HLS 182ES-53 ORIGINAL

2018 Second Extraordinary Session

HOUSE BILL NO. 16

19

BY REPRESENTATIVE BARRAS

BUDGETARY CONTROLS: Provides for changes in the expenditure limit calculation

1 AN ACT 2 To amend and reenact R.S. 39:33.1(A) through (C) and 52.1 and to repeal R.S. 39:94(A)(1), 3 relative to the expenditure limit; to provide for submission of the expenditure limit 4 to the legislature; to cap the annual growth of the expenditure limit; to provide for 5 the calculation of the growth factor; to change the uses of money in excess of the 6 expenditure limit; to provide for the contents of the expenditure limit calculation; to 7 provide for changing the expenditure limit; to provide for effectiveness; and to 8 provide for related matters. 9 Be it enacted by the Legislature of Louisiana: 10 Section 1. R.S. 39:33.1(A) through (C) and 52.1 are hereby amended and reenacted 11 to read as follows: 12 §33.1. Determination of expenditure limit 13 A. The commissioner of administration shall submit a calculation for the 14 expenditure limit for the ensuing fiscal year to the Joint Legislative Committee on 15 the Budget no later than thirty-five days prior to each regular session at the same 16 time the executive budget is submitted to the Joint Legislative Committee on the 17 Budget pursuant to R.S. 39:37. The calculation shall include a comparison of the 18 expenditure limit to the applicable expenditures in the executive budget

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recommendation, the appropriated amount at the beginning of the year, and the most

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1	recent appropriated amount available for the current fiscal year and each of the
2	previous four fiscal years.
3	B.(1) The expenditure limit for the ensuing fiscal year shall be the
4	expenditure limit for the current fiscal year plus an amount equal to that limit times
5	multiplied by the lesser of six percent or the growth factor if the growth factor is
6	positive. If the growth factor is negative, the expenditure limit for the ensuing fiscal
7	year shall be the expenditure limit for the current fiscal year.
8	(2) The growth factor is defined as the average of the following three
9	indicators:
10	(a) The average annual percentage rate of change of personal income for
11	Louisiana as defined and reported by the United States Department of Commerce,
12	or its successor agency, for the three calendar years prior to the fiscal year for which
13	the limit is calculated.
14	(b) The percentage rate of change in the official forecast between the next
15	fiscal year and the current fiscal year.
16	(c) The average annual percentage rate of change of the consumer price
17	index for the South Region as defined and reported by the United States Department
18	of Labor, or its successor agency, for the three calendar years prior to the fiscal year
19	for which the limit is calculated.
20	(3) The figures used for the calculation of the growth factor shall be those
21	actual or estimated figures most recently reported by the United States Department
22	of Commerce at the time the expenditure limit is submitted to the Joint Legislative
23	Committee on the Budget.
24	(4) The annual percentage rate of change of personal income for the calendar
25	year immediately preceding the fiscal year for which the expenditure limit is
26	calculated shall be derived by:
27	(a) Computing the simple average of the available quarterly total personal
28	income estimates for that calendar year.

1	(b) Dividing that result by the reported annual estimate of total personal
2	income for the calendar year that is two years prior to the fiscal year for which the
3	limit is calculated.
4	(c) Subtracting 1.0 from the result obtained in Subparagraph (b) of this
5	Paragraph. The calculation of the expenditure limit each fiscal year shall include the
6	methodology and data sources used to determine the rates of change for each factor.
7	Any changes in the methodology used from the prior year calculation shall require
8	review and prior approval of the Joint Legislative Committee on the Budget.
9	C. After review by the Joint Legislative Committee on the Budget, or its
10	designated staff, the commissioner of administration shall determine the state general
11	fund and designated dedicated funds to include and exclude in the calculation of the
12	state general fund and dedicated funds appropriated in the current fiscal year and the
13	state general fund and dedicated funds applicable to the expenditure limit in
14	accordance with Subsection D of this Section.
15	* * *
16	§52.1. Change in expenditure limit
17	A change to the expenditure limit shall be made pursuant to a concurrent
18	resolution adopted by a favorable vote of two-thirds of the elected members of each
19	house directing the commissioner of administration to change the expenditure limit
20	to a designated amount for a specified fiscal year. If the legislature is not in session,
21	the two-thirds consent requirement shall be obtained as provided in R.S. 39:87.
22	Section 2. R.S. 39:94(A)(1) is hereby repealed in its entirety.
23	Section 3. This Act shall take effect and become operative if and when the proposed
24	amendment of Article VII, Section 10 of the Constitution of Louisiana contained in the Act
25	which originated as House Bill No of this 2018 Second Extraordinary Session of the
26	Legislature is adopted at a statewide election and becomes effective.

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 16 Original

2018 Second Extraordinary Session

Barras

Abstract: Changes requirements for submission of the expenditure limit calculation, limits expenditure limit growth to 6%, changes the method of determining the growth factor, and allows for mail ballot to change the expenditure limit.

<u>Present law</u> requires the commissioner of administration to submit the calculation for the expenditure limit for the ensuing fiscal year to the Joint Legislative Committee on the Budget (JLCB) no later than 35 days prior to each regular session.

<u>Proposed law</u> deletes the 35 day requirement in <u>present law</u> and instead requires that the expenditure limit be submitted at the same time the executive budget is submitted to JLCB.

<u>Proposed law</u> requires that the expenditure limit calculation include a comparison of expenditure limit to applicable expenditures and historical comparative information.

<u>Present law</u> provides that the determination of the expenditure limit for the next fiscal year be based on the current limit multiplied by a positive growth factor.

Proposed law limits the growth of the expenditure limit to 6%.

<u>Proposed law</u> provides that, if the growth factor is not positive, the expenditure limit for the next fiscal year shall be the expenditure limit for the current fiscal year.

<u>Present law</u> defines the growth factor as the three-year average growth in La. personal income.

<u>Proposed law</u> retains the average growth in personal income and adds two other indicators to the determination of the growth factor:

- (1) Growth of the official forecast between the next fiscal year and the current fiscal year.
- (2) The three-year average change of the consumer price index for the South Region (CPI-South) as defined and reported by the U.S. Dept. of Labor, or its successor agency.

<u>Present law</u> requires for the determination of the percentage rate of change of personal income in the current year and prior years.

<u>Proposed law</u> deletes <u>present law</u> and requires that the commissioner of administration include the methodology and data sources used to determine the rates of change for each factor. Any changes in the methodology from the prior year calculation shall require review and prior approval of the JLCB.

<u>Present law</u> requires the commissioner to determine the state general fund and designated funds to be included in the expenditure limit.

<u>Proposed law</u> requires the commissioner to determine the funds to be included and excluded in the expenditure limit. <u>Further</u> requires the commissioner to determine the state general

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fund and dedicated funds to be included and excluded from the determination of the amount appropriated in the current fiscal year applicable to the expenditure limit.

<u>Present law</u> requires a concurrent resolution adopted by a 2/3 vote of each house of the legislature to change the expenditure limit.

<u>Proposed law</u> allows the legislature to use the mail ballot procedure contained in <u>present law</u> to obtain the 2/3 approval of each house to change the expenditure limit when the legislature is not in session.

<u>Present law</u> requires that all money available for appropriation from the state general fund and dedicated funds in excess of the expenditure limit shall be deposited in the Budget Stabilization Fund.

Proposed law repeals present law.

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 this 2018 Second ES of the Legislature is adopted at a statewide election and becomes effective.

(Amends R.S. 39:33.1(A)-(C) and 52.1; Repeals R.S. 39:94(A)(1))