

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 884** HLS 14RS 1284
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 23, 2014 11:18 AM	Author: ST. GERMAIN
Dept./Agy.: Transportation	Analyst: Greg Albrecht
Subject: Mineral Revenue Dedication To TTF	

FUNDS/FUNDING EG -\$50,000,000 GF RV See Note Page 1 of 1
 Provides with regard to dedications of certain excess mineral revenues and deposits into the Budget Stabilization Fund

Present law prioritizes the allocation of state mineral revenue receipts before subjecting the remaining receipts to potential deposit into the Budget Stabilization Fund. Those priority allocations are, the Bond Security & Redemption Fund, the parish severance tax and royalty distributions, the Wildlife & Fisheries Conservation Fund, the Education Quality Trust Fund {8(g) fund}, and an \$850 million "base" amount to the state general fund. Receipts in addition to these priorities flow to the Budget Stabilization Fund until it reaches its annual maximum balance or deposits are otherwise halted.

Proposed law adds the Transportation Trust Fund as a priority recipient of mineral revenue before the state general fund "base" amount. This bill is the statutory companion to HB 629 of this 2014 session proposing to amend the state constitution to provide for mineral revenue allocations to the TTF, and is effective only upon adoption by the electorate of that proposed amendment at the statewide election held on November 4, 2014.

EXPENDITURES	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>5 -YEAR TOTAL</u>
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	(\$50,000,000)	(\$50,000,000)	(\$100,000,000)
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$50,000,000	\$50,000,000	\$100,000,000
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

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


REVENUE EXPLANATION

The discussion below is from the fiscal note on HB 629 Engrossed, the proposed constitutional amendment to which this bill is the statutory companion.

Under current law and the latest official forecast for FY18, mineral revenue collections are expected to be \$1.318 billion with the first \$94 million supporting the parish severance and royalty allocations. The next \$850 million of collections support the state general fund (this is the base amount referred to above), leaving \$374 million of excess mineral revenue in FY18. Under the provisions of Act 420 of 2013, the Budget Stabilization Fund is currently expected to be filled to its maximum balance by the end of FY16, and these excess collections will also be supporting the state general fund. Thus, the bill's \$50 million dedication to the TTF is funded entirely by the state general fund in FY18 and beyond, through FY27.

The Conservation Fund and 8(g) Fund are not affected by the bill as they have their own revenue flows, and are not included in the revenue flows discussed above. The maximum balance of the Budget Stabilization Fund is recalculated each year and forecasts of mineral revenue will change, as well. Thus, specific affected amounts in each fiscal can differ from those above, but it will take a substantial drop in total mineral revenue collections from currently anticipated levels for the dedication provided in this bill to not be achieved.

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| <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) >= \$100,000 SGF Fiscal Cost {H & S} | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 State Rev. Reduc. {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} | |


John D. Carpenter
Legislative Fiscal Officer