

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 451** HLS 23RS 313

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 5, 2023	4:08 PM	Author: GEYMANN
Dept./Agy.: Statewide		Analyst: Alan M. Boxberger
Subject: Establish the La Sustainability Limit		

APPROPRIATIONS

OR SEE FISC NOTE GF EX

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(Constitutional Amendment) Limits the amount of monies that may be appropriated in a fiscal year

Current Constitution requires the legislature to provide for the determination of an expenditure limit, prohibits appropriations from the state general fund and dedicated funds from exceeding the official forecast at the time the appropriations are made, establishes timing and content requirements for the governor's annual proposed budget, and prohibits the proposed budget from exceeding the official forecast and the expenditure limit for the fiscal year being appropriated.

Proposed constitutional amendment further establishes, for FY 25 and each year thereafter, a La Sustainability Limit, sets the limit in FY 25, establishes a methodology for setting the limit in subsequent fiscal years, provides for conditions on lowering the limit, provides for recurring revenues recognized above the limit and allowable uses thereof, provides for exclusions from the limit, provides for changes to the limit, restricts appropriations above the limit, and establishes timing and contents of the governor's annual proposed budget.

To be placed before voters on October 14, 2023.

EXPENDITURES	2023-24	2024-25	2025-26	2026-27	2027-28	5 -YEAR TOTAL
State Gen. Fd.	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$0
Agy. Self-Gen.	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$0
Ded./Other	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0					\$0

REVENUES	2023-24	2024-25	2025-26	2026-27	2027-28	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

Proposed Constitutional Amendment would serve to restrict the legislature's ability and flexibility to appropriate the entirety of state revenues available for expenditure. Beginning in FY 25, this measure would establish The Louisiana Sustainability Limit for each fiscal year above which appropriation from the state general fund and dedicated funds can only be made (up to the expenditure limit or official revenue forecast) for certain purposes. The limit for FY 25 shall equal the actual appropriations from the state general fund and dedicated funds for FY 23.

Proposed Constitutional Amendment provides for the calculation of the La Sustainability Limit as the sum of the base plus the result of the base times the positive growth factor. The growth factor shall be the ten-year average percentage rate of change in the state's gross domestic product using the percentage rate of change as defined and reported by the U.S. Department of Commerce for the ten fiscal years immediately preceding the fiscal year in which the limit is calculated. After the initial year, the base shall be the actual appropriations from the state general fund and dedicated funds for the immediately prior fiscal year (a two year look back from the budget year). In any year that the sustainability limit may exceed the expenditure limit, it shall be reduced to equal the expenditure limit.

Recurring revenue amounts recognized in the official forecast above the La Sustainability Limit and below the expenditure limit may only be appropriated for certain purposes (as detailed in the revenue section below). The La Sustainability Limit shall not apply to the appropriation of funds from the Budget Stabilization Fund incorporated into the official forecast for the current fiscal year.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

When certain conditions are met, revenues collected above the La Sustainability Limit may only be appropriated for the following purposes: a state sales tax rebate to taxpayers if the legislature has established by law qualifications for, calculation of, and procedures for implementation of the rebate, or for any purpose for which nonrecurring revenue may be appropriated pursuant to La Constitution Art. VII, § 10(D)(2), such as retiring or defeasance of bonds, providing payments against the unfunded accrued liability of the public retirement systems, capital outlay projects, the Budget Stabilization Fund, the Coastal Protection and Restoration Fund, or for new highway construction for which federal matching funds are available.

In situations where a state sales tax rebate is authorized by the legislature, proposed constitutional amendment provides that the rebate amount need not be proportional to state sales taxes paid when prior payments are impractical to identify or return. The legislature may provide by law for the rebate amount to be applied against state income tax liability as a nonrefundable credit.

Senate
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Evan Brasseaux

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Interim Deputy Fiscal Officer