HLS 181ES-12 ORIGINAL

2018 First Extraordinary Session

HOUSE BILL NO. 12

1

BY REPRESENTATIVE BARRAS

BUDGETARY CONTROLS: Provides for changes in the expenditure limit calculation (Item #12)

AN ACT

2 To amend and reenact R.S. 39:33.1(A) through (C) and to repeal R.S. 39:94(A)(1), relative 3 to the expenditure limit; to provide for submission of the expenditure limit to the 4 legislature; to provide for the base for determining the expenditure limit; to cap the 5 annual growth of the expenditure limit; to provide for the calculation of the growth 6 factor; to change the uses of money in excess of the expenditure limit; to provide for 7 effectiveness; and to provide for related matters. 8 Be it enacted by the Legislature of Louisiana: 9 Section 1. R.S. 39:33.1(A) through (C) are hereby amended and reenacted to read 10 as follows: 11 §33.1. Determination of expenditure limit 12 A. The commissioner of administration shall submit a calculation for the 13 expenditure limit for the ensuing fiscal year to the Joint Legislative Committee on 14 the Budget no later than thirty-five days prior to each regular session at the same 15 time the executive budget is submitted to the Joint Legislative Committee on the 16 Budget pursuant to R.S. 39:37. 17 B.(1) The expenditure limit for the ensuing fiscal year shall be the expenditure limit amount appropriated out of the state general fund and dedicated 18 19 funds for the current fiscal year plus an amount equal to that limit appropriated amount times the lesser of six percent or the growth factor if the growth factor is 20

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1	positive. If the growth factor is negative, the expenditure limit for the ensuing fiscal
2	year shall be amount appropriated out of the state general fund and dedicated funds
3	for the current fiscal year.
4	(2) The growth factor is defined as the average of the following four
5	indicators:
6	(a) The average annual percentage rate of change of personal income for
7	Louisiana as defined and reported by the United States Department of Commerce,
8	or its successor agency, for the three calendar years prior to the fiscal year for which
9	the limit is calculated.
10	(b) The percentage rate of change in the official forecast between the next
11	fiscal year and the current fiscal year.
12	(c) The average annual percentage rate of change of population for Louisiana
13	as defined and reported by the United States Department of Commerce, or its
14	successor agency, for the three calendar years prior to the fiscal year for which the
15	limit is calculated.
16	(d) The average annual percentage rate of change of the consumer price
17	index for the South Region as defined and reported by the United States Department
18	of Labor, or its successor agency, for the three calendar years prior to the fiscal year
19	for which the limit is calculated.
20	(3) The figures used for the calculation of the growth factor shall be those
21	actual or estimated figures most recently reported by the United States Department
22	of Commerce at the time the expenditure limit is submitted to the Joint Legislative
23	Committee on the Budget.
24	(4) The annual percentage rate of change of personal income for the
25	calendar year immediately preceding the fiscal year for which the expenditure limit
26	is calculated shall be derived by:
27	(a) Computing the simple average of the available quarterly total personal
28	income estimates for that calendar year.

1	(b) Dividing that result by the reported annual estimate of total personal
2	income for the calendar year that is two years prior to the fiscal year for which the
3	limit is calculated.
4	(c) Subtracting 1.0 from the result obtained in Subparagraph (b) of this
5	Paragraph. The calculation of the expenditure limit each fiscal year shall include the
6	methodology and data sources used to determine the rates of change for each factor.
7	Any changes in the methodology used from the prior year calculation shall require
8	review and prior approval of the Joint Legislative Committee on the Budget.
9	C. After review by the Joint Legislative Committee on the Budget, or its
10	designated staff, the commissioner of administration shall determine the state general
11	fund and designated dedicated funds to include and exclude in the calculation of the
12	state general fund and dedicated funds appropriated in the current fiscal year and the
13	state general fund and dedicated funds applicable to the expenditure limit in
14	accordance with Subsection D of this Section.
15	* * *
16	Section 2. R.S. 39:94(A)(1) is hereby repealed in its entirety.
17	Section 3. This Act shall take effect and become operative if and when the proposed
18	amendment of Article VII of the Constitution of Louisiana contained in the Act which
19	originated as House Bill No of this 2018 First Extraordinary Session of the Legislature
20	is adopted 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 12 Original

2018 First Extraordinary Session

Barras

Abstract: Changes the base for the expenditure limit to current year appropriations, limits expenditure limit growth the 6% and changes the method of determining the growth factor.

<u>Present law</u> requires the commissioner of administration to submit the calculation for the expenditure limit for the ensuing fiscal year to the Joint Legislative Committee on the Budget (JLCB) no later than 35 days prior to each regular session.

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<u>Proposed law</u> deletes the 35 day requirement in <u>present law</u> and instead requires that the expenditure limit be submitted at the same time the executive budget is submitted to JLCB.

<u>Present law</u> provides for the determination of the expenditure limit for the next fiscal year be based on the current expenditure limit times a positive growth factor.

<u>Proposed law</u> changes the base <u>from</u> the current expenditure limit <u>to</u> the current year expenditures out of the state general fund and dedicated funds.

Proposed law limits the growth of the expenditure limit to 6%.

<u>Proposed law</u> provides that, if the growth factor is not positive, the expenditure limit for the next fiscal year shall be the amount appropriated out of the state general fund and dedicated funds for the current fiscal year.

<u>Present law</u> defines the growth factor as the three-year average growth in La. personal income.

<u>Proposed law</u> retains the average growth in personal income and adds three other indicators to the determination of the growth factor:

- (1) Growth the official forecast between the next fiscal year and the current fiscal year.
- (2) The three-year average change in state population as defined and reported by the U. S. Dept. of Commerce, or its successor agency.
- (3) The three-year average change of the consumer price index for the South Region (CPI-South) as defined and reported by the U.S. Dept. of Labor, or its successor agency.

<u>Present law</u> provides for the determination of the percentage rate of change of personal income in the current year and prior years.

<u>Proposed law</u> deletes <u>present law</u> and requires that the commissioner of administration shall include the methodology and data sources used to determine the rates of change for each factor. Any changes in the methodology form the prior year calculation shall require review and prior approval of the Joint Legislative Committee on the Budget (JLCB).

<u>Present law</u> requires the commissioner to determine the state general fund and designated funds to be used include in the expenditure limit.

<u>Proposed law</u> requires the commissioner to determine what funds are to be excluded as well as included in the expenditure limit. <u>Further</u> requires the commissioner to determine the state general fund and dedicated funds to be included and excluded from the determination of the amount appropriated in the current fiscal year applicable to the expenditure limit.

<u>Present law</u> requires that all money available for appropriation from the state general fund and dedicated funds in excess of the expenditure limit shall be deposited in the Budget Stabilization Fund.

Proposed law repeals present law.

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 2018 First E.S. of the Legislature is adopted at a statewide election and becomes effective.

(Amends R.S. 39:33.1(A) - (C); Repeals R.S. 39:94(A)(1))

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