2017 Regular Session

HOUSE BILL NO. 442

### BY REPRESENTATIVE HENSGENS

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

# BUDGETARY CONTROLS: (Constitutional Amendment) Provides for restrictions to the appropriation of state general fund

1	A JOINT RESOLUTION	
2	Proposing to amend Article VII, Sections 10(C) and (D)(1), and 11(A) and to add Article	
3	VII, Section 10.17 of the Constitution of Louisiana, relative to state funds; to provide	
4	for restrictions on appropriations; to provide for the determination of an	
5	appropriation limit; to establish the Taxpayers Refund Trust as a special treasury	
6	fund; to provide for the sources and uses of monies in the fund; to provide for	
7	submission of the proposed amendment to the electors; and to provide for related	
8	matters.	
9	Section 1. Be it resolved by the Legislature of Louisiana, two-thirds of the members	
10	elected to each house concurring, that there shall be submitted to the electors of the state of	
11	Louisiana, for their approval or rejection in the manner provided by law, a proposal to	
12	amend Article VII, Sections 10(C) and (D)(1), and 11(A) and to add Article VII, Section	
13	10.17 of the Constitution of Louisiana, to read as follows:	
14	§10. Expenditure of State Funds	
15	Section 10.(A)	
16	* * *	
17	(C) Expenditure Limit and Appropriation Limit. (1)(a) The legislature shall	
18	provide for the determination of an expenditure limit for each fiscal year to be	
19	established during the first quarter of the calendar year for the next fiscal year.	
20	However, the expenditure limit for the 1991-1992 Fiscal Year shall be the actual	

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1appropriations from the state general fund and dedicated funds for that year except2funds allocated by Article VII, Section 4, Paragraphs (D) and (E). For subsequent3fiscal years, the limit shall not exceed the expenditure limit for the current fiscal year4plus an amount equal to that limit times a positive growth factor. The growth factor5is the average annual percentage rate of change of personal income for Louisiana as6defined and reported by the United States Department of Commerce for the three7calendar years prior to the fiscal year for which the limit is calculated.

8 (2) (b) The expenditure limit may be changed in any fiscal year by a 9 favorable vote of two-thirds of the elected members of each house. Any such change 10 in the expenditure limit shall be approved by passage of a specific legislative 11 instrument which clearly states the intent to change the limit.

(3) (c) Beginning with the 1995-1996 Fiscal Year, the expenditure limit shall
be determined in accordance with the provisions of Paragraph (J) of this Section.
The redetermination of the expenditure limit for each fiscal year from the 1991-1992
Fiscal Year through the 1994-1995 Fiscal Year shall only be used in computing the
expenditure limit for the 1995-1996 Fiscal Year and shall not affect the expenditure
limit already computed in accordance with this Paragraph for such fiscal years.

(2)(a) The legislature shall provide by law for the determination of an 18 19 appropriation limit of state general fund for the next fiscal year to be established by 20 the first month of the calendar year. The appropriation limit shall not exceed the 21 official forecast of state general fund for the current fiscal year times the average 22 annual change in the three previous years of gross domestic product for the state, the 23 percentage change in the state's personal income, and the percentage change in the 24 consumer price index, plus the annual average percentage change of the state 25 population in the two previous years. Such determination of the appropriation limit 26 for the next fiscal year may be adjusted if there is a change in the official forecast for 27 the current fiscal year prior to July first.

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1	(b) The treasurer shall deposit state general fund revenues in excess of the
2	appropriation limit into the Taxpayers Refund Trust as provided in Article VII,
3	Section 10.17 of this constitution.
4	(4) (3) The provisions of this Paragraph shall not apply to or affect funds
5	allocated by Article VII, Section 4, Paragraphs (D) and (E).
6	(D) Appropriations. (1) Except as otherwise provided by this constitution,
7	money shall be drawn from the state treasury only pursuant to an appropriation made
8	in accordance with law. Appropriations from the state general fund and dedicated
9	funds except funds allocated by Article VII, Section 4, Paragraphs (D) and (E) shall
10	not exceed the expenditure limit for the fiscal year. The growth in appropriations
11	from the state general fund from the current fiscal year to the next fiscal year shall
12	not exceed the appropriation limit.
13	* * *
14	<u>§10.17. Taxpayers Refund Trust</u>
15	Section 10.17. Taxpayers Refund Trust. (A) The Taxpayers Refund Trust
16	is hereby established in the state treasury as a special fund, hereinafter referred to as
17	the "trust".
18	(B) Out of the funds remaining in the Bond Security and Redemption Fund
19	after a sufficient amount is allocated from that fund to pay all obligations secured by
20	the full faith and credit of the state which become due and payable within any fiscal
21	year as required by Article VII, Section 9(B) of this constitution, the treasurer shall
22	deposit in and credit to the trust an amount of state general fund revenue in excess
23	of the appropriation limit as required in Section 10(C) of this constitution.
24	(C) The monies in the trust shall be invested in the same manner as monies
25	in the state general fund and all interest earned on the investment of the trust shall
26	be deposited in and credited to the trust.
27	(D) Appropriation from the trust shall only be made as follows:
28	(1) If a there is a disaster declared by the federal government, an amount not
29	to exceed the state costs associated with such disaster.

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1	(2) In any fiscal year in which the balance of the trust at the end of the
2	previous fiscal year is in excess of two percent of the official forecast of state general
3	fund for that fiscal year, an amount equal to the balance of the trust shall be available
4	for the purpose of reimbursing taxpayers for their tax liabilities. The legislature shall
5	provide for the reimbursement by law.
6	§11. Budgets
7	Section 11.(A) Budget Estimate. The governor shall submit to the
8	legislature, at the time and in the form fixed by law, a budget estimate for the next
9	fiscal year setting forth all proposed state expenditures. This budget shall include
10	a recommendation for appropriations from the state general fund and from dedicated
11	funds, except funds allocated by Article VII, Section 4, Paragraphs (D) and (E),
12	which shall not exceed the official forecast of the Revenue Estimating Conference
13	and the expenditure limit for the fiscal year. The growth in appropriations from the
14	state general fund from the current fiscal year to the next fiscal year shall not exceed
15	the appropriation limit. The recommendation shall also comply with the provisions
16	of Article VII, Section 10(D). This budget shall include a recommendation for
17	funding of state salary supplements for full-time law enforcement and fire protection
18	officers of the state, as provided in Article VII, Section 10(D)(3) of this constitution.
19	* * *
20	Section 2. Be it further resolved that this proposed amendment shall be
21	submitted to the electors of the state of Louisiana at the statewide election to
22	be held on October 14, 2017.
23	Section 3. Be it further resolved that on the official ballot to be used at the election,
24	there shall be printed a proposition, upon which the electors of the state shall be permitted
25	to vote YES or NO, to amend the Constitution of Louisiana, which proposition shall read as
26	follows:
27	Do you support an amendment to annually establish a limit to the growth in
28	the state general fund appropriation from one year to the next; to create the
29	Taxpayers Refund Trust and deposit into the trust the amount of state general

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1	fund revenue over the established limit; to use the trust for state costs
2	associated with a federally declared disaster and to reimburse tax payers for
3	their tax liabilities once the balance has reached a ceratin amount? (Amends
4	Article VII, Sections 10(C) and (D)(1), and 11(A); Adds Article VII, Section
5	10.17)

### 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 442 Original	2017 Regular Session	Hensgens
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Abstract: Requires the annual establishment of an appropriation limit and restricts appropriations to that amount. Establishes the Taxpayers Refund Trust and deposits into the fund an amount of state general fund over the appropriation limit.

<u>Present constitution</u> establishes the Revenue Estimating Conference and requires the conference to prepare and revise estimates of money received by the state. The most recently adopted estimate of money received is the official forecast.

<u>Proposed constitutional amendment</u> requires the legislature to provide for the establishment of an appropriation limit. The limit is a 3 year average annual change in gross domestic product, personal income, and the consumer price index plus the population change in the previous 2 years.

<u>Present constitution</u> provides for certain limits on the appropriation of state general fund, including that the appropriation does not exceed the official forecast.

<u>Proposed constitutional amendment</u> further limits the appropriation of state general fund to the appropriation limit established in the <u>proposed constitutional amendment</u>.

<u>Present constitution</u> requires the governor to submit to the legislature a recommendation of appropriations for the next fiscal year that does not exceed the official forecast.

<u>Proposed constitutional amendment</u> further limits the appropriations recommended to the legislature by the governor to the appropriation limit established in the <u>proposed</u> <u>constitutional amendment</u>.

<u>Proposed constitutional amendment</u> creates the Taxpayers Refund Trust as a special treasury fund and requires the treasurer to deposit into the fund an amount of state general fund revenue in excess of the appropriation limit.

Further provides that appropriation from the fund shall be made as follows:

- (1) If there is a declared disaster by the federal government, an amount not to exceed the state costs associated with such disaster.
- (2) In any fiscal year in which the balance at the beginning of the fiscal year is in excess of 2% of the official forecast of state general fund for that fiscal year, an amount equal to the balance for the purpose of reimbursing taxpayers for their tax liabilities. Further requires the legislature to provide for the reimbursement in law.

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Provides for submission of the proposed amendment to the voters at the statewide election to be held Oct. 14, 2017.

(Amends Const. Art. 7, §§10(C) and (D)(1), and 11(A); Adds Const. Art. 7, §10.17)