

2020 Regular Session

HOUSE BILL NO. 571

BY REPRESENTATIVE MIGUEZ

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

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~~ appropriated amount for the current fiscal year plus an amount  
5 equal to that ~~limit times~~ appropriated amount multiplied by the lesser of six percent  
6 or the growth factor if the growth factor is positive. If the growth factor is negative,  
7 the expenditure limit for the ensuing fiscal year shall be the expenditure limit for the  
8 current fiscal year.

9 (2) The growth factor is defined as the average of the following four  
10 indicators:

11 (a) The average annual percentage rate of change of personal income for  
12 Louisiana as defined and reported by the United States Department of Commerce,  
13 or its successor agency, for the three calendar years prior to the fiscal year for which  
14 the limit is calculated.

15 (b) The average annual percentage rate of change of the gross domestic  
16 product of Louisiana as defined and reported by the United States Department of  
17 Commerce, or its successor agency, for the three calendar years prior to the fiscal  
18 year for which the limit is calculated.

19 (c) The average annual percentage rate of change of the consumer price  
20 index for the South Region as defined and reported by the United States Department  
21 of Labor, or its successor agency, for the three calendar years prior to the fiscal year  
22 for which the limit is calculated.

23 (d) The average annual percentage rate of change of population for Louisiana  
24 as defined and reported by the United State Department of Commerce, or its  
25 successor agency, for the three calendar years prior to the fiscal year for which the  
26 limit is calculated.

27 (3) The figures used for the calculation of the growth factor shall be those  
28 actual or estimated figures most recently reported ~~by the United States Department~~

1 of Commerce at the time the expenditure limit is submitted to the Joint Legislative  
2 Committee on the Budget.

3 (4) ~~The annual percentage rate of change of personal income for the calendar~~  
4 ~~year immediately preceding the fiscal year for which the expenditure limit is~~  
5 ~~calculated shall be derived by:~~

6 (a) ~~Computing the simple average of the available quarterly total personal~~  
7 ~~income estimates for that calendar year.~~

8 (b) ~~Dividing that result by the reported annual estimate of total personal~~  
9 ~~income for the calendar year that is two years prior to the fiscal year for which the~~  
10 ~~limit is calculated.~~

11 (c) ~~Subtracting 1.0 from the result obtained in Subparagraph (b) of this~~  
12 ~~Paragraph.~~ The calculation of the expenditure limit each fiscal year shall include the  
13 methodology and data sources used to determine the rates of change for each factor.  
14 Any changes in the methodology used from the prior year calculation shall require  
15 review and prior approval of the Joint Legislative Committee on the Budget.

16 C. After review by the Joint Legislative Committee on the Budget, or its  
17 designated staff, the commissioner of administration shall determine the state general  
18 fund and ~~designated~~ dedicated funds to include and exclude in the calculation of the  
19 state general fund and dedicated funds appropriated in the current fiscal year and the  
20 state general fund and dedicated funds applicable to the expenditure limit in  
21 accordance with Subsection D of this Section.

22 \* \* \*

23 §52.1. Change in expenditure limit

24 A change to the expenditure limit shall be made pursuant to a concurrent  
25 resolution adopted by a favorable vote of two-thirds of the elected members of each  
26 house directing the commissioner of administration to change the expenditure limit  
27 to a designated amount for a specified fiscal year. If the legislature is not in session,  
28 the two-thirds consent requirement shall be obtained as provided in R.S. 39:87.

29 Section 2. R.S. 39:94(A)(1) is hereby repealed in its entirety.

1 Section 3. This Act shall take effect and become operative if and when the proposed  
2 amendment of Article VII, Section 10 of the Constitution of Louisiana contained in the Act  
3 which originated as House Bill No. \_\_\_\_ of this 2020 Regular Session of the Legislature is  
4 adopted at a statewide election and becomes effective.

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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)]

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HB 571 Original

2020 Regular Session

Miguez

**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.

Present law 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.

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

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

Present law 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%.

Proposed law 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.

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

Proposed law retains the average growth in personal income and adds three other indicators to the determination of the growth factor:

- (1) The three-year average change of the gross domestic product of Louisiana as defined and reported by the U.S. Dept. of Commerce, or its successor agency
- (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.
- (3) The three-year average change of population of Louisiana as defined and reported by the U.S. Dept. of Commerce, or its successor agency.

Present law requires the determination of the percentage rate of change of personal income in the current year and prior years.

Proposed law deletes present law 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.

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

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

Present law 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 2020 RS 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))