

2018 First Extraordinary Session

HOUSE BILL NO. 12

BY REPRESENTATIVE BARRAS

BUDGETARY CONTROLS: Provides for changes in the expenditure limit calculation (Item #12)

1 AN ACT

2 To amend and reenact R.S. 39:33.1(A) through (C) and to repeal R.S. 39:94(A)(1), relative
3 to the expenditure limit; to provide for submission of the expenditure limit to the
4 legislature; to provide for the base for determining the expenditure limit; to cap the
5 annual growth of the expenditure limit; to provide for the calculation of the growth
6 factor; to change the uses of money in excess of the expenditure limit; to provide for
7 effectiveness; and to provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 39:33.1(A) through (C) are hereby amended and reenacted to read
10 as follows:

11 §33.1. Determination of expenditure limit

12 A. The commissioner of administration shall submit a calculation for the
13 expenditure limit for the ensuing fiscal year to the Joint Legislative Committee on
14 the Budget ~~no later than thirty-five days prior to each regular session~~ at the same
15 time the executive budget is submitted to the Joint Legislative Committee on the
16 Budget pursuant to R.S. 39:37.

17 B.(1) The expenditure limit for the ensuing fiscal year shall be the
18 ~~expenditure limit~~ amount appropriated out of the state general fund and dedicated
19 funds for the current fiscal year plus an amount equal to that ~~limit~~ appropriated
20 amount times the lesser of six percent or the growth factor if the growth factor is

1 positive. If the growth factor is negative, the expenditure limit for the ensuing fiscal
2 year shall be the amount appropriated out of the state general fund and dedicated
3 funds for the current fiscal year.

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

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

10 (b) The percentage rate of change in the official forecast between the next
11 fiscal year and the current fiscal year.

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

16 (d) 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.~~

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.

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

Proposed law changes the base from the current expenditure limit to the current year expenditures out of the state general fund and dedicated funds.

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 amount appropriated out of the state general fund and dedicated funds 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) Growth of the official forecast between the next fiscal year and the current fiscal year.
- (2) The three-year average change in state population as defined and reported by the U.S. Dept. of Commerce, or its successor agency.
- (3) 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.

Present law provides for 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 to 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 the commissioner to determine the state general fund and designated funds to be included in the expenditure limit.

Proposed law requires the commissioner to determine the funds to be excluded as well as included in the expenditure limit. Further requires the commissioner to determine the state general 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.

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. 15 of this 2018 First E.S. of the Legislature is adopted at a statewide election and becomes effective.

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