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## DIGEST

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HB 824 Reengrossed

2026 Regular Session

Beaullieu

**Abstract:** Establishes a calculation for the Government Growth Limit (growth limit) to restrict growth in the total amount of recurring State General Fund (Direct) means of finance that the legislature may transfer or appropriate in any fiscal year and requires deposit into the La. Income Tax Elimination Fund (fund) of any recognized recurring state general fund revenues above the growth limit and below the expenditure limit.

Proposed law requires the calculation and adoption each year of a growth limit that restricts the growth in the total amount of recurring monies from the State General Fund (Direct) means of finance that the legislature may transfer or appropriate in any fiscal year. Requires the commissioner of administration to submit a calculation of the ensuing year's growth limit to Revenue Estimating Conference (REC) each year. Requires the REC to establish a growth limit for the ensuing fiscal year no later than the first quarter of each calendar year. Further requires the chairman of REC annually to submit the limit for the ensuing fiscal year to the Joint Legislative Committee on the Budget by the deadline for submission of the executive budget.

Proposed law establishes the calculation for the growth limit. If the growth factor, described below, is positive, the calculation is the sum of the appropriations for ordinary recurring expenses from the State General Fund (Direct) means of finance for the immediately prior fiscal year, less certain excepted expenditures (the base), plus the product of the base times the growth factor.

Proposed law establishes calculation of the "growth factor" as the sum of the following:

- (1) The average annual percentage rate of change in population for La., as defined and reported by the U.S. Department of Commerce, or its successor agency, for the five calendar years prior to the fiscal year for which the growth limit is calculated.
- (2) The average of the following:
  - (a) The average annual percentage rate of change through December of the chained-consumer price index for the U.S. as reported by the U.S. Dept. of Labor, Bureau of Labor Statistics, for the five calendar years prior to the fiscal year for which the growth limit is calculated.
  - (b) The average annual percentage rate of change through December of the chained-consumer medical care price index for the U.S. as reported by the U.S. Dept. of Labor, Bureau of Labor Statistics, for the five calendar years prior to the fiscal year

for which the growth limit is calculated.

If the growth factor is negative, proposed law provides that the growth limit for the ensuing year shall equal the base.

Proposed law requires figures used in calculation of the growth limit to be those most recently reported at the time the growth limit is adopted by REC.

Proposed law provides that if the legislature changes the growth limit for a fiscal year, then the growth limit for the immediately following fiscal year shall equal the last limit established by the REC.

Proposed law establishes exceptions regarding application of the limit to appropriations from any of the following:

- (1) Funds from the Budget Stabilization Fund or the La. Income Tax Elimination Fund incorporated into the official forecast for the current fiscal year.
- (2) Funds appropriated as a result of certain means of financing substitutions.
- (3) Funds appropriated or allocated that are excluded from the analysis of appropriation totals in relation to the expenditure limit.

Present law (R.S. 39:34) prohibits the executive budget recommendations for appropriations from exceeding the expenditure limit for the ensuing fiscal year. Proposed law retains present law and further prohibits executive budget recommendations for appropriations of recurring revenue from exceeding the applicable growth limit.

Present law (R.S. 39:38) requires any proposal by the governor to exceed the expenditure limit to be itemized by program and to constitute a submission by the governor separate and apart from the executive budget. Proposed law provides that any proposal by the governor to exceed the expenditure limit, the growth limit, or both shall constitute a separate submission from the executive budget.

Present law (R.S. 39:54) prohibits appropriations from the state general fund and dedicated funds for any fiscal year from exceeding the expenditure limit. Proposed law retains present law and further requires appropriations to be in conformity with proposed law relative to the growth limit.

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. 646 of the 2026 Regular Session of the Legislature is adopted at a statewide election and becomes effective.

(Amends R.S. 39:34(C), 38(B), and 54(C); Adds R.S. 39:33.3)

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Appropriations to the original bill:

1. Establish the growth limit for the ensuing fiscal year at a certain level if the legislature changes the growth limit for the current fiscal year.
2. Establish exception to the growth limit for funds incorporated into the official forecast from the La. Income Tax Elimination Fund.
3. Make technical and conforming changes.

The House Floor Amendments to the engrossed bill:

1. Require calculation of base using ordinary recurring expenses.