

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 as above a baseline in the state's official  
4 forecast; to provide for the calculation of recurring revenue amounts; to provide with  
5 respect to the powers and duties of the Revenue Estimating Conference; to provide  
6 definitions; 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 as  
18 provided in Paragraph (2) of this Subsection. In addition, the conference may  
19 designate as nonrecurring any money available for appropriation from any source  
20 that is defined as nonrecurring in R.S. 39:2(27).



1           D. Monies withdrawn from the Budget Stabilization Fund shall not be  
 2           included in any calculation made pursuant to the provisions of Subsection B of this  
 3           Section.

4           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 Engrossed

2022 Regular Session

Geymann

**Abstract:** Provides relative to revenue recognized by the Revenue Estimating Conference.

Present constitution and present law require 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.

Present law requires REC to designate as recurring all revenues not designated as nonrecurring. Proposed law requires REC to designate as "recurring above the revenue limit" all recurring state general fund revenues above the revenue limit calculated pursuant to proposed law. Otherwise retains present 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.

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 sum of the following figures:

- (1) The product of 35% and the annual percentage rate of change of the gross domestic product of La. as defined and reported by the U.S. Dept. of Commerce, or its

- successor agency, for the 25 years immediately preceding the year for which the base is calculated.
- (2) The product of 65% and the annual percentage rate of change of personal income for La. as defined and reported by the United States Department of Commerce, or its successor agency, for the 25 years immediately preceding the year for which the base is calculated.

Prohibits inclusion of monies withdrawn from the Budget Stabilization Fund in any calculation of the revenue limit made pursuant to proposed law.

Effective January 1, 2023.

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

#### Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Appropriations to the original bill:

1. Remove requirement that the Revenue Estimating Conference designate all recurring revenues collected above the limit calculated in proposed law as nonrecurring. Instead requires such monies to be designated as "recurring above the revenue limit".
2. Remove provisions authorizing the legislature to change the revenue limit through passage of a concurrent resolution with a 2/3 vote.
3. Remove provision prohibiting applicability of proposed law if the revenue limit for the current year does not exceed the actual collections of state general fund revenues for the most recently completed fiscal year.
4. Change the calculation of the annual growth factor in proposed law to be a weighted average of the annual percentage rate of change of certain economic indicators over twenty-five years.
5. Make technical changes.