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

DIGEST

SB 4 Original

2024 Third Extraordinary Session

Hensgens

Proposed law establishes the growth limit for Fiscal Year 2026-2027 and for each fiscal year thereafter to restrict the growth in the total amount of recurring state general fund and dedicated fund monies the legislature may appropriate in any fiscal year. Requires the commissioner of administration to submit a calculation of the ensuing year's growth limit to the Revenue Estimating Conference (REC) each year for the conference's consideration and adoption. Requires the REC to adopt a growth limit for the ensuing fiscal year during the first quarter of each calendar year. Further requires the chairman of REC to submit the adopted limit for the ensuing fiscal year to the Joint Legislative Committee on the Budget by the deadline for submission of the executive budget each year.

Proposed law establishes the calculation for the growth limit. If the growth factor, described below, is positive, the calculation is the sum of the appropriations for recurring expenses from the state general fund and dedicated funds for the immediately prior fiscal year, less certain excepted expenditures "the base", plus the product of the base times the growth factor, as defined in proposed law. Expenditures excepted from calculation of the base are:

- (1) Any appropriation of revenues above the growth limit and below the expenditure limit and the official forecast.
- (2) Any appropriation or allocation excluded from analysis of appropriation totals in relation to the expenditure limit.

Establishes calculation of the "growth factor" as the sum of the following:

- (1) The average annual percentage rate of change in population for Louisiana, as defined and reported by the United States Department of Commerce, or its successor agency, for the five calendar years prior to the fiscal year for which the limit is calculated.
- (2) The average of the following:
 - (a) The average annual percentage rate of change through December of the chained-consumer price index for the United States as defined and reported by the United States Department of Labor, Bureau of Labor Statistics, or its successor agency, for the five calendar years prior to the fiscal year for which the limit is calculated.
 - (b) The average annual percentage rate of change through December of the chained-consumer medical price index for the United States as defined and reported

by the United States Department of Labor, Bureau of Labor Statistics, or its successor agency, for the five calendar years prior to the fiscal year for which the limit is calculated.

If the growth factor is negative, proposed law provides that the growth limit for the ensuing year shall equal the base.

Requires figures used in calculation of the limit to be those most recently reported at the time the limit is adopted by REC.

Proposed law provides that recurring revenue amounts recognized in the official forecast above the growth limit and below the expenditure limit may only be appropriated for nonrecurring expenses. For the purposes of proposed law, 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 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.

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).

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 retains present law and further prohibits executive budget recommendations for appropriations of recurring revenue from exceeding the growth limit for the ensuing fiscal year.

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

Present law (R.S. 39:54) prohibits appropriations from the state general fund and dedicated funds for any fiscal year from exceeding the expenditure limit. Proposed law retains present law and further requires appropriations to be in conformity with proposed law relative to the growth limit.

Effective if and when the proposed amendment of Article VII of the Constitution of La. contained in the Act which originated as Senate Bill No. ___ of the 2024 Third Extraordinary Session 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)