

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 502** HLS 24RS 21

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> April 1, 2024	2:32 PM	<b>Author:</b> GEYMANN
<b>Dept./Agy.:</b> State Spending		<b>Analyst:</b> Deborah Vivien
<b>Subject:</b> Sustainability Limit on annual appropriations		

APPROPRIATIONS Page 1 of 2  
OR SEE FISC NOTE GF EX  
(Constitutional Amendment) Limits the amount of monies that may be appropriated in a fiscal year

Current Constitution requires the legislature to provide for the determination of an expenditure limit for each fiscal year, prohibits appropriations from the state general fund and dedicated funds from exceeding the official forecast at the time the appropriations are made, establishes timing and content requirements for the governor’s annual proposed budget, and prohibits the proposed budget from exceeding the lesser of the official forecast or the expenditure limit for the fiscal year being appropriated.

Proposed Constitutional Amendment establishes, for FY 26 and each year thereafter, a Louisiana Sustainability Limit, sets the limit in FY 26, establishes a methodology for setting the limit in subsequent fiscal years, provides for conditions on lowering the limit, provides for recurring revenues recognized above the limit and allowable uses thereof, provides for exclusions from the limit, provides for changes to the limit, and restricts appropriations above the limit.  
To be placed before voters on November 5, 2024.

EXPENDITURES	2024-25	2025-26	2026-27	2027-28	2028-29	5 -YEAR TOTAL
State Gen. Fd.	\$0	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>					<b>\$0</b>

REVENUES	2024-25	2025-26	2026-27	2027-28	2028-29	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**EXPENDITURE EXPLANATION**

There is no anticipated material agency costs associated with proposed constitutional amendment.

**Proposed Constitutional Amendment would serve to restrict the legislature’s ability and flexibility to appropriate the entirety of state revenues available for expenditure (see page 2).** Beginning in FY 26, this measure would establish the Louisiana Sustainability Limit by the Revenue Estimating Conference (REC) during the first quarter of the calendar year for the next fiscal year, above which appropriation from the state general fund and dedicated funds can only be made (up to the expenditure limit or official revenue forecast) for certain purposes. The sustainability limit for FY 26 shall equal the actual appropriations from the state general fund and dedicated funds for FY 24 grown by three percent.

The calculation of the LA Sustainability Limit after FY 26 is the sum of the base plus the result of the base times the positive growth factor. The growth factor shall be the ten-year average percentage rate of change in the state’s gross domestic product (assumed to be the gross state product) using the percentage rate of change as defined and reported by the U.S. Department of Commerce for the ten fiscal years immediately preceding the fiscal year in which the limit is calculated (assumed to be an average of the annual change). After the initial year, the base shall be the actual appropriations from the

**CONTINUED ON PAGE 2**

**REVENUE EXPLANATION**

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

Revenues collected above the Louisiana Sustainability Limit **and** below the expenditure limit may only be appropriated for the following purposes: for return to natural persons domiciled in Louisiana if the legislature has established by law qualifications for, calculation of, and procedures for implementation of the return, or for any purpose for which nonrecurring revenue may be appropriated pursuant to La Constitution Art. VII, § 10(D)(2), such as retiring or defeasance of bonds, providing payments against the unfunded accrued liability of the public retirement systems, capital outlay projects, the Budget Stabilization Fund, the Coastal Protection and Restoration Fund, or for new highway construction for which federal matching funds are available. The amendment authorizes the legislature to consider legislation to provide for a return to natural persons during any regular session of the legislature.

Senate  
Dual Referral Rules  
 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}

*Alan M. Boxberger*  
**Alan M. Boxberger**  
**Legislative Fiscal Officer**

LEGISLATIVE FISCAL OFFICE  
Fiscal Note



Fiscal Note On: **HB 502** HLS 24RS 21

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> April 1, 2024	2:32 PM	<b>Author:</b> GEYMANN
<b>Dept./Agy.:</b> State Spending		<b>Analyst:</b> Deborah Vivien
<b>Subject:</b> Sustainability Limit on annual appropriations		

**CONTINUED EXPLANATION from page one:**

state general fund and dedicated funds for the immediately prior fiscal year, which is a two year look back from the budget year. Thus, economic impacts are smoothed over ten years to proxy a measure of local economic conditions, then the annual measure is effectively spread over two years to determine the LA Sustainability Limit.

The LA Sustainability Limit can never exceed the Expenditure Limit, even if the Expenditure Limit is lowered by the legislature. If the LA Sustainability Limit calculation is greater than the Expenditure Limit, it will be set equal to the Expenditure Limit. If the LA Sustainability Limit calculation is lower than the Expenditure Limit, the amount of recurring revenue between the two limits may only be appropriated for two purposes: a resident taxpayer payment or constitutional non-recurring uses (as detailed in the revenue section below). These funds, mineral revenue returned to the locals and any use of the Budget Stabilization Fund will not be counted under the LA Sustainability Limit. Finally, if the official revenue forecast is lower, it constrains both the Expenditure Limit and the LA Sustainability Limit.

Note: This instrument does not appear to contemplate a use of monies out of the Revenue Stabilization Fund.

Proposed Constitutional Amendment provides that the LA Sustainability Limit may be changed by favorable vote of two-thirds of the elected members of each house, but **the vote to change the LA Sustainability Limit may only occur in years in which funds from the Budget Stabilization Fund were incorporated into the official forecast of the immediately prior fiscal year AND the official forecast for the ensuing fiscal year reflects growth in state general fund revenue relative to the current fiscal year (assumed to be SGF Direct)**. Thus, since a budget deficit is required to access the Budget Stabilization Fund, recovery must already be underway before the legislature is able to consider a vote to access any recurring revenue above the Sustainability Limit for uses other than the restricted purposes.

The Secretary of State may incur minimal ballot processing costs associated with this measure. As a regular practice, the Secretary of State typically budgets for up to 10 constitutional amendments and statewide propositions for the fall statewide elections. To the extent the ballot includes more than 10 constitutional amendments and statewide propositions, the Secretary of State may require additional SGF resources for the November 5, 2024, statewide election. Any expenditure impact would be realized in FY 25.

Senate

Dual Referral Rules

- 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}

**Alan M. Boxberger**  
**Legislative Fiscal Officer**