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## DIGEST

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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))