AN ACT

To amend and reenact R.S. 39:33.1(A) through (C), relative to the expenditure limit; to provide for submission of the expenditure limit to the legislature; to provide for the base for determining the expenditure limit; to cap the annual growth of the expenditure limit; to provide for the calculation of the growth factor; to provide for effectiveness; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 39:33.1(A) through (C) are hereby amended and reenacted to read as follows:

§33.1. Determination of expenditure limit

A. The commissioner of administration shall submit a calculation for the expenditure limit for the ensuing fiscal year to the Joint Legislative Committee on the Budget no later than thirty-five days prior to each regular session at the same time the executive budget is submitted to the Joint Legislative Committee on the Budget pursuant to R.S. 39:37.

B.(1) The expenditure limit for the ensuing fiscal year shall be the expenditure limit for the current fiscal year plus an amount equal to that limit times the growth factor if the growth factor is positive. lesser of the following:

(a) The original calculated expenditure limit for the current fiscal year plus an amount equal to that limit times the lesser of five percent or the growth factor.
(b) The amount appropriated out of the state general fund and dedicated funds for the current fiscal year plus an amount equal to that appropriated amount times the lesser of five percent or the growth factor.

(2) The growth factor is defined as the average of the following four indicators:

(a) The average annual percentage rate of change of personal income for Louisiana as defined and reported by the United States Department of Commerce, or its successor agency, for the three calendar years prior to the fiscal year for which the limit is calculated.

(b) The average annual percentage rate of change of the gross domestic product of Louisiana as defined and reported by the United States Department of Commerce, or its successor agency, for the three calendar years prior to the fiscal year for which the expenditure limit is calculated.

(c) The average annual percentage rate of change of population for Louisiana as defined and reported by the United States Department of Commerce, or its successor agency, for the three calendar years prior to the fiscal year for which the limit is calculated.

(d) The average annual percentage rate of change of the consumer price index for the South Region as defined and reported by the United States Department of Labor, or its successor agency, for the three calendar years prior to the fiscal year for which the limit is calculated.

(3) The figures used for the calculation of the growth factor shall be those actual or estimated figures most recently reported by the United States Department of Commerce at the time the expenditure limit is submitted to the Joint Legislative Committee on the Budget.

(4) The annual percentage rate of change of personal income for the calendar year immediately preceding the fiscal year for which the expenditure limit is calculated shall be derived by...
(a) Computing the simple average of the available quarterly total personal income estimates for that calendar year.

(b) Dividing that result by the reported annual estimate of total personal income for the calendar year that is two years prior to the fiscal year for which the limit is calculated.

(c) Subtracting 1.0 from the result obtained in Subparagraph (b) of this Paragraph. The calculation of the expenditure limit each fiscal year shall include the methodology and data sources used to determine the rates of change for each factor. Any changes in the methodology used from the prior year calculation shall require review and prior approval of the Joint Legislative Committee on the Budget.

C. After review by the Joint Legislative Committee on the Budget, or its designated staff, the commissioner of administration shall determine the state general fund and designated dedicated funds to include and exclude in the calculation of the state general fund and dedicated funds appropriated in the current fiscal year and the state general fund and dedicated funds applicable to the expenditure limit in accordance with Subsection D of this Section.

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Section 2. This Act shall take effect and become operative if and when the proposed amendment of Article VII of the Constitution of Louisiana contained in the Act which originated as House Bill No. _____ of this 2020 Regular Session of the Legislature 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 469 Original 2020 Regular Session Beaulieu

Abstract: Changes the base for the expenditure limit to current year appropriations, limits expenditure limit growth to 5%, 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 limit times a positive growth factor.

Proposed law changes the base from the current expenditure limit to the lesser of the original calculated expenditure limit for the current fiscal year or the appropriated amounts out of the state general fund and dedicated funds.

Proposed law limits the growth of the expenditure limit to 5%.

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. The three-year average change in gross domestic product as defined and reported by the U.S. Dept. of Commerce, or its successor agency.

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 the commissioner of administration to 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 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.

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 2020 R.S. of the Legislature is adopted at a statewide election and becomes effective.

(Amends R.S. 39:33.1(A)-(C))