HLS 21RS-669 ENGROSSED

2021 Regular Session

HOUSE BILL NO. 276

1

BY REPRESENTATIVES BEAULLIEU AND EDMONDS

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

BUDGETARY CONTROLS: Provides for changes in the expenditure limit calculation

AN ACT

2 To amend and reenact R.S. 39:33.1(A), (B), and (C), relative to the expenditure limit; to 3 provide for submission of the expenditure limit to the legislature; to provide for the 4 base for determining the expenditure limit; to cap the annual growth of the 5 expenditure limit; to provide for the calculation of the growth factor; to provide for 6 the calculation of state general fund and dedicated funds applicable to the 7 expenditure limit; to provide for 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), (B), and (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 for the current fiscal year plus an amount equal to that limit times 19 the growth factor if the growth factor is positive. lesser of the following:

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CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

1	(a) The original calculated expenditure limit for the current fiscal year plus
2	an amount equal to that limit times the lesser of five percent or the growth factor.
3	(b) The amount appropriated out of the state general fund and dedicated
4	funds for the current fiscal year plus an amount equal to that appropriated amount
5	times the lesser of five percent or the growth factor.
6	(2) The growth factor is defined as the average of the following four
7	indicators:
8	(a) The average annual percentage rate of change of personal income for
9	Louisiana as defined and reported by the United States Department of Commerce,
10	or its successor agency, for the three calendar years prior to the fiscal year for which
11	the limit is calculated.
12	(b) The average annual percentage rate of change of the gross domestic
13	product of Louisiana as defined and reported by the United States Department of
14	Commerce, or its successor agency, for the three calendar years prior to the fiscal
15	year for which the limit is calculated.
16	(c) The average annual percentage rate of change of population for Louisiana
17	as defined and reported by the United States Department of Commerce, or its
18	successor agency, for the three calendar years prior to the fiscal year for which the
19	limit is calculated.
20	(d) The average annual percentage rate of change of the consumer price
21	index for the South Region as defined and reported by the United States Department
22	of Labor, or its successor agency, for the three calendar years prior to the fiscal year
23	for which the limit is calculated.
24	(3) The figures used for the calculation of the growth factor shall be those
25	actual or estimated figures most recently reported by the United States Department
26	of Commerce at the time the expenditure limit is submitted to the Joint Legislative
27	Committee on the Budget.

1	(4) The annual percentage rate of change of personal income for the calendar
2	year immediately preceding the fiscal year for which the expenditure limit is
3	calculated shall be derived by:
4	(a) Computing the simple average of the available quarterly total personal
5	income estimates for that calendar year.
6	(b) Dividing that result by the reported annual estimate of total personal
7	income for the calendar year that is two years prior to the fiscal year for which the
8	limit is calculated.
9	(c) Subtracting 1.0 from the result obtained in Subparagraph (b) of this
10	Paragraph. The calculation of the expenditure limit each fiscal year shall be
11	accompanied by documentation of the methodology and data sources used to
12	determine the rates of change for each factor. Any changes in the methodology used
13	from the prior year calculation shall require review and prior approval of the Joint
14	Legislative Committee on the Budget.
15	C. After review by the Joint Legislative Committee on the Budget, or its
16	designated staff, the commissioner of administration shall determine the state general
17	fund and designated dedicated funds to include and exclude in the calculation of the
18	state general fund and dedicated funds appropriated in the current fiscal year and the
19	state general fund and dedicated funds applicable to the expenditure limit in
20	accordance with Subsection D of this Section.
21	* * *
22	Section 2. Notwithstanding any provision of law to the contrary, no funds received
23	by the state of Louisiana from the federal government related to the COVID-19 crisis shall
24	be included in the calculation of the state general fund and dedicated funds applicable to the
25	expenditure limit.
26	Section 3. This Act shall take effect and become operative if and when the proposed
27	amendment of Article VII of the Constitution of Louisiana contained in the Act which
28	originated as House Bill No. 273 of this 2021 Regular Session of the Legislature is adopted
29	at a statewide election and becomes effective.

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)]

HB 276 Engrossed

2021 Regular Session

Beaullieu

Abstract: Changes the base for the expenditure limit to current year appropriations, limits expenditure limit growth to five percent, and changes the method of determining the growth factor.

<u>Present law</u> 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.

<u>Proposed law</u> deletes the 35-day requirement in <u>present law</u> and instead requires that the expenditure limit be submitted at the same time the executive budget is submitted to JLCB pursuant to present law (R.S. 39:37).

<u>Present law</u> provides for the determination of the expenditure limit for the next fiscal year based on the current limit times a positive growth factor.

<u>Proposed law</u> changes the base <u>from</u> the current expenditure limit <u>to</u> the lesser of the original calculated expenditure limit for the current fiscal year or the appropriated amounts out of the state general fund and dedicated funds.

Proposed law further limits the growth of the expenditure limit to five percent.

<u>Present law</u> defines the growth factor as the three-year average growth in La. personal income.

<u>Proposed law</u> establishes the growth factor as the average of the following four components:

- (1) The <u>present law</u> three-year average growth in La. personal income as reported by the U.S. Dept. of Commerce, or its successor agency.
- (2) The three-year average change in gross domestic product of La. as defined and reported by the U.S. Dept. of Commerce, or its successor agency.
- (3) The three-year average change in population for La. as defined and reported by the U.S. Dept. of Commerce, or its successor agency.
- (4) 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.

<u>Present law</u> provides for the determination of the percentage rate of change of personal income in the current year and prior years. <u>Proposed law</u> repeals <u>present law</u>.

<u>Proposed law</u> further requires the commissioner of administration to submit documentation of the methodology and data sources used to determine the rates of change for each factor. Requires any changes in the methodology from the prior year calculation to be reviewed and approved by JLCB prior to implementation.

<u>Present law</u> requires the commissioner to determine the state general fund and designated funds to be used in the expenditure limit.

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<u>Proposed law</u> requires the commissioner to determine what funds are 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.

<u>Proposed law</u> specifically exempts any federal funds related to the COVID-19 crisis from being counted towards the state's expenditure 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. 273 of this 2021 R.S. of the Legislature is adopted at a statewide election and becomes effective.

(Amends R.S. 39:33.1(A)-(C))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by <u>House Committee on Appropriations</u> to the <u>original</u> bill:

1. Make a technical change.