

2018 First Extraordinary Session

HOUSE BILL NO. 12

BY REPRESENTATIVES BARRAS AND JIM MORRIS

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 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  
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 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 four  
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.~~



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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 12 Reengrossed

2018 First 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.

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 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.

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 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 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. 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) and 52.1; Repeals R.S. 39:94(A)(1))

#### Summary of Amendments Adopted by House

##### The House Floor Amendments to the engrossed bill:

1. Add a requirement that comparative and historical information be included with the expenditure limit calculation.
2. Delete proposed law that would have calculated the ensuing fiscal year's expenditure limit based on the current year appropriations.
3. Add authorization for the legislature to approve a change to the expenditure limit by mail ballot when the legislature is not in session.