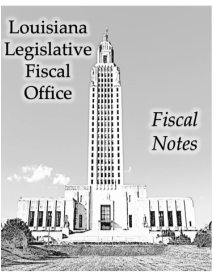


**LEGISLATIVE FISCAL OFFICE
Fiscal Note**



Fiscal Note On: **HB 13** HLS 243ES 2
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action: **w/ SEN COMM AMD**
 Proposed Amd.:
 Sub. Bill For.:

Date: November 20, 2024 12:22 PM	Author: GEYMANN
Dept./Agy.: Statewide	Analyst: Chris Henry
Subject: Government Growth Limit	

APPROPRIATIONS RE1 SEE FISC NOTE GF EX Page 1 of 2
 Limits the amount of money that may be appropriated in a fiscal year (Item #14)

Current Law requires the Division of Administration to provide for the determination of an Expenditure Limit, prohibits appropriations from the state general fund and dedicated funds from exceeding the official forecast at the time the appropriations are made, establishes timing and content requirements for the governor’s annual proposed budget, and prohibits the proposed budget from exceeding the lesser of the official forecast or the Expenditure Limit for the fiscal year being appropriated.

Proposed Law creates a Government Growth Limit, establishes a methodology for setting the limit in subsequent fiscal years, provides for conditions on lowering the limit, provides for recurring revenues recognized above the limit and allowable uses thereof, provides for exclusions from the limit, provides for changes to the limit, restricts appropriations above the limit, and establishes content requirements of the governor’s annual proposed budget.

Contingent upon voter approval of the Constitutional Amendment proposed in HB 7 of the 2024 3rd ES on March 29, 2025

EXPENDITURES	2024-25	2025-26	2026-27	2027-28	2028-29	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	SEE BELOW	SEE BELOW	SEE BELOW	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0				\$0

REVENUES	2024-25	2025-26	2026-27	2027-28	2028-29	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

Proposed Law would serve to restrict the legislature’s ability and flexibility to appropriate the entirety of state revenues available for expenditure. Beginning in FY 27, the Revenue Estimating Conference (REC) would establish the Government Growth Limit no later than the first quarter of the calendar year for the next fiscal year based on the calculation submitted by the Commissioner of Administration. Appropriations from State General Fund (Direct) above this limit can only be made (up to the Expenditure Limit or official revenue forecast) for certain nonrecurring purposes.

Calculation:

The calculation procedure for the Government Growth Limit is the sum of the base amount plus the result of the base multiplied by a positive growth factor. The base is defined in this measure as the prior fiscal year’s appropriations for recurring expenses from the State General Fund (Direct), excluding any amount appropriated in the prior year over the Government Growth Limit and below the Expenditure Limit for nonrecurring expenses as defined in this proposed law.

The growth factor is derived from the sum of two averages: 1) the annual average percent change in population within Louisiana as reported by the U.S. Dept. of Commerce and 2) the average of two percentage rates of change over five calendar years: the average annual chained-consumer price index and the average annual chained consumer medical price index, both as reported by the U.S. Bureau of Labor Statistics (BLS). Only when the growth factor is positive, is it applied to the limit and a calculation is executed to develop a new limit. Should the growth factor be negative, the Government Growth Limit shall be equal to the defined base.

Continued on Page Two

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

State General Fund (Direct) forecasted above the Government Growth Limit and below the Expenditure Limit may only be appropriated for nonrecurring expenses. The measure defines “nonrecurring expenses” as one that is not of a continuing or recurring character which is not expected to be necessary in approximately the same amounts each year during the normal course of administration.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Patrice Thomas
 Deputy Fiscal Officer



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CONTINUED EXPLANATION from page one:

Expenditure Explanation Continued

The Government Growth Limit can never exceed the Expenditure Limit, even if the Expenditure Limit is intentionally lowered by an act of the legislature. If the Government Growth Limit calculation is greater than the Expenditure Limit, it will be set to an amount equal to the Expenditure Limit.

Limitations on Expenditures:

If the amount of recurring revenue available for appropriation exceeds the Government Growth Limit but remains under the Expenditure Limit, revenues may only be appropriated for nonrecurring expenditures. These are defined in the measure as expenses which are not of a continuing or recurring character and are not expected to be necessary in approximately the same amounts each year during the normal course of administration. **Note: the expenditures defined as nonrecurring in this measure are not the same as the six restricted uses for revenues recognized as nonrecurring by the REC found in the current Constitution under Article VII Section 10 (D)(2).**

The Government Growth Limit shall not apply to the following appropriations:

1. Funds originating from the Federal government
2. Funds transferred among state agencies, colleges, universities, boards, or commissions
3. Funds originating from self-generated collections of state agencies, colleges, universities, boards, or commissions
4. Funds appropriated out of statutory or constitutional dedicated funds
5. Funds utilized from the Budget Stabilization Fund in the official revenue forecast
6. Increases of SGF resulting from a decrease in another means of finance (MOF Swaps for SGF)
7. Any funds appropriated or allocated that are excluded from contributing to the expenditure limit

Changing the Limit:

Proposed companion constitutional amendment contemplated in HB 7 of the 2024 3rd ES, provides that the Government Growth Limit may be changed by a favorable vote of two-thirds of the elected members of each house through a specific legislative instrument. The limit may only be changed in years in which the growth factor for any of the three immediately preceding fiscal years was less than two and one half percent.

Proposed Law provides that any proposal by the governor to exceed the Expenditure Limit or the Government Growth Limit shall be itemized by program and shall constitute a submission by the governor separate and apart from the executive budget.

Senate Dual Referral Rules


13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}


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