



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **HB 824** HLS 26RS 1196
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 12, 2026	9:11 AM	Author: BEAULLIEU
Dept./Agy.: Statewide		
Subject: Government Growth Limit		Analyst: Noah O'Dell

APPROPRIATIONS RE SEE FISC NOTE GF EX See Note Page 1 of 2
 Limits the amount of state general fund that may be appropriated in a fiscal year

Current Law requires the Division of Administration 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 lesser of the official forecast or the Expenditure Limit for the fiscal year being appropriated.

Proposed Law creates a Government Growth Limit, establishes a methodology for setting the limit in subsequent fiscal years, provides for conditions on lowering the limit, provides for exclusions from the limit, provides for changes to the limit, restricts appropriations above the limit, and establishes content requirements of the governor's annual proposed budget.

Contingent upon voter approval of the Constitutional Amendment proposed in HB 646 of the 2026 RS on November 3, 2026.

EXPENDITURES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	SEE BELOW	SEE BELOW	SEE BELOW	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0					\$0

REVENUES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0					\$0

EXPENDITURE EXPLANATION

Proposed Law may constrain SGF (direct) appropriations by imposing a Government Growth Limit tied to prior-year recurring SGF expenditures and a growth factor. **To the extent SGF (direct) revenues exceed the Government Growth Limit, amounts above the limit and below the official forecast would not be available for SGF appropriation.** Instead, these revenues would be deposited into the Louisiana Income Tax Elimination (LITE) Fund for specifically enumerated purposes in the subsequent fiscal year, pursuant to the companion constitutional amendment (HB 646 of the 2026 RS).

Calculation:

Beginning in FY 28, the Revenue Estimating Conference (REC) would establish the Government Growth Limit no later than the first quarter of the calendar year for the next fiscal year based on the calculation submitted by the Commissioner of Administration. The calculation procedure for the Government Growth Limit is the sum of the base amount plus the result of the base multiplied by a positive growth factor. The base is defined in this measure as the last full fiscal year's appropriations for ordinary recurring expenses from the State General Fund (Direct).

The growth factor is derived from the sum of two averages: 1) the average annual percentage rate change in population within Louisiana over five calendar years as reported by the U.S. Dept. of Commerce and 2) the average of two percentage rates of change over five calendar years: the average annual chained-consumer price index and the average annual chained consumer medical care price index, both as reported by the U.S. Bureau of Labor Statistics (BLS). Only when the growth factor is positive, is it applied to the limit and a calculation is executed to develop a new limit. Should the growth factor be negative, the Government Growth Limit shall be equal to the defined base.

Limitations on Expenditures:

Proposed law requires SGF appropriations to conform to the Government Growth Limit. Any proposal by the governor to exceed the Government Growth Limit shall be submitted separately from the executive budget and itemized by program. The companion constitutional amendment (HB 646 of the 2026 RS) provides that the treasurer is required to annually deposit all recurring SGF revenue received by the state in excess of the Government Growth Limit and below the official forecast for that fiscal year into the LITE Fund. Monies in the LITE Fund would be available for the next fiscal year but are ...

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REVENUE EXPLANATION

State General Fund (Direct) revenue received by the state above the Government Growth Limit up to the forecast is annually deposited by the Treasury into the LITE Fund, pursuant to the companion constitutional amendment (HB 646 of the 2026 RS). The Legislative Fiscal Office (LFO) is unable to estimate the amount of revenue that will be deposited into the LITE Fund, but assumes this amount may likely exceed \$100,000 dual referral threshold. Deposits will depend on the relationship between SGF revenue collections, the official forecast, and the Government Growth Limit in a given fiscal year.

Senate Dual Referral Rules
 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}

Alan M. Boxberger
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CONTINUED EXPLANATION from page one:

Expenditure Explanation Continued

restricted to the following purposes:

1. The same purposes and conditions as the Budget Stabilization Fund
2. Retirement or defeasance of bonds in advance or in addition to the existing amortization requirements of the state
3. Payments against the unfunded accrued liability of one or more state retirement systems
4. Costs of project delivery, construction, and maintenance of transportation and capital infrastructure projects

The companion constitutional amendment (HB 646 of the 2026 RS) provides that the Government Growth Limit shall not apply to the following appropriations:

1. Funds utilized from the Budget Stabilization Fund or the LITE Fund in the official revenue forecast
2. Increases of SGF resulting from a decrease in another means of finance (MOF Swaps for SGF)
3. Any funds appropriated or allocated that are excluded from contributing to the Expenditure Limit

Changing the Limit:

The companion constitutional amendment (HB 646 of the 2026 RS) provides that the Government Growth Limit may be changed by a favorable vote of two-thirds of the elected members of each house through a specific legislative instrument. However, the limit may only be changed in years in which the growth factor for each of the two immediately preceding fiscal years was two percent or less.

Ordinary Recurring Expenses:

"Ordinary recurring expenses" are defined in R.S. 39:2 as those of a continuing or recurring character expected to be necessary in approximately the same amounts each year during the normal course of administration. The classification of expenditures as recurring and nonrecurring by the Division of Administration is a critical determinant in calculating the base used for the Government Growth Limit, and therefore, in determining the level of permissible SGF appropriations each year.

Senate Dual Referral Rules

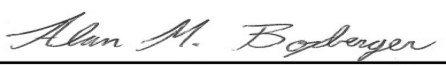
13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}

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}


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