



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SCR 3** SLS 23RS 325
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action: **w/ HSE COMM AMD**
 Proposed Amd.:
 Sub. Bill For.:

Date: June 5, 2023	6:26 PM	Author: CORTEZ
Dept./Agy.:		
Subject: Expenditure Limit		Analyst: Chris Henry

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 Provides for the expenditure limit for Fiscal Year 2022-2023 and Fiscal Year 2023-2024. (2/3-CA7s10)

Present Law specifies that the expenditure limit for the ensuing fiscal year shall be the limit for the current fiscal year multiplied by a positive growth factor. The growth factor is defined as the average annual percentage rate of change of personal income for Louisiana for the three calendar years prior to the fiscal year for which the limit is calculated. The U.S. Department of Commerce defines and reports personal income for the state. The limit is calculated once per year near the beginning of the calendar year for use in the ensuing fiscal year. The limit applies to appropriations of all money required to be deposited into the state treasury except federal sourced funds, higher education self-generated revenue, interagency transfers, and the constitutional allocations to the parish severance tax and royalty receipt distributions. The limit for FY 23 is \$15,889,263,342 and for FY 24 is \$16,497,721,252. Proposed resolution establishes the expenditure limit for FY 23 at \$16,139,263,343, an increase of \$250,000,000 or 1.6%. It also establishes the limit for FY 24 at \$17,897,721,252, an increase of \$1,400,000,000 or 8.5%.

EXPENDITURES	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>2027-28</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	SEE BELOW	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total		\$0	\$0	\$0	\$0	\$0

REVENUES	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>2027-28</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

The proposed resolution establishes the expenditure limit for FY 23 at \$16,139,263,342, an increase of \$250,000,000 or 1.6%. It also establishes the limit for FY 24 at \$17,897,721,252, an increase of \$1,400,000,000 or 8.5%.

Fiscal Year 2022-23

According to the methodology used by the Division of Administration, the initial FY 23 appropriations, which are included in the expenditure limit calculation totaled \$15,047,810,621 (\$10.2 B SGF, \$1.7 B SGR, \$3.2 B Dedications). Factoring all increases and reductions made throughout the year through March 2023 via BA-7 budget adjustments, capital outlay change orders, and supplemental appropriations made in the 1st Extraordinary Session, a total of \$15,404,851,711 in appropriations have been made which count against the expenditure limit. **Currently, that leaves \$484,411,631 available for appropriation before exceeding the limit. When combined with the increase proposed in this resolution, \$734,411,631 would be available before the limit is reached.**

Fiscal Year 2023-24

The Expenditure Limit for FY 24 was approved by the Joint Legislative Committee on the Budget on February 17, 2023, and set at \$16,497,721,252, a 3.83% increase over the FY 23 limit based on the growth factors in statute. Using information provided by the Division of Administration based on the Executive Budget Recommendation, a total of \$15,971,288,568 (\$10.8 B SGF, \$1.7 B SGR, \$3.4 B Dedications) is factored into the limit calculation after exclusions are removed. **This would leave \$526,432,684 available for additional appropriations before exceeding the limit. When combined with the increase proposed in this resolution, \$1,926,432,684 would be available before the limit is reached.**

There is currently \$472,238,335 in Surplus SGF from FY 22 available for appropriation after the required 10% (\$72.7 M) for the UAL payments and 25% (\$181.6 M) transfer to the Budget Stabilization Fund are removed. Additionally, there is \$1.21 B in FY 23 SGF Excess available for appropriation after the Revenue Estimating Conference (REC) forecast increased in December 2022 (\$928.5 M) and May 2023 (\$323.4 M) and after \$45 M was utilized in the first special session of 2023. These amounts combined total \$1.68 B, all of which is available for appropriation during the 2023 Regular Session. Additionally, the REC forecast adopted in May 2023 increased the available SGF available for appropriation in FY 24 by \$483.3 M.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Senate
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Evan Brasseaux

Evan Brasseaux
 Interim Deputy Fiscal Officer