
DIGEST

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HB 884 Reengrossed

2022 Regular Session

Beaullieu

Abstract: Changes the calculation of the expenditure limit and requires the Joint Legislative Committee on the Budget (JLCB) to determine the state general fund and designated funds that are excluded from the calculation of the expenditure limit and the calculation of expenditures in relation to the expenditure limit.

Present constitution (Art. VII, Sec. 10) requires the legislature to provide for a determination of an expenditure limit for each fiscal year, to be established during the first quarter of the calendar year for the next fiscal year. Provides that, for all years after the 1991-1992 fiscal year, the expenditure limit shall not exceed the expenditure limit for the current fiscal year plus an amount equal to that limit times a positive growth factor. Further establishes the growth factor as the average annual percentage rate of change of personal income for La. as reported by the U.S. Dept. of Commerce for the three calendar years prior to the fiscal year for which the limit is calculated.

Present constitution authorizes the legislature to change the expenditure limit in any fiscal year by a favorable vote of two-thirds of the elected members of each house on a specific legislative instrument that clearly states the intent to change the expenditure limit.

Present law (R.S. 39:33.1) establishes the determination of the expenditure limit in accordance with present constitution. Requires the commissioner of administration (commissioner) to submit a calculation for the expenditure limit to JLCB no later than 35 days prior to each regular session. Proposed law retains present law and further requires the commissioner to submit a list of recommendations for state general fund and designated funds to exclude from the calculation of expenditures in relation to the expenditure limit pursuant to present and proposed law.

Present law provides for calculation of the expenditure limit. Provides that the expenditure limit for the ensuing fiscal year shall be the expenditure limit for the current fiscal year plus an amount equal to that limit times the growth factor, if the growth factor is positive.

Proposed law provides that, beginning with the calculation for the 2023-2024 fiscal year and for each calculation thereafter, the expenditure limit for the ensuing fiscal year shall equal the lesser of the following amounts plus an amount equal to that amount times the growth factor, if the growth factor is positive:

- (1) The aggregate of the following amounts:
 - (a) The sum of the total amounts appropriated by act of the legislature from the state

general fund and dedicated funds as of July first of the fiscal year in which the calculation is made, less amounts appropriated from the state general fund and dedicated funds that were vetoed by the governor and not overridden by the legislature.

- (b) The total amount of certain specified non-appropriated payments made by the state each year.
 - (c) The total amount of funds carried forward from a prior fiscal year into the current fiscal year, unless otherwise excluded pursuant to proposed law.
- (2) The limit for the current fiscal year established by the legislature pursuant to the authority granted in present constitution.

Present law provides that after the calculation of the expenditure limit is reviewed by JLCB, or its designated staff, the commissioner shall determine the state general fund and designated funds to include in the calculation of the expenditure limit in accordance with present law. Proposed law repeals this authority and instead requires JLCB to determine which state general fund and dedicated funds to exclude from any calculation of expenditures in relation to the expenditure limit. Further requires the following to be included in any such calculation:

- (1) The total amount of certain specified non-appropriated payments made by the state each year.
- (2) The total expenditures of monies held by the state in a fiduciary capacity, to the extent such monies are not excluded pursuant to proposed law.
- (3) The total amount of funds carried forward from a prior fiscal year into the current fiscal year, unless otherwise excluded pursuant to proposed law.

Further requires JLCB to meet no later than October 2022 to determine the state general fund and dedicated funds (as defined in present law) that do not count towards the calculation of the expenditure limit and towards the calculation of expenditures in relation to the expenditure limit (as provided in proposed law).

(Amends R.S. 39:33.1(A), (B)(1), and (C))

Summary of Amendments Adopted by House

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

- 1. Remove proposed law provision establishing the expenditure limit as the lesser of the amount established by the legislature pursuant to present constitution or the total amount appropriated by the legislature from the state general fund and dedicated funds as of December first for the current fiscal year, excluding changes to budget authority made

by the commissioner of administration or the JLCB, plus an amount equal to that amount times the growth factor if the growth factor is positive.

2. Add provision establishing the expenditure limit as the lesser of the amount established by the legislature pursuant to present constitution or the sum of the total amounts appropriated by act of the legislature from the state general fund and dedicated funds as of July first of the fiscal year in which the calculation is made, less amounts appropriated from the state general fund and dedicated funds that were vetoed by the governor and not overridden by the legislature, plus the total amount of non-appropriated constitutional requirements reflected on the most recent budget status report submitted to the JLCB pursuant to present law plus an amount equal to that sum times the growth factor, if the growth factor is positive.
3. Add requirement that certain expenditures be included in any calculation of expenditures in relation to the expenditure limit.

The House Floor Amendments to the engrossed bill:

1. Remove provision requiring the growth factor to only be applied to one component of the expenditure limit calculation and instead require the growth factor to be applied to whichever component of the calculation is determined to be the lesser amount.
2. Add provision specifying that the limit established by the legislature pursuant to the constitution, which is a component of the calculation of the expenditure limit pursuant to proposed law, is the limit established for the fiscal year in which the calculation is made.
3. Add provisions enumerating the non-appropriated expenditures to be used in determining a component of the expenditure limit calculation.
4. Add provision requiring sums carried forward from a prior fiscal year to be used in determining a component of the expenditure limit calculation.
5. Add provision requiring the JLCB to meet no later than October 2022 to determine the state general fund and dedicated funds that do not count towards the calculation of the expenditure limit and towards the calculation of expenditures in relation to the expenditure limit.