

2022 Regular Session

HOUSE BILL NO. 656

BY REPRESENTATIVE GEYMANN

FISCAL CONTROLS: Limits the amount of recurring revenue that can be recognized by the Revenue Estimating Conference

1 AN ACT

2 To amend and reenact R.S. 39:24(A) and to enact R.S. 39:24.1.1, relative to state funds; to
3 require certain funds to be designated nonrecurring in the state's official forecast; to
4 provide for the calculation of recurring revenue amounts; to provide with respect to
5 the powers and duties of the Revenue Estimating Conference; to provide definitions;
6 and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 39:24(A) is hereby amended and reenacted and R.S. 39:24.1.1 is
9 hereby enacted to read as follows:

10 §24. Official forecast

11 A.(1) The Revenue Estimating Conference shall establish an official forecast
12 for each fiscal year which shall be derived and revised only as provided in this Part.
13 The official forecast shall include a forecast of all funds as defined in Article VII,
14 Section 10(J) of the Constitution of Louisiana, and shall include an estimate of
15 money available for appropriation from each dedicated fund. Each such official
16 forecast shall contain a designation of all money which is nonrecurring. The
17 conference shall designate all other money in each official forecast as recurring. In
18 addition, the conference may designate as nonrecurring any money available for
19 appropriation from any source that is defined as nonrecurring in R.S. 39:2(27).

1 (2)(a) Notwithstanding any provision of law to the contrary, in addition to
2 monies designated as nonrecurring pursuant to Paragraph (1) of this Subsection, the
3 Revenue Estimating Conference shall designate as nonrecurring all state general fund
4 revenues in excess of the revenue limit, as calculated pursuant to R.S. 39:24.1.1.

5 (b) For the purposes of this Paragraph, the term "state general fund revenues"
6 means the total taxes, licenses, fees, and any additional funds that would otherwise
7 be incorporated into the forecast, less dedications.

8 (c) The Revenue Estimating Conference shall not designate monies
9 withdrawn from the Budget Stabilization Fund as nonrecurring pursuant to this
10 Paragraph.

11 (d) The revenue limit may be changed through the passage of a concurrent
12 resolution by a favorable vote of two-thirds of the elected members of each house.
13 If the legislature changes the limit, the Revenue Estimating Conference shall meet
14 within thirty days of the change being adopted to revise its official forecast to
15 redesignate nonrecurring revenues in conformity with the new revenue limit figure.

16 (e) The provisions of this Paragraph shall not apply if the revenue limit for
17 the current year does not exceed the actual collections of state general fund revenues
18 for the most recently completed fiscal year as reported to the Revenue Estimating
19 Conference.

20 * * *

21 §24.1.1. Revenue Limit

22 A. At a meeting held in January each year, the Revenue Estimating
23 Conference shall adopt by a unanimous vote a calculation of the revenue limit.

24 B. The revenue limit shall be the actual collections of state general fund
25 revenues for the most recently completed fiscal year plus an amount equal to the
26 actual collections of state general fund revenues for the most recently completed
27 fiscal year times the annual growth factor. For the purposes of this Section, "state
28 general fund revenues" means total taxes, licenses, fees, and any additional funds

1 incorporated into the forecast, less dedications, as reported to the Revenue
2 Estimating Conference.

3 C. The "annual growth factor" shall be adopted by the Revenue Estimating
4 Conference each January and for the purposes of this Section shall the mean
5 percentage rate calculated as the average of the following indicators:

6 (1) The percentage rate of change of the gross domestic product of Louisiana
7 as defined and reported by the United States Department of Commerce, or its
8 successor agency, for the ten years immediately preceding the year for which the
9 base is calculated.

10 (2) The percentage rate of change of personal income for Louisiana as
11 defined and reported by the United States Department of Commerce, or its successor
12 agency, for the ten years immediately preceding the year for which the base is
13 calculated.

14 D. Monies withdrawn from the Budget Stabilization Fund shall not be
15 included in any calculation made pursuant to the provisions of this Section.

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

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 656 Original

2022 Regular Session

Geymann

Abstract: Limits the amount of recurring revenue that can be recognized by the Revenue Estimating Conference.

Present law requires the Revenue Estimating Conference (REC) to establish and periodically revise an official forecast of all state general fund and dedicated funds, excluding monies the origin of which is any of the following:

- (1) Federal.
- (2) Fees and self-generated collections of public postsecondary education management boards.
- (3) Transfers of funds from another agency, board, or commission.
- (4) Certain mineral royalty and severance revenues.

Further requires REC to designate in its forecast all money that is nonrecurring. Proposed law retains present law. Further requires REC to designate as nonrecurring all state general fund revenues above the revenue limit calculated pursuant to proposed law. Defines the term "state general fund revenues" for purposes of proposed law to mean the total taxes, licenses, fees, and any additional funds that would otherwise be incorporated into the forecast, less dedications. Prohibits designation of monies withdrawn from the Budget Stabilization Fund as nonrecurring pursuant to proposed law. Authorizes the legislature to change the revenue limit by passage of a concurrent resolution adopted with a 2/3 vote of the elected members of each house. Requires REC to meet within 30 days of the adoption of any such resolution and revise its official forecast in conformity with the new revenue limit figure. Further prohibits application of proposed law if the revenue limit does not exceed the actual collections for the most recently completed fiscal year for total taxes, licenses, fees, and any additional funds incorporated into the forecast, less dedications, as reported to REC.

Proposed law requires REC at a meeting held in Jan. each year, to adopt by a unanimous vote a calculation of the revenue limit. Provides the revenue limit is the actual collections of state general fund revenues for the most recently completed fiscal year plus an amount equal to the actual collections of state general fund revenues for the most recent fiscal year times the annual growth factor. Provides that for purposes of proposed law, "state general fund revenues" means actual collections for the most recently completed fiscal year for total taxes, licenses, fees, and any additional funds incorporated into the forecast, less dedications, as reported to the REC.

Proposed law requires REC to calculate the annual growth factor at a Jan. meeting each year. Further defines "annual growth factor" for the purposes of proposed law to mean the percentage rate that is the average of the following economic indicators:

- (1) The 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 ten years immediately preceding the year for which the base is calculated.
- (2) The 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 ten years immediately preceding the year for which the base is calculated.

Prohibits inclusion of monies withdrawn from the Budget Stabilization Fund in any calculation made pursuant to proposed law.

Effective January 1, 2023.

(Amends R.S. 39:24(A) and Adds R.S. 39:24.1.1)