legislature to provide by law for a procedure to calculate such limit. Additionally provides that the initial growth limit (for Fiscal Year 2026-2027) shall equal the appropriations for recurring expenses from the state general fund and dedicated funds for Fiscal Year 2024-2025 plus the product of such amount and three percent.

Proposed constitutional amendment requires that if the growth limit calculated for any fiscal year exceeds the expenditure limit calculated for the same fiscal year, the growth 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 growth limit for that fiscal year, the growth limit for that fiscal year is automatically lowered to equal the expenditure limit set by the legislature.

Proposed constitution restricts appropriation of recurring revenue amounts recognized in the official forecast above the growth limit and below the expenditure limit to nonrecurring expenses. For the purposes of proposed constitutional amendment, the term "nonrecurring expense" means an expense that is not of a continuing or recurring character and that in the normal course of administration is not expected to be necessary in approximately the same amounts each year.

Proposed constitutional amendment provides that the growth 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 change a growth limit by a favorable vote of two-thirds of the elected members of each house if each of the growth factors for the two fiscal years immediately preceding the year to be changed was two percent or less. Requires any change to the limit be approved by passage of a specific legislative instrument which clearly states the intent to change the limit.

Proposed constitutional amendment exempts certain severance and royalty payments made pursuant to present constitution (Art. VII, §4(D) and (E)) from the provisions of proposed constitutional amendment.

Present constitution prohibits appropriations from the state general fund and dedicated funds for any fiscal year from exceeding the official forecast in effect at the time the appropriations are made. Proposed constitutional amendment retains present constitution. Further requires appropriations of recurring revenues to comply with the provisions of proposed constitutional amendment regarding the growth limit.

Present constitution (Art. VII, Sec. 11(A)) establishes timing and content requirements for the governor's annual proposed budget. Prohibits the proposed budget from exceeding the official forecast and the expenditure limit for the fiscal year being appropriated. Proposed constitutional amendment retains present constitution. Present constitution requires the proposed budget to comply with the provisions of present constitution regarding use of nonrecurring revenues. Proposed constitutional amendment also requires the proposed budget to comply with the provisions of the growth limit.

Specifies submission of the amendment to the voters at the statewide election to be held March 29, 2025.

(Amends Const. Art. VII, Sec. 10(C) and (E) and 11(A))