
DIGEST

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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.

Present law 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.

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

Present law 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.

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

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

Proposed law 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.

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

Proposed law 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.

Present law provides for the determination of the percentage rate of change of personal income in

the current year and prior years.

Proposed law deletes present law 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 from the prior year calculation shall require review and prior approval of the Joint Legislative Committee on the Budget (JLCB).

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

Proposed law requires the commissioner to determine what funds are to be excluded as well as included in the expenditure limit. Further 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.

Present law 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))