

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 12** HLS 181ES 12  
 Bill Text Version: **REENGROSSED**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> February 28, 2018 8:17 PM	<b>Author:</b> BARRAS
<b>Dept./Agy.:</b>	<b>Analyst:</b> Greg Albrecht
<b>Subject:</b> Expenditure Limit	

BUDGETARY CONTROLS RE SEE FISC NOTE GF EX See Note Page 1 of 1  
 Provides for changes in the expenditure limit calculation (Item #12)

Present law establishes the expenditure limit growth factor as the 3-year average of state personal income growth, with specific computation procedures. The growth factor is applied to the prior year expenditure limit to establish the limit for the ensuing year. Appropriations subject to the limit is all money required to be deposited in the state treasury except federal sourced funds, higher education self-generated revenue, interagency transfers, and the constitutional allocations to the parish severance tax and royalty receipt distributions. Available funds in excess of the limit shall be deposited into the Budget Stabilization Fund (BSF). Changes to the limit require a 2/3 vote. Proposed law establishes the growth factor as the average of (1) the 3-year average of state personal income growth, (2) the percent change in the official forecast from between the current and next fiscal year and, (3) the 3-year average percent change in the CPI for the South Region, but can not exceed 6%. The provision to deposit excess funds into the BSF is repealed. A 2/3 vote mail ballot is provided to change the limit when not in session. Contingent upon adoption of the constitutional amendment in HB 15.

<b>EXPENDITURES</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>					<b>\$0</b>

  

<b>REVENUES</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**EXPENDITURE EXPLANATION**

To assess the potential implications of these proposed changes to the calculation of the expenditure limit, proposed law calculations of the growth factor were projected out for five years, resulting in annual projected growth factors ranging from 2.36% to 2.73%. This compares to projections of the current growth factor ranging from 3.3% to 4.1% per year. The lower proposed growth factor would be applied to the existing expenditure limit for FY19 (\$14.805 billion) to establish the limit for FY20 (\$15.165 billion). The limit would grow for each year as the annually calculated growth factor is applied to the prior year's limit.

Appropriations subject to the limit, essentially non-federally sourced state general fund, dedicated funds, and non-higher education fees & self-generated revenue, for FY18 are \$13.194 billion (the last fiscal year prior to consideration of the expiration of temporary taxes). This allows for an estimate of \$1.971 billion of how much these appropriations could grow over the next two year before hitting the projected limit for FY20, presuming REC-adopted revenue projections sufficient to support those appropriations were to occur.

Also within this session is HCR 2 which re-bases the current limit for FY19 down for purposes of calculating the limit for FY20. HCR 2 establishes the FY19 limit at \$13.591 billion. Applying the projected growth factor proposed by this bill provides a new projected limit for FY20 of \$13.922 billion. Compared to the FY18 appropriations subject to the limit (\$13.194 billion), these appropriations could grow by \$728 million over the next two year before hitting the projected limit for FY20, presuming REC-adopted revenue projections sufficient to support those appropriations were to occur.

**REVENUE EXPLANATION**

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

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}

**John D. Carpenter**  
**Legislative Fiscal Officer**