

2015 Regular Session

HOUSE BILL NO. 81

BY REPRESENTATIVE CARMODY

FUNDS/FUNDING: Increases the mineral revenue base for the Budget Stabilization Fund and dedicates the additional revenue to higher education and transportation

1 AN ACT
2 To amend and reenact R.S. 39:94(A)(2)(a)(introductory paragraph) and (b) and Subpart S
3 of Part II-A of Chapter 1 of Subtitle I of Title 39 of the Louisiana Revised Statutes
4 of 1950, to be comprised of R.S. 39:100.141, relative to mineral revenues; to provide
5 for an increase in the base amount of revenues received by the state as a result of the
6 production of or exploration for minerals, as a result of grants or donations, and as
7 derived from any tax on the transportation of minerals used to determine the deposit
8 of such revenues into the Budget Stabilization Fund; to dedicate a portion of mineral
9 revenues to the Better Highways and Higher Education Fund; to establish the Better
10 Highways and Higher Education Fund as a special fund in the state treasury; to
11 provide for the deposit, investment, and use of monies in the fund; to provide for an
12 effective date; and to provide for related matters.

13 Be it enacted by the Legislature of Louisiana:

14 Section 1. R.S. 39:94(A)(2)(a)(introductory paragraph) and (b) and Subpart S of Part
15 II-A of Chapter 1 of Subtitle I of Title 39 of the Louisiana Revised Statutes of 1950,
16 comprised of R.S. 39:100.141, are hereby enacted to read as follows:

17 §94. Budget Stabilization Fund

18 A. There is hereby created in the state treasury a special fund to be
19 designated as the Budget Stabilization Fund, hereafter referred to in this Section as

1 the "fund", which shall consist of all money deposited into the fund in accordance
2 with Article VII, Section 10.3 of the Constitution of Louisiana. Money shall be
3 deposited in the fund as follows:

4 * * *

5 (2)(a) All revenues received in each fiscal year by the state in excess of ~~eight~~
6 ~~hundred fifty~~ nine hundred forty million seven hundred fifteen thousand dollars,
7 hereinafter referred to as the "base", as a result of the production of or exploration
8 for minerals, hereinafter referred to as "mineral revenues", including severance taxes,
9 royalty payments, bonus payments, or rentals, and excluding such revenues
10 designated as nonrecurring pursuant to Article VII, Section 10(B) of the Constitution
11 of Louisiana, any such revenues received by the state as a result of grants or
12 donations when the terms or conditions thereof require otherwise and revenues
13 derived from any tax on the transportation of minerals, shall be deposited in the fund
14 after the following allocations of said mineral revenues have been made:

15 * * *

16 (b) The base may be increased every ten years beginning in the year ~~2014~~
17 2025 by a law enacted by two-thirds of the elected members of each house of the
18 legislature. Any such increase shall not exceed fifty percent in the aggregate of the
19 increase in the consumer price index for the immediately preceding ten years.

20 * * *

21 SUBPART S. BETTER HIGHWAYS AND HIGHER EDUCATION FUND

22 §100.141. Better Highways and Higher Education Fund

23 A. There is hereby established in the state treasury, as a special fund, the
24 "Better Highways and Higher Education Fund", hereinafter referred to as the "fund".

25 B. All revenues received in each fiscal year by the state in excess of eight
26 hundred fifty million dollars but less than the base established by R.S. 39:94, as a
27 result of the production of or exploration for minerals, hereinafter referred to as
28 "mineral revenues", including severance taxes, royalty payments, bonus payments,
29 or rentals, and excluding such revenues designated as nonrecurring pursuant to

1 Article VII, Section 10(B) of the Constitution of Louisiana, any such revenues
2 received by the state as a result of grants or donations when the terms or conditions
3 thereof require otherwise and revenues derived from any tax on the transportation of
4 minerals, shall be deposited in the fund after the following allocations of the mineral
5 revenues have been made:

6 (1) To the Bond Security and Redemption Fund as provided by Article VII,
7 Section 9(B) of the Constitution of Louisiana.

8 (2) To the political subdivisions of the state as provided in Article VII,
9 Sections 4(D) and (E) of the Constitution of Louisiana.

10 (3) As provided by the requirements of Article VII, Sections 10-A and 10.1
11 of the Constitution of Louisiana.

12 C.(1) The money in the fund shall be invested by the treasurer in the same
13 manner as money in the state general fund and interest earned on the investment of
14 the money shall be credited to the fund after compliance with the requirements of
15 Article VII, Section 9(B) relative to the Bond Security and Redemption Fund.

16 (2) All unexpended and unencumbered money in the fund at the end of the
17 year shall remain in the fund.

18 D. The money in the fund shall be appropriated by the legislature each fiscal
19 year to be used solely as follows:

20 (1) Fifty percent shall be appropriated to the Transportation Trust Fund to
21 be expended solely and exclusively for the costs of construction, maintenance, or
22 both, of projects in the Highway Priority Program.

23 (2) Fifty percent shall be appropriated to the Board of Supervisors for the
24 University of Louisiana System, the Board of Supervisors of Louisiana State
25 University and Agricultural and Mechanical College, the Board of Supervisors of
26 Southern University and Agricultural and Mechanical College, the Board of
27 Supervisors of Community and Technical Colleges, their respective institutions, the
28 Louisiana Universities Marine Consortium, and the Office of Student Financial
29 Assistance in the amounts and for the purposes as specified in a plan and formula for

1 the distribution of these funds as approved by the Board of Regents pursuant to
2 Article VIII, Section 5(D)(4) of the Constitution of Louisiana.

3 Section 2. This Act shall become effective on July 1, 2015; if vetoed by the governor
4 and subsequently approved by the legislature, this Act shall become effective on July 1,
5 2015, or on the day following such approval by the legislature, whichever is later.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 81 Original

2015 Regular Session

Carmody

Abstract: Raises the mineral revenue base used to determine when mineral revenues are deposited into the Budget Stabilization Fund from \$850 M to \$940,715,000 and dedicates the difference between the old base and new base to transportation and higher education.

Present constitution establishes the Budget Stabilization Fund (the BSF) and determines the revenues to be deposited into the fund. Requires mineral revenues over a "base amount" to be deposited into the BSF. Sets the base amount and allows the base amount to be increased every 10 years beginning in 2000 by law enacted by a two-thirds vote of the legislature. Base amount increases are limited to 50% of the aggregate of the consumer price index (CPI) for the last 10 years.

Present law sets the "base amount" at \$850 M and allows the base to be increased beginning in 2014.

Proposed law increases the "base amount" from \$850 M to \$940,715,000 and allows the base to be increased every 10 years beginning in 2025.

Proposed law dedicates the difference between \$850 M and the new "base amount" into a special fund created in the state treasury to be known as the Better Highways and Higher Education Fund. The money in the fund is required to be appropriated by the legislature each fiscal year to be used solely as follows:

- (1) 50% to the Transportation Trust Fund for the costs of construction or maintenance of projects in the Highway Priority Program.
- (2) 50% to the higher education management boards, their respective institutions, LUMCON, and the Office of Student Financial Assistance in amounts and for purposes specified in a plan and formula for the distribution of these funds as approved by the Board of Regents pursuant to present constitution.

(Amends R.S. 39:94(A)(2)(a)(intro. para.) and (b); Adds R.S. 39:100.141)