

**Representative Jack McFarland**  
**Chairman**



**Representative Jason Hughes**  
**Vice Chairman**

# **Fiscal Year 2026 Executive Budget Review**

# **OVERVIEW**

**House Committee on Appropriations**  
**House Fiscal Division**

March 24, 2025

**Ashari Robinson and Julie Magee**

The seal of the State of Louisiana is visible in the background, featuring a pelican feeding its young in a nest, surrounded by the text "STATE OF LOUISIANA" and "UNION • JUSTICE • CONFIDENCE".

# **2025 Budget Hearings**

***House Committee on Appropriations***

# BUDGET HEARINGS

## March – April 2025

Monday	Tuesday	Wednesday	Thursday	Friday
<b>24 - March</b>  Overview HB1 Preamble Executive Department Ancillary Appropriations	<b>25</b>  Veterans Affairs State Treasury Public Service Commission Transportation & Dev.	<b>26</b>  Secretary of State Lieutenant Governor Culture, Rec. and Tourism Department of Revenue Attorney General	<b>27</b>	<b>28</b>
<b>31</b>  Agriculture and Forestry Department of Insurance Economic Development Workforce Commission	<b>1 - April</b>  Energy & Nat Resources Environmental Quality Civil Service Wildlife and Fisheries	<b>2</b>	<b>3</b>	<b>4</b>
<b>7</b>  Corrections Services Public Safety Services Youth Services	<b>8</b>  La. Dept. of Health Children and Family Services LSU Health Care Services	<b>9</b>  Special Schools & Commissions Dept. of Education Higher Education	<b>10</b>	<b>11</b>
<b>14</b> <b>2025 Regular Session                      Convenes</b>  Follow-up Day Judiciary	<b>15</b>  Public Testimony	<b>16</b>	<b>17</b>	<b>18</b>

*Note: This calendar is a tentative schedule. The House Committee on Appropriations may meet on additional topics and on additional days, as needed.*



# Louisiana House Fiscal Division



## HFD website includes:

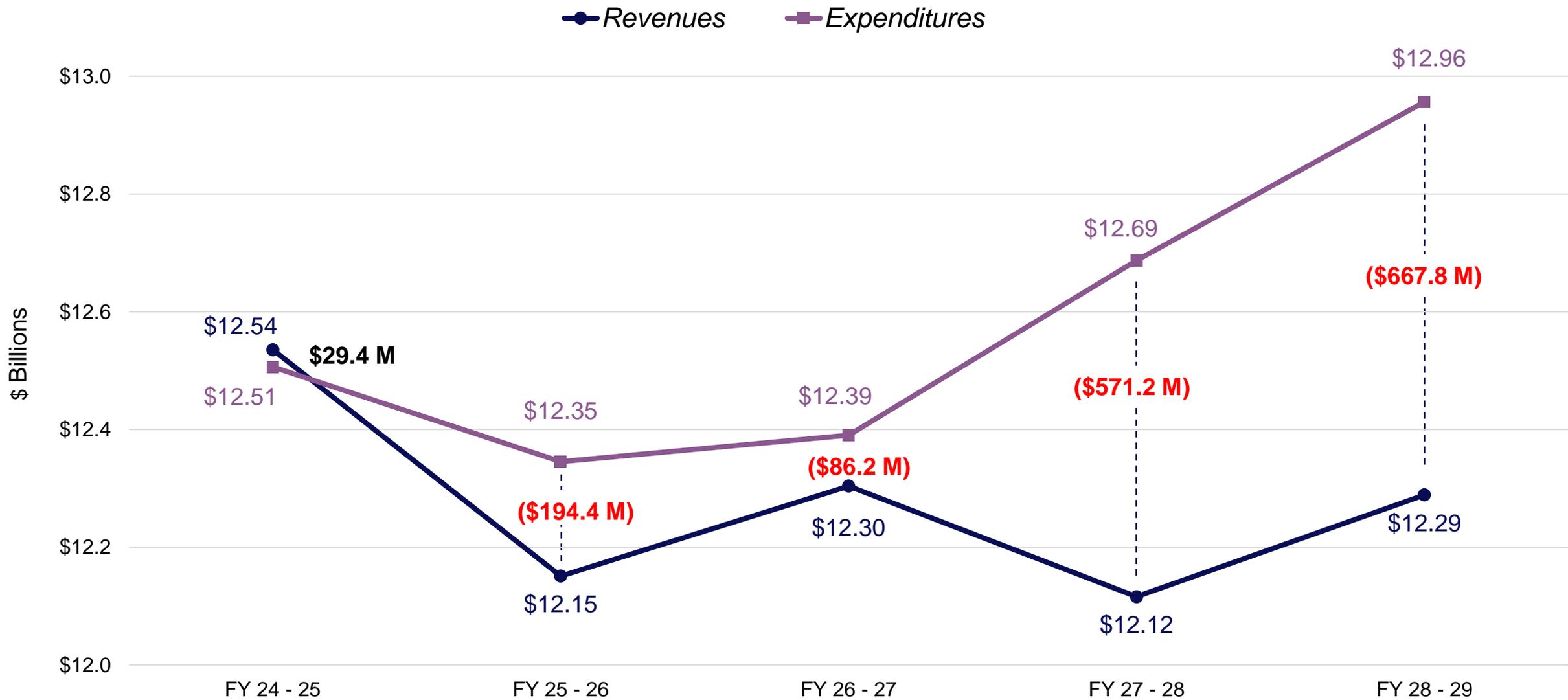
- Staff contacts with subject matter assignments
- Budget hearing schedule
- Budget presentations
- Budget tracker – updated throughout session
- Historical budget information

<https://house.louisiana.gov/housefiscal/>

# Revenues



# REVENUE VS EXPENDITURE PROJECTIONS



Source: Five year baseline projection presented to JLCB on 2.20.25.

# REC TAXES, LICENSES, AND FEES (TLF)

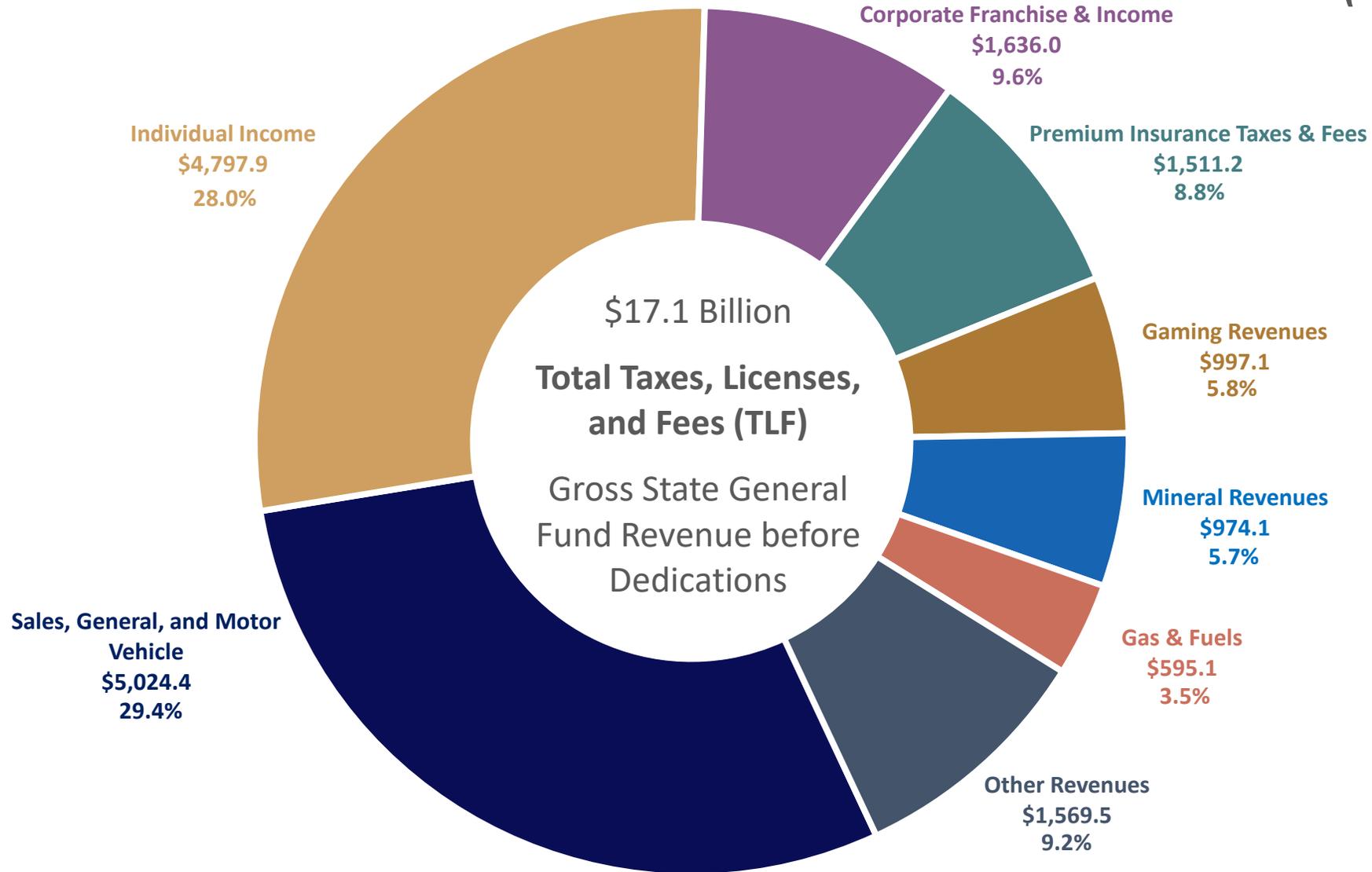
- Collections of gross state general fund revenue is the total taxes, licenses, and fees (TLF)
- TLF minus dedications is state general fund direct (SGF)

## In Fiscal Year 24:

- Sales taxes and personal income taxes represented 57.4% of all revenue collected
- Corporate sales tax and franchise tax represented 9.6% of all revenue collected
- Mineral revenues represented 5.7% of all revenue collected

# FY 24 ACTUAL REVENUE COLLECTIONS

(In Millions)



Source: Revenue Estimating Conference documents

# ACTUAL REVENUE COLLECTIONS

(In Millions)

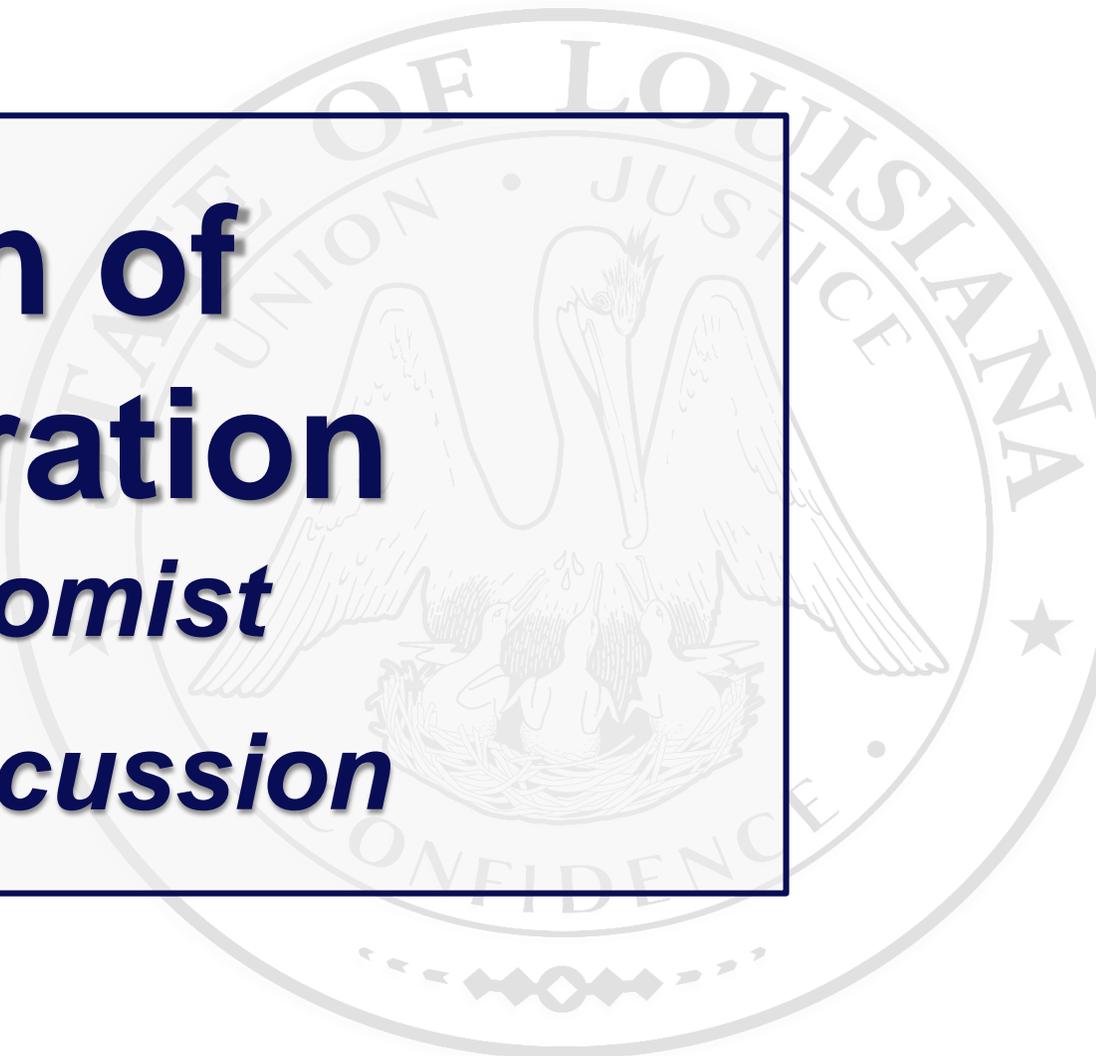
Revenue Source	FY 20	FY 21	FY 22	FY 23	FY 24	\$ Change		% Change	
						FY 23	FY 24	FY 23	FY 24
Sales, General, and Motor Vehicle	\$ 3,769.6	\$ 4,207.3	\$ 4,970.8	\$ 5,000.2	\$ 5,024.4	\$ 24.2		0.5%	
Individual Income	3,780.3	3,956.6	4,556.1	4,654.6	4,797.9	143.3		3.1%	
Corporate Franchise & Income	578.5	805.4	1,402.1	1,616.8	1,636.0	19.2		1.2%	
Premium Insurance Taxes & Fees	1,029.5	1,121.0	1,204.1	1,394.8	1,511.2	116.4		8.3%	
Gaming Revenues	780.5	915.2	1,000.2	1,003.4	997.1	(6.3)		-0.6%	
Mineral Revenues	552.7	408.8	709.4	1,124.6	974.1	(150.5)		-13.4%	
Gas & Fuels	581.2	609.9	621.2	598.4	595.1	(3.3)		-0.6%	
Other Revenues	1,170.5	1,208.4	1,138.5	1,264.1	1,569.5	305.4		24.2%	
<b>Total TLF</b>	<b>12,242.8</b>	<b>13,232.6</b>	<b>15,602.4</b>	<b>16,656.9</b>	<b>17,105.3</b>	<b>448.4</b>		<b>2.7%</b>	
Less Dedications	(2,411.4)	(2,767.8)	(3,867.5)	(4,226.3)	(4,462.7)	(236.4)		5.6%	
<b>SGF Direct</b>	<b>9,831.4</b>	<b>10,464.8</b>	<b>11,734.9</b>	<b>12,430.6</b>	<b>12,642.6</b>	<b>212.0</b>		<b>1.7%</b>	

- In FY 24 total TLF revenues increased by \$448.4 M or 2.7% from FY 23
- In FY 24 SGF revenues increased by \$212 M or 1.7% from FY 23

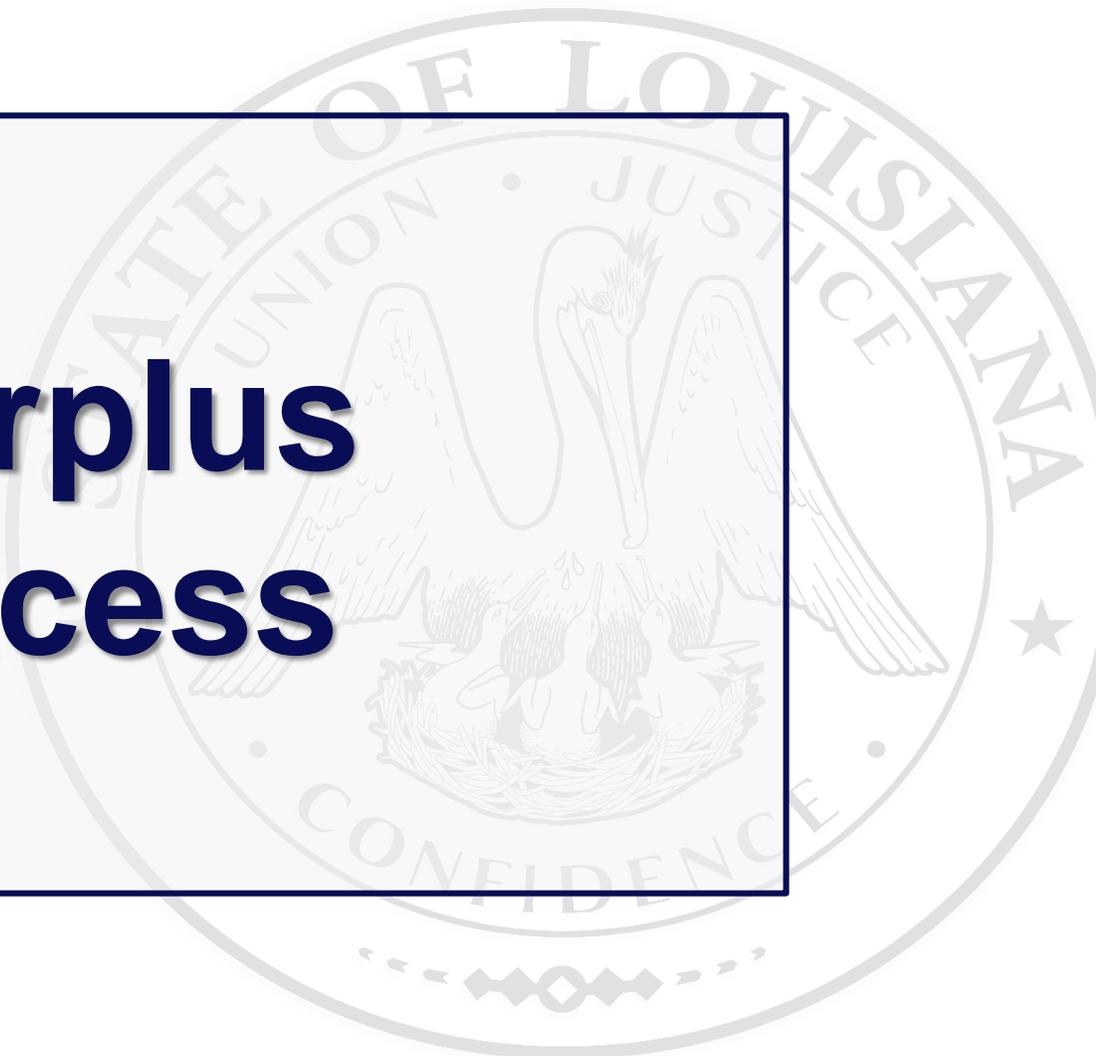
# REVENUE CHANGES

In the 2024 Third Extraordinary Session, the legislature enacted several pieces of legislation that will affect the revenue forecast.

- **Individual Income Tax**
  - 3% flat tax rate beginning January 1, 2025
- **Corporate Tax**
  - 5.5% flat rate beginning January 1, 2025
  - Corporate franchise tax repealed on January 1, 2026
  - New limits on corporate tax credits, deductions, and other incentives beginning January 1, 2025
- **General Sales Tax**
  - Expands the sales tax base to include digital audio or audiovisual works, audio books, games, applications, periodicals, and other digital products and services beginning January 1, 2025
  - 5% sales tax rate beginning January 1, 2025, then decreasing to 4.75% on January 1, 2030

The seal of the State of Louisiana is visible in the background, featuring an eagle with wings spread, perched on a nest with two birds. The text "STATE OF LOUISIANA" is at the top, "UNION • JUSTICE" is on the left, and "CONFIDENCE" is at the bottom. A star is on the right.

**Division of  
Administration  
*State Economist*  
*Revenue Discussion***

The seal of the State of Louisiana is faintly visible in the background. It features a central figure of a pelican feeding its young in a nest, surrounded by the text "STATE OF LOUISIANA" and "UNION • JUSTICE".

# **FY 24 Surplus**

# **FY 25 Excess**

# SURPLUS VS EXCESS

## Surplus

- Funds from prior fiscal year
- Amount of state general fund remaining once a fiscal year is over and all closeout activities are finished
- Non-recurring money
- Constitution limits use to six items

## Excess

- Funds in current fiscal year
- Typically occurs if REC raises the forecast during the current fiscal year
- Recurring money
- Constitution does not limit uses as with non-recurring money

# SURPLUS – USE OF NON-RECURRING FUNDS

**La. Const. Art. VII, Sec. 10: appropriations of money in the official forecast designated as non-recurring shall be made only for:**

1. Deposit into the Budget Stabilization Fund (**25% required**)
2. Payments against the state retirement systems' unfunded accrued liability (**25% required**)
3. Retiring or the defeasance of bonds
4. Funding for capital outlay projects in the comprehensive state capital budget
5. New highway construction for which federal matching funds are available
6. Deposit into the Coastal Protection and Restoration Fund

# FY 24 SURPLUS - \$595.1 M

**\$297.5 M required for two items:**

- \$148.8 M – Budget Stabilization Fund – 25% requirement
- \$148.8 M – Unfunded Accrued Liability Payments – 25% requirement

**Remaining \$297.5 M can be used for any of the six options in the constitution.**

- The commissioner of administration recommended using the remaining surplus on DOTD, CPRA, and capital outlay (deferred maintenance) during the presentation of the governor's executive budget to JLCB on February 20, 2025

# FY 25 EXCESS - \$29.4 M

- The Revenue Estimating Conference met on December 19, 2024 and increased the current year state general fund revenue forecast
- The February 20, 2025 fiscal status statement showed \$29.4 M in unappropriated state general fund revenue for FY 25

**During the governor's executive budget presentation to JLCB on February 20, 2025 the commissioner of administration recommended using any excess funds on the following:**

- Agency shortfalls such as Corrections, OJJ, State Police, and GOHSEP
- Transfer to Funds for higher education deferred maintenance, LED project commitments, IT modernization projects, criminal justice, Water Sector Fund, and Transportation Trust Fund

# FY 26 State Budget

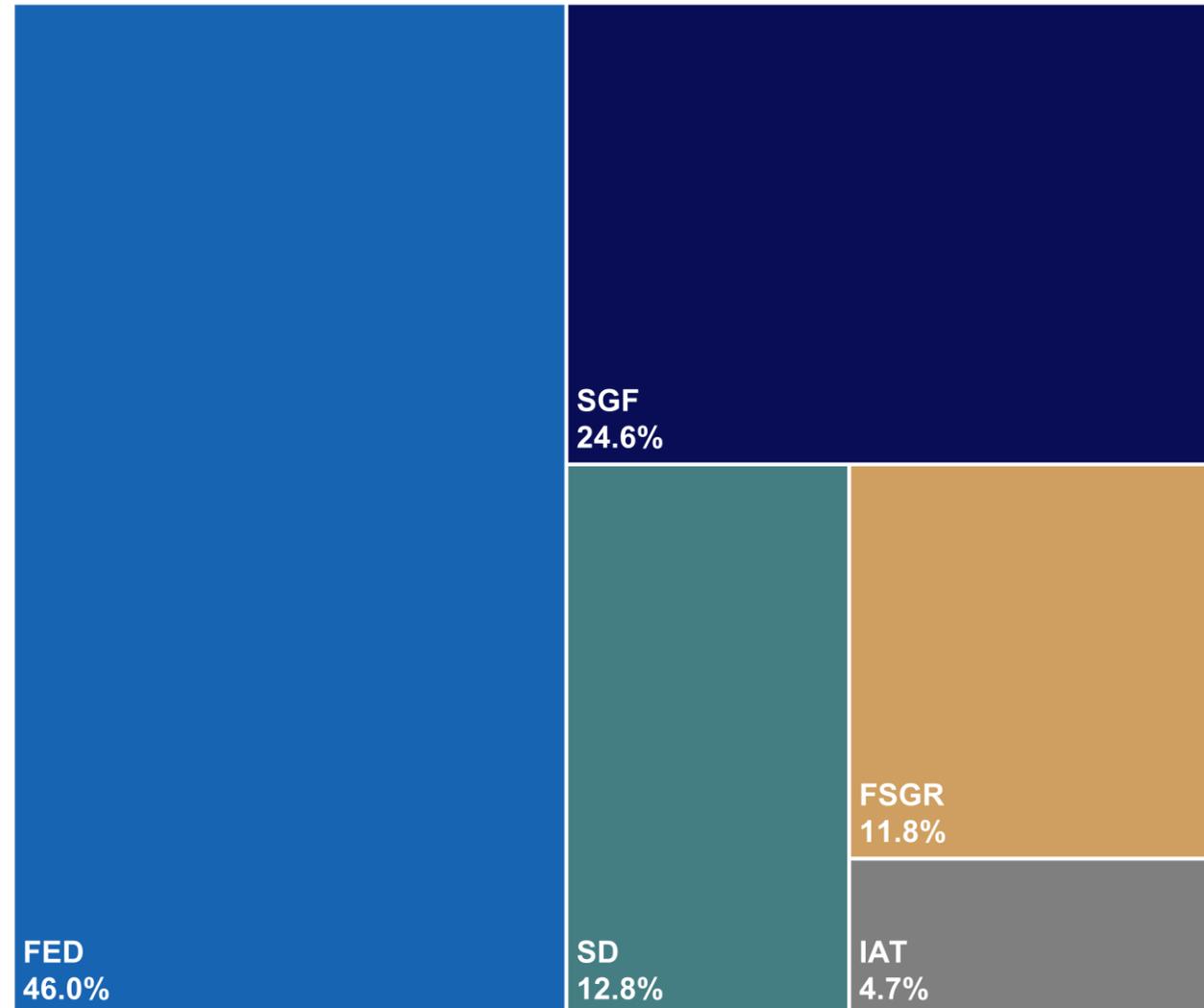


# FY 26 STATE BUDGET RECOMMENDATION

## Total Funding = \$49,426,410,276

Means of Finance		
State General Fund	\$	12,151,100,000
Interagency Transfers		2,334,965,086
Fees & Self-generated		5,856,562,237
Statutory Dedications		6,326,242,841
Federal Funds		22,757,540,112
<b>Total</b>	<b>\$</b>	<b>49,426,410,276</b>

- **\$45 B** total budget without double counts
  - Two major components of the \$4.5 B in double counts are \$2.3 B in Interagency Transfers and \$2 B in Ancillary Bill (agencies) self-generated funds



# FUNDING COMPARISON

Means of Finance	FY 24 Actual Expenditures	FY 25 Existing Operating Budget 12/1/24	FY 26 HB1 Budget	Change Existing Operating Budget to HB1		Change Actual Expenditures to HB1	
<b>SGF</b>	\$ 11,970,119,716	\$ 12,494,095,454	\$ 12,151,100,000	\$ (342,995,454)	(2.7%)	\$ 180,980,284	1.5%
<b>IAT</b>	2,240,738,810	2,401,357,441	2,334,965,086	(66,392,355)	(2.8%)	94,226,276	4.2%
<b>FSGR</b>	5,364,866,751	5,821,098,088	5,856,562,237	35,464,149	0.6%	491,695,486	9.2%
<b>Stat Ded</b>	6,438,380,654	7,561,426,840	6,326,242,841	(1,235,183,999)	(16.3%)	(112,137,813)	(1.7%)
<b>Federal</b>	21,049,165,502	22,130,926,437	22,757,540,112	626,613,675	2.8%	1,708,374,610	8.1%
<b>Total</b>	\$ 47,063,271,433	\$ 50,408,904,260	\$ 49,426,410,276	\$ (982,493,984)	(1.9%)	\$ 2,363,138,843	5.0%

# FY 25 EXISTING OPERATING BUDGET

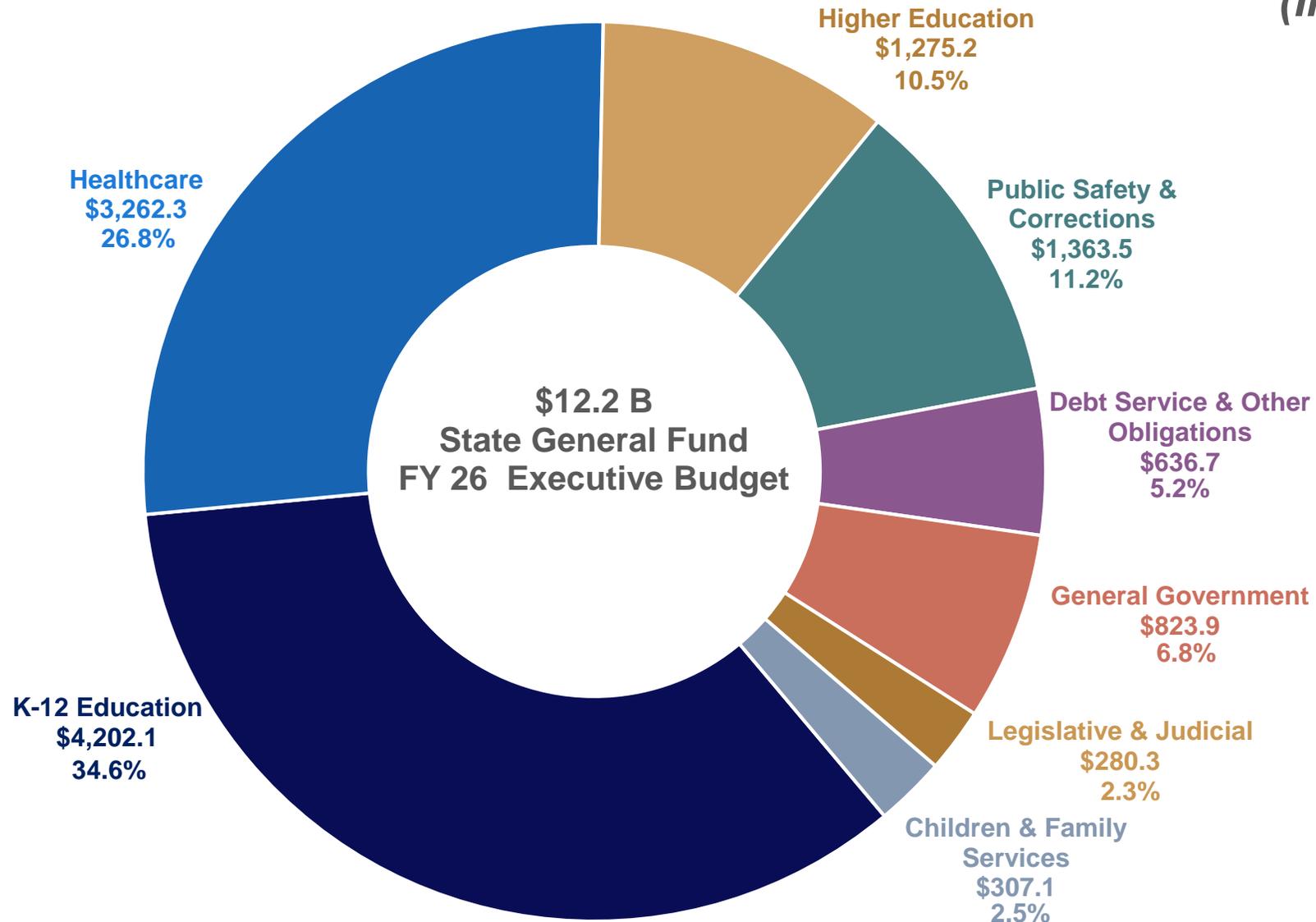
The FY 2024-25 Existing Operating Budget (EOB) was frozen on December 1, 2024. This point-in-time reference is used in both the Executive Budget and the General Appropriations Bill.

Means of Finance	Appropriation	Mid-Year Adjustments	Existing Operating Budget
State General Fund	\$ 12,067,768,287	\$ 426,327,167	\$ 12,494,095,454
Interagency Transfers	2,385,375,919	15,981,522	2,401,357,441
Self-generated Revenue	5,778,411,247	42,686,841	5,821,098,088
Statutory Dedications	7,410,005,277	151,421,563	7,561,426,840
Federal	21,991,728,095	139,198,342	22,130,926,437
<b>Total</b>	<b>\$ 49,633,288,825</b>	<b>\$ 775,615,435</b>	<b>\$ 50,408,904,260</b>

<i>Mid-year Adjustments Summary</i>				
July	August	September	October	November
\$334,575 IAT	\$ 447.3 M SGF 10.6 M IAT 40.1 M FSGR 147.3 M SD 135.0 M FED <hr/> \$ 780.2 M Total	\$ (20.9 M) SGF 4.0 M IAT 1.9 M FSGR (10.6 M) SD <hr/> \$ (25.4 M) Total	\$ 751,032 IAT 769,496 FSGR 14.7 M SD 4.2 M FED <hr/> \$ 20.5 M Total	No Change

# STATE GENERAL FUND BY CATEGORY

(In Millions)



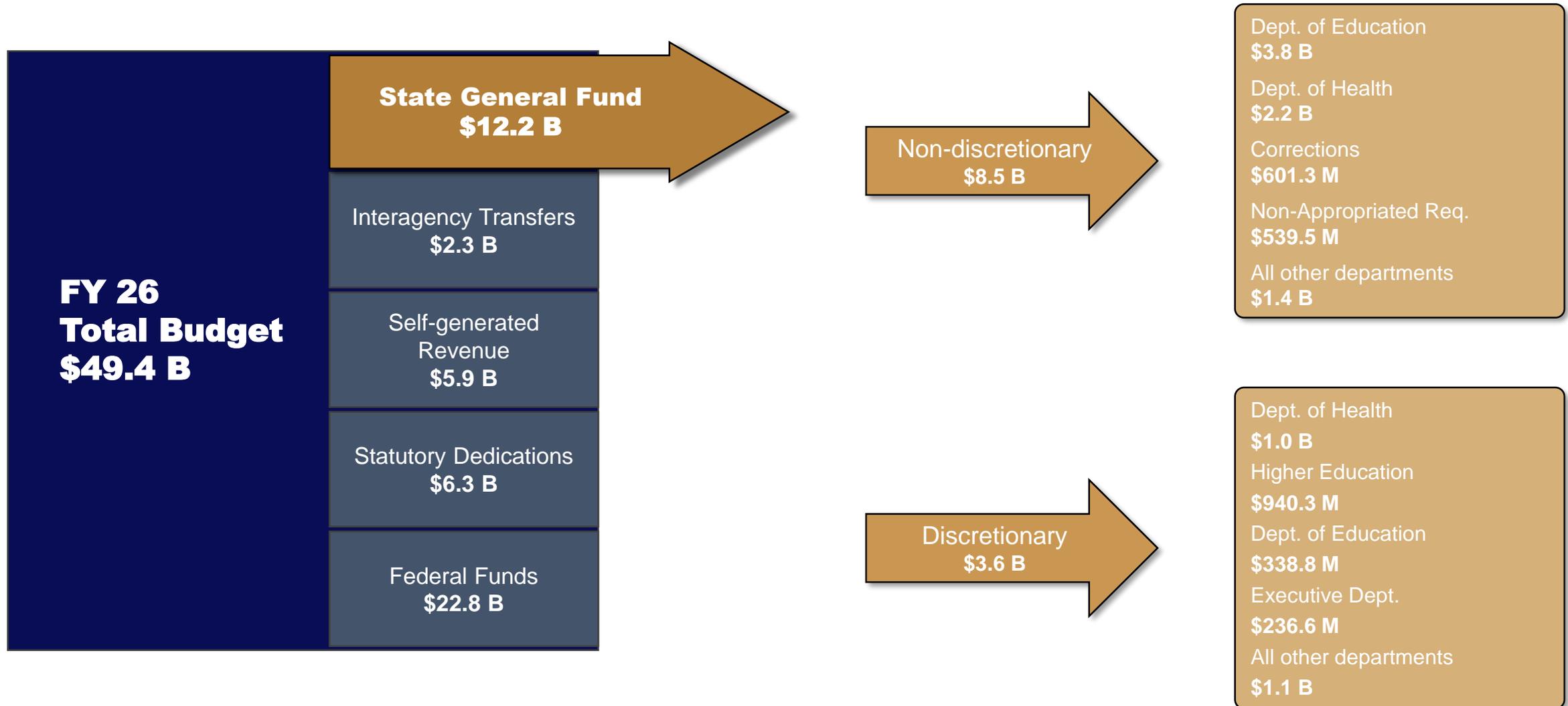
# STATE GENERAL FUND BY CATEGORY

Category	FY 24 Actuals	FY 25 Existing Oper. Budget	FY 26 Executive Budget	% Change FY 25 - FY 26
K-12 Education	\$4,244,700,300	\$4,295,892,940	\$4,202,102,421	(2.18%)
Healthcare	\$2,605,261,948	\$3,185,275,246	\$3,262,271,323	2.42%
Higher Education	\$1,399,055,764	\$1,317,419,835	\$1,275,165,701	(3.21%)
Public Safety, Corrections, and Youth Services	\$1,239,972,611	\$1,328,272,111	\$1,363,502,356	2.65%
Debt Service and Other Obligations	\$1,016,727,338	\$665,889,385	\$636,722,186	(4.38%)
General Government	\$909,557,223	\$1,099,999,197	\$823,926,649	(25.10%)
Legislative & Judicial	\$266,345,255	\$280,336,867	\$280,336,867	0.00%
Children & Family Services	\$288,499,277	\$321,009,873	\$307,072,497	(4.34%)
<b>Total</b>	<b>\$11,970,119,716</b>	<b>\$12,494,095,454</b>	<b>\$12,151,100,000</b>	<b>(2.75%)</b>

# DISCRETIONARY AND NONDISCRETIONARY EXPENSES

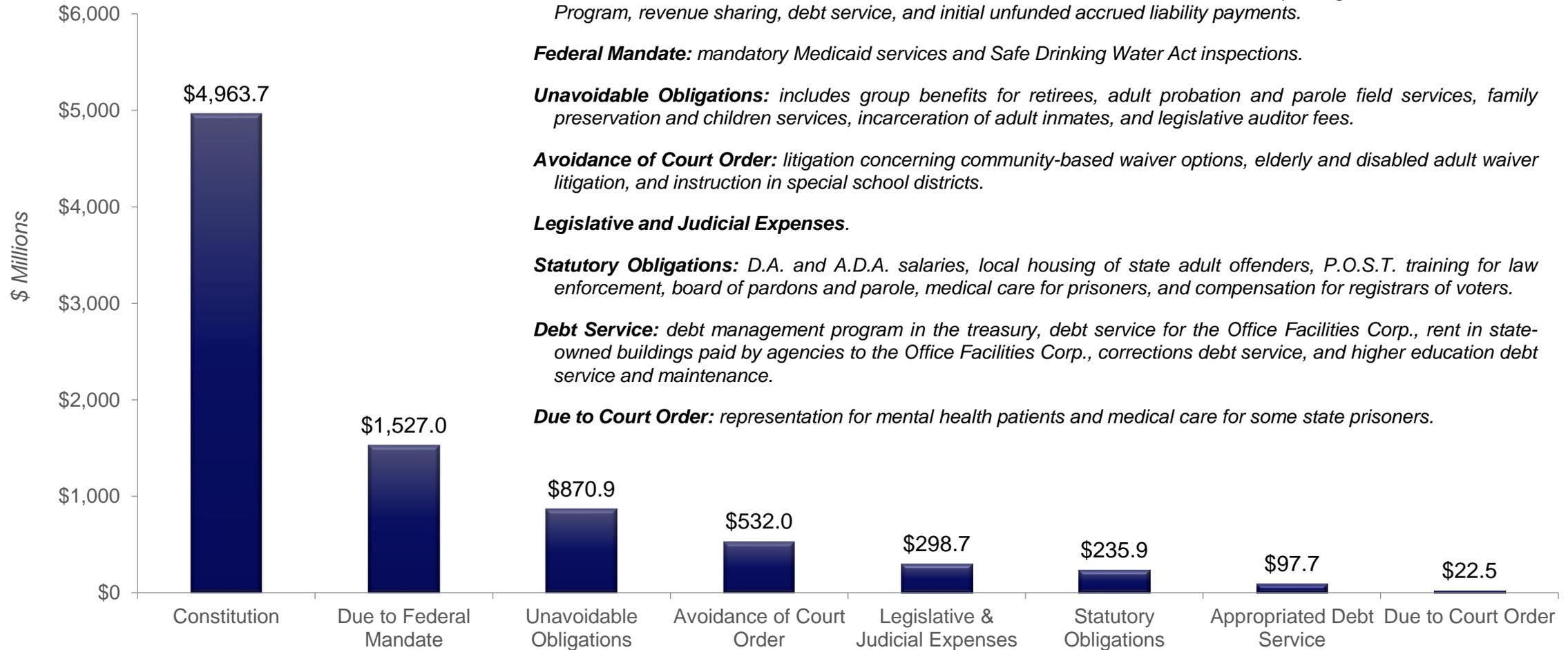
- The Legislative Fiscal Office (LFO) is required to review the proposed executive budget for the ensuing fiscal year and report to the legislature whether the budget recommends appropriations out of the state general fund and dedicated funds for health care as contained in Schedule 09, La. Dept. of Health, and for higher education as contained in Schedule 19, Higher Education and La. State University Health Sciences Center Health Care Services Division, in amounts less than the appropriations for either purpose as contained for the same schedules in the existing operating budget for the current fiscal year
- If LFO reports that this is the case, **the General Appropriation Bill (GAB) must provide separate recommendations for discretionary and nondiscretionary expenditures and the means of financing such expenditures which are subject to appropriation**
- On February 27, 2025 LFO reported conditions requiring separate recommendations for discretionary and nondiscretionary expenditures in the GAB is present and the bill must be filed with this separation

# DISCRETIONARY EXPENSES



\*Figures may not add precisely due to rounding\*

# FY 26 NONDISCRETIONARY SGF



**Constitution:** includes salaries of statewide elected officials, elections costs and ballot printing, Minimum Foundation Program, revenue sharing, debt service, and initial unfunded accrued liability payments.

**Federal Mandate:** mandatory Medicaid services and Safe Drinking Water Act inspections.

**Unavoidable Obligations:** includes group benefits for retirees, adult probation and parole field services, family preservation and children services, incarceration of adult inmates, and legislative auditor fees.

**Avoidance of Court Order:** litigation concerning community-based waiver options, elderly and disabled adult waiver litigation, and instruction in special school districts.

**Legislative and Judicial Expenses.**

**Statutory Obligations:** D.A. and A.D.A. salaries, local housing of state adult offenders, P.O.S.T. training for law enforcement, board of pardons and parole, medical care for prisoners, and compensation for registrars of voters.

**Debt Service:** debt management program in the treasury, debt service for the Office Facilities Corp., rent in state-owned buildings paid by agencies to the Office Facilities Corp., corrections debt service, and higher education debt service and maintenance.

**Due to Court Order:** representation for mental health patients and medical care for some state prisoners.