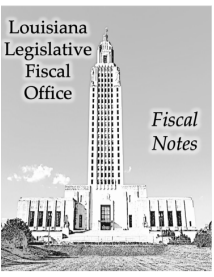


**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **SB 3** SLS 243ES 19  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> November 7, 2024 5:26 PM	<b>Author:</b> HENSGENS
<b>Dept./Agy.:</b> Statewide	
<b>Subject:</b> Government Growth Limit	<b>Analyst:</b> Chris Henry

APPROPRIATIONS OR SEE FISC NOTE GF EX Page 1 of 2

Constitutional amendment to limit the amount of money that may be appropriated in a fiscal year. (2/3-CA13s1(A))(Item #14)

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 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 27 and each year thereafter, a Government Growth Limit, sets the limit in FY 27, 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 March 29, 2025.

EXPENDITURES	2024-25	2025-26	2026-27	2027-28	2028-29	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	SEE BELOW	SEE BELOW	SEE BELOW	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	SEE BELOW	SEE BELOW	SEE BELOW	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
<b>Annual Total</b>	<b>\$0</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	\$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	\$0	\$0	\$0	\$0	\$0	\$0
<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 are no anticipated material agency costs associated with the 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 27, the Revenue Estimating Conference (REC) would establish the Government Growth Limit 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 nonrecurring purposes. The timing of this requirement could conflict with the required submission of the Governor’s Executive Budget, which is typically submitted to the JLCB within the first quarter of the calendar year. The initial Government Growth Limit for FY 27 shall equal the total appropriations made in FY 26 for recurring expenses from the state general fund and dedicated funds grown by three percent.

The calculation procedure for the Government Growth Limit after FY 27 shall be established in law by the legislature. The Government Growth Limit can never exceed the Expenditure Limit, even if the Expenditure Limit is intentionally lowered by an act of the legislature. If the Government Growth Limit calculation is greater than the Expenditure Limit, it will be set to an amount equal to the Expenditure Limit.


If the amount of recurring revenue available for appropriation exceeds the Government Growth Limit but remains under the Expenditure Limit, those revenues may only be appropriated for nonrecurring expenditures. These are defined in the measure as expenses which are not of a continuing or recurring character and are not expected to be necessary for approximately the same amounts each year during the normal course of administration. **Note: the expenditures defined as nonrecurring in this measure are not the same as the six restricted uses for revenues recognized as nonrecurring by the REC found in the current Constitution under Article VII Section 10 (D)(2).** Any monies utilized from the Budget Stabilization Fund will not apply those factored in the Government Growth Limit.

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 Government Growth Limit and below the Expenditure Limit may only be appropriated for nonrecurring expenses. The measure defines “nonrecurring expenses” as one that is not of a continuing or recurring character which is not expected to be necessary in approximately the same amounts each year during the normal course of administration.

- |   |                            |  |
|---|----------------------------|--|
| <u>Senate</u>   | <u>Dual Referral Rules</u> | <u>House</u>   |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}       |                            | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}                    |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H} |                            | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |

  
**Patrice Thomas**  
**Deputy Fiscal Officer**



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**CONTINUED EXPLANATION from page one:**

*Expenditure Explanation Continued:*

Proposed Constitutional Amendment provides that the Government Growth Limit may be changed by a favorable vote of two-thirds of the elected members of each house through a specific legislative instrument. The Government Growth Limit may only be changed in years in which the growth factors for the two immediately preceding fiscal years were less than two percent.

Note: The Department of State may incur additional election costs to place constitutional amendments on the ballot on March 29, 2025. If a statewide election is required for voters to contemplate constitutional amendments or other statewide measures, the Department of State will require an additional appropriation in FY 25. The estimated cost of holding a statewide election is \$7 M. An additional \$2.9 M would be needed to transition the election to a statewide election for all parishes and precincts. Currently, HB 4 of the 2023 3rd ES includes an appropriation of \$3.3 M to change the March 29th election to a statewide election.

**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}

  
**Patrice Thomas**  
**Deputy Fiscal Officer**