
DIGEST

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HB 451 Original

2023 Regular Session

Geymann

Abstract: Beginning with Fiscal Year 2024-2025, establishes the La. Sustainability Limit (hereafter the "limit") to restrict the growth in the total amount of state general fund and dedicated fund monies the legislature may appropriate in any fiscal year to the 10-year average percentage rate of change in the state's gross domestic product (GDP) and to authorize certain uses of any monies in the official forecast that are above the limit and below the expenditure limit.

Present constitution requires the legislature to provide for the determination of an expenditure limit for each fiscal year for state general fund and dedicated fund appropriations. Proposed constitutional amendment retains present constitution.

Proposed constitutional amendment further establishes the limit for Fiscal Year 2024-2025 and for each fiscal year thereafter. Further provides that the initial limit shall be the actual appropriations from the state general fund and dedicated funds for Fiscal Year 2022-2023. Thereafter, the limit shall be calculated by applying a growth factor to the actual appropriations from the state general fund and dedicated funds for the immediately prior fiscal year, except for appropriations authorized by proposed constitutional amendment in excess of the limit as detailed below. The "growth factor" is the 10-year average percentage rate of change in the state's GDP, as defined and reported by the U.S. Dept. of Commerce or its successor agency, for the 10 fiscal years immediately preceding the fiscal year in which the limit is being calculated.

Proposed constitutional amendment requires that if the La. Sustainability Limit calculated for any fiscal year exceeds the expenditure limit calculated for the same fiscal year, the La. Sustainability Limit shall be equal to the expenditure limit for that fiscal year. Additionally provides that if the legislature lowers the expenditure limit in a fiscal year and the resulting limit is lower than the La. Sustainability Limit for that fiscal year, the La. Sustainability Limit for that fiscal year is automatically lowered to equal the expenditure limit set by the legislature.

Proposed constitution provides that recurring revenue amounts recognized in the official forecast above the La. Sustainability Limit and below the expenditure limit may only be appropriated for the following purposes:

- (1) For rebates to taxpayers, but only if the legislature has provided by law for qualifications for, calculation of, and procedures for implementation of such rebates. Further provides that state sales tax rebate amounts do not need to be proportional to state sales taxes paid when prior payments are impractical to identify or return. Authorizes the legislature to provide by law for the state sales tax rebate amount to be applied against state income tax liability.

- (2) For any purpose for which nonrecurring revenue may be appropriated pursuant to present constitution, including but not limited to: payments against the unfunded accrued liability of public retirement systems, capital outlay projects in the comprehensive state capital budget, deposit into the Budget Stabilization Fund, and deposit into the Coastal Protection and Restoration Fund.

Proposed constitutional amendment provides that the limit does not apply to the appropriation of funds from the Budget Stabilization Fund incorporated into the official forecast for the current fiscal year. Further authorizes the legislature to raise the limit for the ensuing fiscal year if all of the following conditions are met:

- (1) In the immediately prior fiscal year, monies from the Budget Stabilization Fund were incorporated into the official forecast for that fiscal year.
- (2) The official forecast for the ensuing fiscal year reflects growth in state general fund revenues relative to the current fiscal year.

Requires any change to the limit be approved by passage of a specific legislative instrument which clearly states the intent to change the limit.

Present constitution prohibits appropriations from the state general fund and dedicated funds for any fiscal year from exceeding the official forecast in effect at the time the appropriations are made. Proposed constitutional amendment provides that, except as otherwise provided in present constitution and proposed constitutional amendment, appropriations by the legislature from such funds cannot exceed the lesser of the official forecast in effect at the time the appropriations are made or the limit for that fiscal year.

Present constitution (Art. VII, Sec. 11(A)) establishes timing and content requirements for the governor's annual proposed budget. Prohibits the proposed budget from exceeding the official forecast and the expenditure limit for the fiscal year being appropriated. Proposed constitutional amendment retains present constitution. Present constitution further requires the proposed budget to comply with the provisions of present constitution regarding use of nonrecurring revenues. Proposed constitutional amendment also requires the proposed budget to comply with the provisions of the La. Sustainability Limit.

Provides for submission of the proposed amendment to the voters at the statewide election to be held October 14, 2023.

(Amends Const. Art. VII, §§ 10(C), (D)(1) and (2)(intro. para.), and (E) and 11(A))