

2024 Regular Session

HOUSE BILL NO. 502

BY REPRESENTATIVES GEYMANN AND BEAULLIEU

APPROPRIATIONS: (Constitutional Amendment) Limits the amount of monies that may be appropriated in a fiscal year

A JOINT RESOLUTION

Proposing to amend Article VII, Sections 10(C), (D)(1), and (E) and 11(A) of the Constitution of Louisiana, relative to state finances; to provide for calculation of a limit above which funds may only be appropriated for certain purposes; to provide for exceptions; to authorize the legislature to change the limit in certain circumstances; to provide for the establishment of an initial limit; to provide relative to the duties of the governor with respect to state finances; to provide for submission of the proposed amendment to the electors; and to provide for related matters.

Section 1. Be it resolved by the Legislature of Louisiana, two-thirds of the members elected to each house concurring, that there shall be submitted to the electors of the state of Louisiana, for their approval or rejection in the manner provided by law, a proposal to amend Article VII, Sections 10(C), (D)(1), and (E) and 11(A) of the Constitution of Louisiana, to read as follows:

§10. Expenditure of State Funds

Section 10.

* * *

(C) ~~Expenditure Limit.~~ and Louisiana Sustainability Limits. (1) Expenditure Limit. (a) The legislature shall provide for the 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. However, the expenditure limit for the 1991-1992 Fiscal Year

1 shall be the actual appropriations from the state general fund and dedicated funds for
2 that year except funds allocated by Article VII, Section 4, Paragraphs (D) and (E).
3 For subsequent fiscal years, the limit shall not exceed the expenditure limit for the
4 current fiscal year plus an amount equal to that limit times a positive growth factor.
5 The growth factor is the average annual percentage rate of change of personal
6 income for Louisiana as defined and reported by the United States Department of
7 Commerce for the three calendar years prior to the fiscal year for which the limit is
8 calculated.

9 ~~(2)~~ (b) The expenditure limit may be changed in any fiscal year by a
10 favorable vote of two-thirds of the elected members of each house. Any such change
11 in the expenditure limit shall be approved by passage of a specific legislative
12 instrument which clearly states the intent to change the limit.

13 ~~(3)~~ (c) Beginning with the 1995-1996 Fiscal Year, the expenditure limit shall
14 be determined in accordance with the provisions of Paragraph (J) of this Section.
15 The redetermination of the expenditure limit for each fiscal year from the 1991-1992
16 Fiscal Year through the 1994-1995 Fiscal Year shall only be used in computing the
17 expenditure limit for the 1995-1996 Fiscal Year and shall not affect the expenditure
18 limit already computed in accordance with this Paragraph for such fiscal years.

19 ~~(4)~~ ~~The provisions of this Paragraph shall not apply to or affect funds~~
20 ~~allocated by Article VII, Section 4, Paragraphs (D) and (E).~~

21 (2) Louisiana Sustainability Limit. (a) Beginning with Fiscal Year 2025-
22 2026, there is hereby established a limit for each fiscal year above which
23 appropriations from the state general fund and dedicated funds can only be made for
24 the purposes provided in this Subparagraph. Such limit shall be known as the
25 Louisiana Sustainability Limit and shall be established by the Revenue Estimating
26 Conference during the first quarter of the calendar year for the next fiscal year;
27 however, the Louisiana Sustainability Limit for the 2025-2026 Fiscal Year shall
28 equal the actual appropriations from the state general fund and dedicated funds for
29 Fiscal Year 2023-2024 plus the product of such amount times three percent.

1 (b)(i) Except as otherwise provided in this Subparagraph, for subsequent
2 fiscal years, the Louisiana Sustainability Limit shall be calculated as the sum of the
3 base plus the result of the base times the positive growth factor. The growth factor
4 shall be the ten-year average percentage rate of change in the state's gross domestic
5 product using the percentage rate of change in the state's gross domestic product as
6 defined and reported by the United States Department of Commerce, or its successor
7 agency, for the ten fiscal years immediately preceding the fiscal year in which the
8 Louisiana Sustainability Limit is calculated. The base shall be the actual
9 appropriations from the state general fund and dedicated funds for the immediately
10 prior fiscal year except appropriations made pursuant to Subsubparagraph (c) of this
11 Subparagraph.

12 (ii) Notwithstanding any provision of this Subparagraph, if the Louisiana
13 Sustainability Limit calculated for any fiscal year exceeds the expenditure limit
14 calculated for the same fiscal year, the Louisiana Sustainability Limit shall be set
15 equal to the expenditure limit. If the legislature alters the expenditure limit in a
16 fiscal year and the resulting limit is lower than the Louisiana Sustainability Limit for
17 that fiscal year, the Louisiana Sustainability Limit for that fiscal year shall
18 automatically be lowered to equal the limit set by the legislature for the expenditure
19 limit.

20 (c) Recurring revenue amounts recognized in the official forecast above the
21 Louisiana Sustainability Limit and below the expenditure limit may be appropriated
22 only for the following purposes:

23 (i) For return to natural persons domiciled in Louisiana, but only if the
24 legislature has established by law qualifications for, calculation of, and procedures
25 for implementation of this Item.

26 (ii) For any purpose for which nonrecurring revenue may be appropriated
27 pursuant to Subparagraph (D)(2) of this Section.

28 (d) Notwithstanding any provision of Article III, Section 2 of this
29 constitution, a legislative instrument evidencing the legislature's intent to issue a

1 return of excess revenues as provided in Subsubparagraph (c) of this Subparagraph
2 may be introduced at any regular session of the legislature.

3 (e) The limit calculated pursuant to the provisions of this Subparagraph shall
4 not apply to the appropriation of funds from the Budget Stabilization Fund
5 incorporated into the official forecast for the current fiscal year.

6 (f) If in the immediately prior fiscal year, monies from the Budget
7 Stabilization Fund were incorporated into the official forecast for that fiscal year and
8 the official forecast for the ensuing fiscal year reflects growth in state general fund
9 revenues relative to the current fiscal year, the Louisiana Sustainability Limit for the
10 ensuing fiscal year may be increased by a favorable vote of two-thirds of the elected
11 members of each house. Any change in the Louisiana Sustainability Limit
12 authorized by this Subsubparagraph shall be approved by passage of a specific
13 legislative instrument which clearly states the intent to change the limit.

14 (3) The provisions of this Paragraph shall not apply to or affect funds
15 allocated by Article VII, Section 4, Paragraphs (D) and (E).

16 (D) Appropriations. (1) Except as otherwise provided by this constitution,
17 money shall be drawn from the state treasury only pursuant to an appropriation made
18 in accordance with law. Appropriations from the state general fund and dedicated
19 funds, except as provided in Subsubparagraph (C)(2)(c) of this Section and funds
20 allocated by Article VII, Section 4, Paragraphs (D) and (E), shall not exceed the
21 lesser of the expenditure limit or the Louisiana Sustainability Limit for the fiscal
22 year.

23 * * *

24 (E) Balanced Budget. Appropriations by the legislature from the state
25 general fund and dedicated funds for any fiscal year, except as provided in
26 Subsubparagraph (C)(2)(c) of this Section and funds allocated by Article VII,
27 Section 4, Paragraphs (D) and (E), shall not exceed the lesser of the official forecast
28 in effect at the time the appropriations are made or the Louisiana Sustainability Limit
29 for that fiscal year.

30 * * *

1 §11. Budgets

2 Section 11.(A) Budget Estimate. The governor shall submit to the
3 legislature, at the time and in the form fixed by law, a budget estimate for the next
4 fiscal year setting forth all proposed state expenditures. This budget shall include
5 a recommendation for appropriations from the state general fund and from dedicated
6 funds, except funds allocated by Article VII, Section 4, Paragraphs (D) and (E),
7 which shall not exceed the official forecast of the Revenue Estimating Conference
8 and the expenditure limit for the fiscal year. The recommendation shall also comply
9 with the provisions of Article VII, ~~Section~~ Sections 10(C)(2) and (D). This budget
10 shall include a recommendation for funding of state salary supplements for full-time
11 law enforcement and fire protection officers of the state, as provided in Article VII,
12 Section 10(D)(3) of this constitution.

13 * * *

14 Section 2. Be it further resolved that this proposed amendment shall be submitted
15 to the electors of the state of Louisiana at the statewide election to be held on November 5,
16 2024.

17 Section 3. Be it further resolved that on the official ballot to be used at the election,
18 there shall be printed a proposition, upon which the electors of the state shall be permitted
19 to vote YES or NO, to amend the Constitution of Louisiana, which proposition shall read as
20 follows:

21 Do you support an amendment to establish a formula to restrict any increase
22 in the amount of money the legislature may appropriate from state general
23 fund and dedicated funds in any fiscal year to an average of the state's gross
24 domestic product; to provide restrictions on use of monies available for
25 appropriation in excess of such limit; to authorize exceptions to the limit in
26 certain circumstances; and to require the governor's proposed budget each
27 year to conform to such limit? (Amends Article VII, Sections 10(C), (D)(1),
28 and (E) and 11(A))

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 502 Original

2024 Regular Session

Geymann

Abstract: Beginning with Fiscal Year 2025-2026, establishes the La. Sustainability Limit to restrict the growth in the total amount of state general fund and dedicated fund monies the legislature may appropriate in any fiscal year to the 10-year average percentage rate of change in the state's gross domestic product (GDP) and to authorize certain uses of any monies in the official forecast that are above the limit and below the expenditure limit.

Present constitution requires the legislature to provide for the determination of an expenditure limit for each fiscal year for state general fund and dedicated fund appropriations. Proposed constitutional amendment retains present constitution.

Proposed constitutional amendment further establishes the La. Sustainability Limit for Fiscal Year 2025-2026 and for each fiscal year thereafter. Further provides that the initial limit shall equal the actual appropriations from the state general fund and dedicated funds for Fiscal Year 2023-2024 plus the product of such amount times three percent. Thereafter, the limit shall be calculated by applying a growth factor to the actual appropriations from the state general fund and dedicated funds for the immediately prior fiscal year, except for appropriations authorized by proposed constitutional amendment in excess of the limit as detailed below. The "growth factor" is the 10-year average percentage rate of change in the state's GDP, as defined and reported by the U.S. Dept. of Commerce or its successor agency, for the 10 fiscal years immediately preceding the fiscal year in which the limit is being calculated.

Proposed constitutional amendment requires that if the La. Sustainability Limit calculated for any fiscal year exceeds the expenditure limit calculated for the same fiscal year, the La. Sustainability Limit shall be equal to the expenditure limit for that fiscal year. Additionally provides that if the legislature lowers the expenditure limit in a fiscal year and the resulting limit is lower than the La. Sustainability Limit for that fiscal year, the La. Sustainability Limit for that fiscal year is automatically lowered to equal the expenditure limit set by the legislature.

Proposed constitution provides that recurring revenue amounts recognized in the official forecast above the La. Sustainability Limit and below the expenditure limit may only be appropriated for the following purposes:

- (1) For return to natural persons domiciled in La., but only if the legislature has provided by law for qualifications for, calculation of, and procedures for implementation of such monies.
- (2) For any purpose for which nonrecurring revenue may be appropriated pursuant to present constitution, including but not limited to: payments against the unfunded accrued liability of public retirement systems, capital outlay projects in the comprehensive state capital budget, deposit into the Budget Stabilization Fund, and deposit into the Coastal Protection and Restoration Fund.

Present constitution (Art. III, Sec. 2) prohibits introduction of certain fiscal matters in regular sessions convening in even-numbered years. Proposed constitutional amendment authorizes a legislative instrument evidencing the legislature's intent to issue a return of

excess revenues as provided in proposed constitutional amendment to be introduced at any regular session of the legislature.

Proposed constitutional amendment provides that the limit does not apply to the appropriation of funds from the Budget Stabilization Fund incorporated into the official forecast for the current fiscal year. Further authorizes the legislature to raise the limit for the ensuing fiscal year if all of the following conditions are met:

- (1) In the immediately prior fiscal year, monies from the Budget Stabilization Fund were incorporated into the official forecast for that fiscal year.
- (2) The official forecast for the ensuing fiscal year reflects growth in state general fund revenues relative to the current fiscal year.

Requires any change to the limit be approved by passage of a specific legislative instrument which clearly states the intent to change the limit.

Present constitution prohibits appropriations from the state general fund and dedicated funds for any fiscal year from exceeding the official forecast in effect at the time the appropriations are made. Proposed constitutional amendment provides that, except as otherwise provided in present constitution and proposed constitutional amendment, appropriations by the legislature from such funds cannot exceed the lesser of the official forecast in effect at the time the appropriations are made or the limit for that fiscal year.

Present constitution (Art. VII, Sec. 11(A)) establishes timing and content requirements for the governor's annual proposed budget. Prohibits the proposed budget from exceeding the official forecast and the expenditure limit for the fiscal year being appropriated. Proposed constitutional amendment retains present constitution. Present constitution further requires the proposed budget to comply with the provisions of present constitution regarding use of nonrecurring revenues. Proposed constitutional amendment also requires the proposed budget to comply with the provisions of the La. Sustainability Limit.

Provides for submission of the proposed amendment to the voters at the statewide election to be held November 5, 2024.

(Amends Const. Art. VII, §§ 10(C), (D)(1), and (E) and 11(A))