

1 each estimate, the conference shall designate the money in the estimate which is
2 recurring and which is nonrecurring. All conference decisions to adopt these
3 estimates shall be by unanimous vote of its members. Changes to the unanimous
4 vote requirement shall be made by law enacted by a favorable vote of two-thirds of
5 the elected members of each house. The most recently adopted estimate of money
6 available for appropriation shall be the official forecast.

7 (C) Expenditure ~~Limit~~ and Revenue Limits. (1) Expenditure Limit. (a) The
8 legislature shall provide for the determination of an expenditure limit for each fiscal
9 year to be established during the first quarter of the calendar year for the next fiscal
10 year. However, the expenditure limit for the 1991-1992 Fiscal Year shall be the
11 actual appropriations from the state general fund and dedicated funds for that year
12 except funds allocated by Article VII, Section 4, Paragraphs (D) and (E). For
13 subsequent fiscal years, the limit shall not exceed the expenditure limit for the
14 current fiscal year plus an amount equal to that limit times a positive growth factor.
15 The growth factor is the average annual percentage rate of change of personal
16 income for Louisiana as defined and reported by the United States Department of
17 Commerce for the three calendar years prior to the fiscal year for which the limit is
18 calculated.

19 ~~(2)~~ (b) The expenditure limit may be changed ~~in any fiscal year~~ by a
20 favorable vote of two-thirds of the elected members of each house. Any such change
21 in the expenditure limit shall be approved by passage of a specific legislative
22 instrument which clearly states the intent to change the limit.

23 ~~(3)~~ (c) Beginning with the 1995-1996 Fiscal Year, the expenditure limit shall
24 be determined in accordance with the provisions of Paragraph (J) of this Section.
25 The redetermination of the expenditure limit for each fiscal year from the 1991-1992
26 Fiscal Year through the 1994-1995 Fiscal Year shall only be used in computing the
27 expenditure limit for the 1995-1996 Fiscal Year and shall not affect the expenditure
28 limit already computed ~~in accordance with this Paragraph~~ for such fiscal years.

1 ~~(4)~~ (d) The provisions of this ~~Paragraph~~ Subparagraph shall not apply to or
2 affect funds allocated by Article VII, Section 4, Paragraphs (D) and (E).

3 (2) Revenue Limit. (a) At a meeting held in January each year, the Revenue
4 Estimating Conference shall adopt by unanimous vote a calculation of a revenue
5 limit. In addition to monies designated as nonrecurring pursuant to Paragraph (B)
6 of this Section, the Revenue Estimating Conference shall designate in its official
7 forecast as nonrecurring all state general fund revenues in excess of the revenue
8 limit.

9 (b) For the purposes of this Subparagraph, the term "state general fund
10 revenues" shall mean the total taxes, licenses, fees, and any additional funds that
11 would otherwise be incorporated into the state's official forecast, in accordance with
12 Paragraphs (B) and (J) of this Section, less dedications.

13 (c) The revenue limit shall be the actual state general fund revenue
14 collections for the most recently completed fiscal year, as reported to the Revenue
15 Estimating Conference plus an amount equal to the actual state general fund revenue
16 collections for the most recently completed fiscal year times the annual growth
17 factor.

18 (d) The annual growth factor shall be adopted by the Revenue Estimating
19 Conference at a meeting held in January each year and for the purposes of this
20 Subparagraph, the term "annual growth factor" shall mean the percentage rate that
21 is the average of the following indicators:

22 (i) The percentage rate of change of the gross domestic product of Louisiana
23 as defined and reported by the United States Department of Commerce, or its
24 successor agency, for the ten years immediately preceding the year for which the
25 revenue limit is calculated.

26 (ii) The percentage rate of change of personal income for Louisiana as
27 defined and reported by the United States Department of Commerce, or its successor
28 agency, for the ten years immediately preceding the year for which the revenue limit
29 is calculated.

1 (D) For purposes of this Section, "mineral revenues" shall include severance
2 taxes, royalty payments, bonus payments, or rentals, with the following exceptions:

3 (1) Revenues designated as nonrecurring, pursuant to Article VII, Section
4 10(B) and (C) of this constitution.

5 * * *

6 Section 2. This Act shall become effective on January 1, 2023.

7 Section 3. Be it further resolved that this proposed amendment shall be submitted to
8 the electors of the state of Louisiana at the statewide election to be held on November 8,
9 2022.

10 Section 4. Be it further resolved that on the official ballot to be used at the election,
11 there shall be printed a proposition, upon which the electors of the state shall be permitted
12 to vote YES or NO, to amend the Constitution of Louisiana, which proposition shall read as
13 follows:

14 Do you support an amendment to restrict the legislature's ability to spend
15 state funds by requiring the Revenue Estimating Conference to calculate and
16 apply a formula that limits the amount of recurring revenues that may be
17 expended each year; to allow for legislative override of the formula amount
18 with a two-thirds vote; and to modify the legislature's ability to change the
19 state's total expenditure limit for any fiscal year? (Effective January 1, 2023)
20 (Amends Article VII, Sections 10(B) and (C), 10.3(A)(2)(a)(introductory
21 paragraph), and 10.16(D)(1))

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 593 Original

2022 Regular Session

Geymann

Abstract: Restricts the amount of state funds that can be spent on recurring expenses by establishing a formula to determine how much money can be designated as recurring in the Revenue Estimating Conference's (REC's) official forecast and modifying how the legislature can change the expenditure limit.

Present constitution (Art. VII, Sec. 10) requires the REC to prepare and publish initial revised estimates of money to be received by the state general fund and dedicated funds for

the current and next fiscal years which are available for appropriation. Defines "state general fund and dedicated funds" to mean all money required to be deposited in the state treasury, except that money the origin of which is:

- (1) Federal.
- (2) Self-generated collections by a public postsecondary education management board or the Board of Regents.
- (3) A transfer from another state agency, board, or commission.
- (4) And certain mineral royalty and severance monies as provided in present constitution (Article VII, Section 4, Paragraphs (D) and (E)).

Present constitution further requires REC to designate money in the estimate as recurring or nonrecurring. Proposed constitution retains present constitution.

Proposed constitution requires REC to designate in its official forecast any state general fund revenues in excess of an annually established revenue limit. Defines "state general fund revenues" for the purposes of proposed constitution as the total taxes, licenses, fees, and any additional funds that would otherwise be incorporated into the state's official forecast, in accordance with present constitution, less dedications.

Proposed constitution provides that the revenue limit is the actual state general fund revenue collections for the most recently completed fiscal year as reported to the REC plus an amount equal to the actual state general fund revenue collections for the most recently completed fiscal year times the annual growth factor.

Requires REC to adopt an annual growth factor each Jan. Further defines the term "annual growth factor" for the purposes of proposed constitution to mean the percentage rate that is the average of the following indicators:

- (1) The percentage rate of change of the gross domestic product of Louisiana as defined and reported by the U.S. Dept. of Commerce, or its successor agency, for the 10 years immediately preceding the year for which the revenue limit is calculated.
- (2) The percentage rate of change of personal income for Louisiana as defined and reported by the U.S. Dept. of Commerce, or its successor agency, for the 10 years immediately preceding the year for which the revenue limit is calculated.

Further excludes any monies withdrawn from the Budget Stabilization Fund from a designation of nonrecurring revenue pursuant to proposed constitution.

Proposed constitution authorizes the legislature to change the revenue limit by a favorable vote of 2/3 of the elected members of each house. Any such change must be approved by passage of a specific legislative instrument which clearly states the legislature's intent to change the limit.

Present constitution establishes the annual calculation of an expenditure limit for state funds. This limit serves as the absolute maximum amount of state funds that may be expended in any fiscal year. Further authorizes the legislature to change this limit in any fiscal year by a favorable vote of 2/3 of the elected members of each house through passage of a specific legislative instrument that clearly states the legislature's intent to change the expenditure limit. Proposed constitution retains present constitution but allows the legislature to change the limit for any fiscal year.

Present constitution (Art. VII, Sec. 10.3) establishes the Budget Stabilization Fund and provides for deposit of certain monies into the fund. Proposed constitution retains present constitution.

Present constitution requires all revenues received by the state each year in excess of \$750,000,000 as a result of production of or exploration for minerals, including severance taxes, royalty payments, bonus, payments, or rentals, less certain exceptions, to be deposited into the Fund. Proposed constitution retains present constitution and exempts any funds in excess of \$750,000,000 that are designated as nonrecurring pursuant to proposed constitution from being automatically deposited into the fund. Retains present constitution requirement that 25% of any money designated in the official forecast as nonrecurring be deposited into the fund.

Present constitution (Art. VII, Sec. 10.16) provides for the dedication of mineral revenues received by the state. Exempts from the definition of mineral revenues monies designated as nonrecurring pursuant to present constitution. Proposed constitution exempts monies designated as nonrecurring pursuant to present and proposed constitution.

Provides for submission of the proposed amendment to the voters at the statewide election to be held Nov. 8, 2022.

Effective Jan. 1, 2023.

(Amends Article VII, Sections 10(B) and (C), 10.3(A)(2)(a)(intro. para.), and 10.16(D)(1))