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## DIGEST

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HB 283 Original

2025 Regular Session

Tarver

**Abstract:** Requires the calculation and adoption each year of a Government Growth Limit (growth limit) that restricts the growth in the total amount of recurring monies from the State General Fund (Direct) means of finance that the legislature may appropriate in any fiscal year for recurring expenses.

Proposed law requires the commissioner of administration to submit a calculation of the ensuing year's growth limit to Revenue Estimating Conference (REC) each year for the conference's consideration and adoption. Requires the REC to adopt a growth limit for the ensuing fiscal year no later than the first quarter of each calendar year. Further requires the chairman of REC to submit the adopted limit for the ensuing fiscal year to the Joint Legislative Committee on the Budget by the deadline for submission of the executive budget each year.

Proposed law establishes the calculation for the growth limit. If the growth factor, described below, is positive, the calculation is the sum of the appropriations for recurring expenses from the State General Fund (Direct) means of finance for the last full fiscal year immediately prior to the calculation of the limit, less certain excepted expenditures (the base), plus the product of the base times the growth factor. As more fully explained below, additionally provides that certain appropriations of revenues above the growth limit and below the expenditure limit and the official forecast are excepted from calculation of the base.

Proposed law establishes calculation of the "growth factor" as the sum of the following:

- (1) The average annual percentage rate of change in population for Louisiana, as defined and reported by the U.S. Dept. of Commerce, or its successor agency, for the five calendar years prior to the fiscal year for which the growth limit is calculated.
- (2) The average of the following:
  - (a) The average annual percentage rate of change through December of the chained-consumer price index for the United States as defined and reported by the U.S. Dept. of Labor, Bureau of Labor Statistics, or its successor agency, for the five calendar years prior to the fiscal year for which the growth limit is calculated.
  - (b) The average annual percentage rate of change through December of the chained-consumer medical care price index for the United States as defined and reported by the U.S. Dept. of Labor, Bureau of Labor Statistics, or its successor

agency, for the five calendar years prior to the fiscal year for which the growth limit is calculated.

If the growth factor is negative, proposed law requires the growth limit for the ensuing year to equal the base.

Requires figures used in calculation of the growth limit to be those most recently reported at the time the growth limit is adopted by REC.

Proposed law provides that recurring revenue amounts recognized in the official forecast above the growth limit and below the expenditure limit may only be appropriated for nonrecurring expenses. For the purposes of proposed law, the term "nonrecurring expense" means an expense that is not of a continuing or recurring character and that in the normal course of administration is not expected to be necessary in approximately the same amounts each year.

Proposed law establishes exceptions regarding application of the limit to appropriations from any of the following:

- (1) Funds from the Budget Stabilization Fund incorporated into the official forecast for the current fiscal year.
- (2) Funds appropriated as a result of certain means of financing substitutions.
- (3) Funds appropriated or allocated that are excluded from the analysis of appropriation totals in relation to the expenditure limit.

Present law prohibits the executive budget recommendations for appropriations from exceeding the expenditure limit for the ensuing fiscal year. Proposed law further prohibits executive budget recommendations for appropriations of recurring revenue from exceeding the growth limit for the ensuing fiscal year.

Present law requires any proposal by the governor to exceed the expenditure limit to be itemized by program and to constitute a submission by the governor separate and apart from the executive budget. Proposed law provides that any proposal by the governor to exceed the expenditure limit, the growth limit, or both shall constitute a separate submission from the executive budget.

Present law prohibits appropriations from the state general fund and dedicated funds for any fiscal year from exceeding the expenditure limit. Proposed law further requires appropriations to be in conformity with proposed law relative to the growth limit.

Effective if and when the proposed amendment of Article VII of the Constitution of La. contained in the Act which originated as House Bill No. \_\_\_\_ of the 2025 Regular Session of the Legislature is adopted at a statewide election and becomes effective.

(Amends R.S. 39:34(C), 38(B), and 54(C); Adds R.S. 39:33.3)

