



# SNAPSHOT

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## Louisiana's State Surpluses

Louisiana has enjoyed repeated state surpluses for the last seven years, and the latest calculations estimate lawmakers will see that trend continue another year.

A surplus occurs when a state's revenue collections exceed its spending within a budget year. Louisiana ended the 2023-24 year with a projected \$595 million surplus, according to the [governor's Division of Administration](#).

Several accounting steps remain before the surplus figure is final and available for lawmakers to spend in their next regular legislative session. However, the money cannot be used to help lawmakers close a looming budget gap when a 0.45% state sales tax and other tax changes expire in July 2025.

The Louisiana Constitution sets limits on how lawmakers can spend surplus money, restricting its use to specific one-time items that don't involve ongoing programs or services.

### Constitutional Surplus Uses

Budget Stabilization Fund

Retirement Debt Payments

Highway Construction

Capital Outlay Projects

Coastal Protection & Restoration Fund

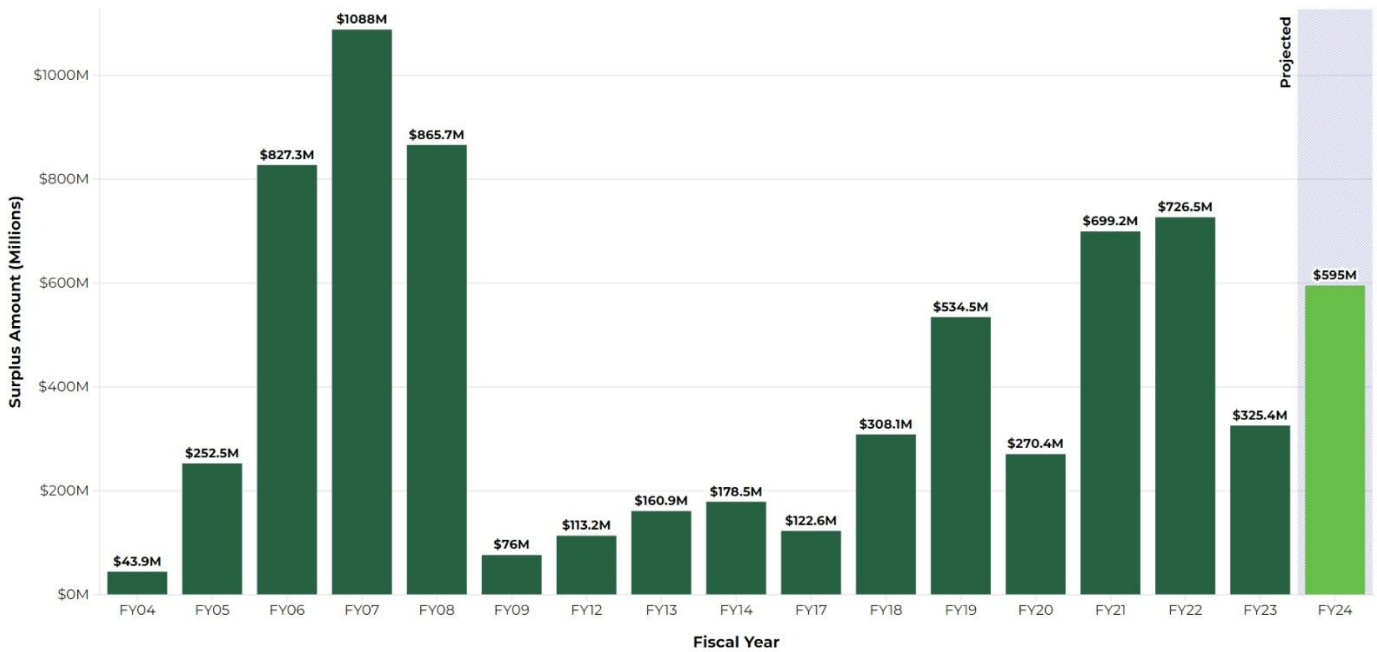
Bond Debt Payments

Among the six allowed uses of the dollars, the constitution requires 25% of any surplus to go to the Budget Stabilization Fund, commonly known as the state's "rainy day" fund.

Starting this fiscal year, another 25% of any surplus money must pay down retirement debt. Voters passed a 2023 amendment raising the required percentage from 10%.

In other words, half of the \$595 million estimated surplus is earmarked to savings and debt payments, so lawmakers will only be able spend a portion of the money on their preferred priorities.

## Louisiana State Surpluses Since Fiscal Year 2004



**Source:** Revenue Estimating Conference, PAR data.

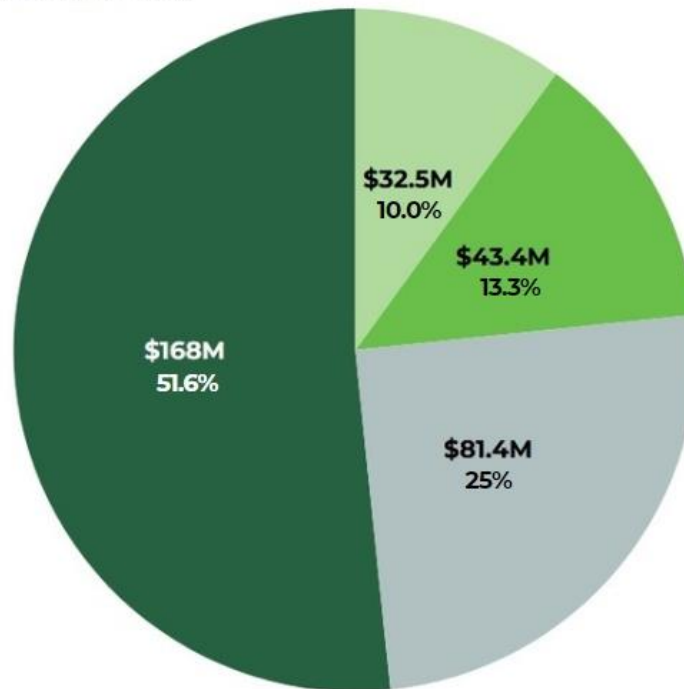
Over the last two decades, Louisiana had four fiscal years without a surplus: 2010, 2011, 2015 and 2016. Louisiana had the highest surplus in fiscal year 2007, at roughly \$1 billion, due to the state still recovering from Hurricane Katrina. The average amount over the 17 years with a surplus was \$423 million.

Surpluses are built up when the state receives better-than-expected tax collections and agencies don't spend all the money allocated to them, among other financial adjustments. Since the COVID-19 pandemic, Louisiana has seen surges in some tax types amid the economic recovery and inflation spikes that have helped to create the surpluses.

The state's income forecasting panel tends to take a conservative approach to its projections, preferring to see state surpluses rather than deficits that force budget cuts.

## Louisiana Fiscal Year 2023 Surplus Uses

■ Capital Outlay Projects ■ Highway Construction ■ Retirement Debt  
■ Budget Stabilization Fund



Source: [House Fiscal Division](#)

The chart above shows how the Louisiana Legislature divided the state surplus from the 2022-23 budget year.

A little over half of the surplus went to projects financed through the state construction budget, known as capital outlay projects. Those projects can involve road and bridge work, building maintenance or other construction initiatives.

As constitutionally required, 25% went to the Budget Stabilization Fund and 10% went to retirement debt. Highway construction projects financed through the state transportation department's priority program received 13.3%, [according to the House Fiscal Division](#).

No surplus dollars were set aside for coastal restoration and protection work, unlike the two prior years. Lawmakers also did not spend any surplus money from the 2021, 2022 or 2023 years on paying off debts outside of the retirement systems.