



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HCR 22** HLS 11RS 423
Bill Text Version: **ENGROSSED**
Opp. Chamb. Action:

Proposed Amd.:
Sub. Bill For.:

Date: June 16, 2011	12:43 PM	Author: GEYMANN
Dept./Agy.:		
Subject: Expenditure Limit		Analyst: Greg Albrecht

BUDGETARY PROCEDURES EG SEE FISC NOTE EX See Note Page 1 of 1
Reduces the expenditure limit for Fiscal Year 2011-2012

Current law specifies that the expenditure limit for the ensuing fiscal year shall be the limit for the current fiscal year multiplied by a positive growth factor. The growth factor is defined as the average annual percentage rate of change of personal income for Louisiana for the three calendar years prior to the fiscal year for which the limit is calculated. The U.S. Department of Commerce defines and reports personal income for the state. The limit is calculated once a year at the beginning of the calendar year for use in the ensuing fiscal year. The limit applies to appropriations of all money required to be deposited in the state treasury except federal sourced funds, higher education self-generated revenue, interagency transfers, and the constitutional allocations to the parish severance tax and royalty receipt distributions. The limit for FY12 is \$14,912,885,640.

Proposed law establishes the expenditure limit for FY12 at \$11,828,996,201 for purposes of calculating the limit for FY13 and thereafter.

EXPENDITURES	2011-12	2012-13	2013-14	2014-15	2015-16	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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2011-12	2012-13	2013-14	2014-15	2015-16	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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

Under current law, the expenditure limit for FY13 will grow from its current FY12 level. This calculation will be done approximately half way through FY12, based on the official release of state personal income estimates by the U.S. Department of Commerce, Bureau of Economic Analysis in late December 2011. Using current projections of those personal income estimates, a projected expenditure limit for FY13 would be \$15,293,661,320 (2.55% growth, \$380.8 million growth).

This resolution re-bases the FY12 limit from which the FY13 limit will be calculated. Applying the projected growth rate above, the resolution would result in an FY13 limit projection of \$12,130,635,604. This projected FY13 limit is 2.55% greater than the re-based FY12 limit required by the resolution, but is some \$2.782 billion less than the current FY12 limit and some \$3.163 billion less than the projected FY13 limit.

Lowering the limit applicable to FY13 to the extent done by this resolution may constrain FY13 appropriations subject to the limit. A substantial share of total appropriations are not subject to the limit (federal sourced funds, higher education tuition, transfers among agencies, etc.), and a projection of those that are subject to the limit is not available for FY13. However, a sense of the what the new limit may allow can be gained by comparing the projected limit for FY13 under this resolution (\$12.130 billion) to the appropriations subject to the limit in FY11 (\$11.421 billion). That difference is some \$709 million, implying 6.2% growth from the FY11 appropriations to the FY13 projected limit.

Thus, this resolution may limit appropriations subject to the limit to about 6% growth from the current year FY11 to the effective year of FY13.

REVENUE EXPLANATION

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

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>	
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}		<input type="checkbox"/> 6.8(F)1 >= \$500,000 Annual Fiscal Cost {S}	 H. Gordon Monk Legislative Fiscal Officer
		<input type="checkbox"/> 6.8(F)2 >= \$100,000 Annual SGF Cost {H&S}	
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}	