

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 464** HLS 20RS 342
 Bill Text Version: **ENROLLED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: June 2, 2020 3:26 PM	Author: BEAULLIEU
Dept./Agy.: Division of Administration	Analyst: Greg Albrecht
Subject: Expenditure Limit	

BUDGETARY CONTROLS EN SEE FISC NOTE GF EX See Note Page 1 of 1
 (Constitutional Amendment) Provides for changes in the expenditure limit calculation

Present constitution requires an expenditure limit for the ensuing fiscal year to be the limit for the current fiscal year multiplied by a positive growth factor. The growth factor is defined as the average annual percentage rate of change of personal income for Louisiana for the three calendar years prior to the fiscal year for which the limit is calculated. The limit for any fiscal year may be changed by a two-thirds vote of the legislature.

Proposed constitutional amendment requires an expenditure limit for the ensuing fiscal year to be the amount appropriated from the state general fund and dedicated funds for the current fiscal year multiplied by a growth factor. The legislature shall establish a procedure by law to determine the growth factor, which shall not exceed 5%. That law may be changed by a two-thirds vote of the legislature. These provisions are made effective on June 30, 2022. To be submitted to the electors at the statewide election to be held on November 3, 2020.

EXPENDITURES	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	SEE BELOW	SEE BELOW	\$0
Agy. Self-Gen.	\$0	\$0	\$0	SEE BELOW	SEE BELOW	\$0
Ded./Other	\$0	\$0	\$0	SEE BELOW	SEE BELOW	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0			\$0

REVENUES	2020-21	2021-22	2022-23	2023-24	2024-25	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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

Currently, the provisions in R.S. 39:33.1 establish the specific procedure for implementing the expenditure limit, subject to the present authorizing constitutional provisions that this joint resolution proposes to amend. A companion bill (HB 469) to this joint resolution proposes to amend the associated provisions of R.S. 39:33.1, contingent upon adoption of this joint resolution by the electorate. Assuming that this constitutional amendment is adopted in November 2020, the bill provides that its provisions are effective on June 30, 2022. There is a statutory companion (HB 469), that if enacted this session, would presumably be effective on June 30, 2022, as well.

Expenditure limit calculations are done in late December each year for use in the Executive Budget and appropriations for the ensuing fiscal year. From a practical perspective, the effectiveness language of this bill would seem to apply the new growth factor calculation contained in the statutory bill to the expenditure limit calculation for FY24 and subsequent years. The implications of the proposed change to the expenditure limit are discussed in the fiscal note for HB 469.

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