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## DIGEST

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HB 646 Engrossed

2026 Regular Session

Beaullieu

**Abstract:** Beginning with Fiscal Year 2027-2028, establishes the Government Growth Limit (growth limit) and requires deposit into the La. Income Tax Elimination Fund (fund) of all recurring state general fund revenues recognized above the growth limit and below the official forecast.

### GROWTH LIMIT

Present constitution (Art. VII, §10) 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 (Art. VII, §10) further establishes the growth limit for Fiscal Year 2027-2028 and for each fiscal year thereafter. Requires all recurring State General Fund (Direct) monies above the growth limit and below the official forecast for the applicable fiscal year to be deposited into the fund. Requires the Revenue Estimating Conference to adopt a growth limit no later than the first quarter of the calendar year for the ensuing fiscal year. Further requires the legislature to provide by law for a procedure to calculate such limit.

Proposed law authorizes the legislature to change a growth limit by a favorable vote of two-thirds of the elected members of each house if each of the growth factors for each of the two fiscal years immediately preceding the year to be changed was 2% or less. Requires any change to the limit be approved by passage of a specific legislative instrument which clearly states the intent to change the limit.

Proposed constitutional amendment exempts certain severance and royalty payments made pursuant to present constitution (Art. VII, §4(D) and (E)) from the provisions of proposed constitutional amendment.

### FUND

Proposed law establishes the fund in the state treasury and requires deposit into the fund of all recurring state general fund revenues received by the state between the growth limit and the official forecast for that year. Provides for investment of monies in the fund and for deposit of interest earned on fund monies into the fund. Requires unexpended and unencumbered monies in the fund at the end of the fiscal year to remain in the fund.

Restricts use of monies in the fund to the following:

- (1) For budget shortfalls and deficits, subject to the same conditions as appropriation of monies from the Budget Stabilization Fund.
- (2) For the retiring or defeasance of bonds in advance or in addition to the existing amortization requirements of the state.
- (3) For payments against the unfunded accrued liability of state retirement systems; however, any such payment is prohibited from being used directly or indirectly to fund any benefit increase.
- (4) For costs associated with actual project delivery, construction, and maintenance of transportation and capital transit infrastructure projects of the state and local government.

### **MISCELLANEOUS BUDGET PROVISIONS**

Present constitution prohibits appropriations from the State General Fund (Direct) means of finance for any fiscal year from exceeding the official forecast in effect at the time the appropriations are made. Proposed constitutional amendment retains present constitution. Further requires appropriations of recurring revenues to comply with the provisions of proposed constitutional amendment regarding the growth limit.

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 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 growth limit.

Proposed constitutional amendment establishes the initial growth limit (for Fiscal Year 2027-2028) as equal to the appropriations for recurring expenses from the State General Fund (Direct) means of finance for Fiscal Year 2025-2026 plus the product of such amount and 3%. Provides for calculation of the base for the initial growth limit. Requires the commissioner of administration to calculate such limit and submit it to the Joint Legislative Committee on the Budget no later than Jan. 31, 2027.

Provides for submission of the proposed amendment to the voters at the statewide election to be held November 3, 2026.

(Amends Const. Art. VII, §§10(C) and (E) and 11(A); Adds Const. Art. VII, §10.18)

#### Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Appropriations to the original

bill:

1. Remove provisions restricting expenditure of state general fund revenues above the limit to nonrecurring expenses.
2. Add provision prohibiting the legislature from appropriating or transferring any state general fund monies above the growth limit for a given fiscal year. Provide exceptions if the limit is changed and if the legislature exempts a transaction from application of the growth limit as provided in proposed constitutional amendment.
3. Establish the La. Income Tax Elimination Fund and provide for the deposit, use, and investment of monies in the fund.
4. Add exception to calculation of the base for the initial growth limit.
5. Modify criteria pursuant to which the legislature may change a growth limit.
6. Make technical and conforming changes.