

2016 First Extraordinary Session

HOUSE BILL NO. 115

BY REPRESENTATIVE IVEY

FUNDS/FUNDING: Establishes the Mineral Revenue Fund and provides for dedications into and the uses of monies in the fund (Item #7)

1 AN ACT

2 To enact Subpart P-4 of Part II-A of Chapter 1 of Subtitle I of Title 39 of the Louisiana
3 Revised Statutes of 1950, to be comprised of R.S. 39:100.111 relative to state
4 revenues; to create the Mineral Revenue Fund; to provide for the deposit, use and
5 investment of monies in the fund; to provide for an effective date; and to provide for
6 related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. Subpart P-4 of Part II-A of Chapter 1 of Subtitle I of Title 39 of the
9 Louisiana Revised Statutes of 1950, comprised of R.S. 39:100.111, is hereby enacted to read
10 as follows:

11 SUBPART P-4. MINERAL REVENUE FUND

12 §100.111. Mineral Revenue Fund

13 A. There is hereby established in the state treasury, a special fund, the
14 Mineral Revenue Fund, hereinafter referred to as the "fund".

15 B.(1) The source of monies deposited into the fund shall be all revenues
16 received in each fiscal year by the state as a result of the production of or exploration
17 for minerals, hereinafter referred to as mineral revenues, and as further defined by
18 Subsection C of this Section, excluding the following allocations of said mineral
19 revenues:

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

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

5 (c) To the Louisiana Wildlife and Fisheries Conservation Fund as provided
6 by the requirements of Article VII, Section 10-A of the Constitution of Louisiana and
7 R.S. 47:324, R.S. 56:799, and R.S.56:799.3.

8 (d) To the Louisiana Wildlife and Fisheries Conservation Fund and the Oil
9 and Gas Regulatory Fund as provided in R.S. 30:136.1(D).

10 (e) To the Rockefeller Wildlife Refuge Trust and Protection Fund as
11 provided in R.S. 56:797.

12 (f) To the Marsh Island Operating Fund and the Russell Sage or Marsh
13 Island Refuge Fund as provided in R.S. 56:798.

14 (g) To the MC Davis Conservation Fund as provided in R.S. 56:799.

15 (h) To the White Lake Property Fund as provided in R.S.56:799.3.

16 (i) To the Louisiana Education Quality Trust Fund as provided in Article
17 VII, Section 10.1 of the Constitution of Louisiana.

18 (j) To the Coastal Protection and Restoration Fund as provided in Article
19 VII, Section 10.2 of the Constitution of Louisiana and R.S. 49:214.5.4.

20 (k) To the Mineral Revenue and Audit Settlement Fund as provided in
21 Article VII, Section 10.5 of the Constitution of Louisiana and R.S. 39:97.

22 (l) To the Budget Stabilization Fund as provided in Article VII, Section 10.3
23 of the Constitution of Louisiana and R.S. 39:94.

24 (m) An amount equal to the amount of state general fund deposited into the
25 Transportation Trust Fund and the Transportation Infrastructure Bank Fund based
26 on mineral revenues as provided in R.S. 48:77.

27 (2) All unexpended and unencumbered monies in the fund at the end of the
28 fiscal year shall remain in the fund. The monies in the fund shall be invested by the

1 state treasurer in the same manner as monies in the state general fund, and interest
2 earned on the investment of monies shall be credited to the fund.

3 (C) Allocation of Monies in the Fund. All monies in the fund shall be
4 appropriated annually as follows:

5 (1) Seventy percent of monies in the fund shall be allocated to each of the
6 state retirement systems for the payment of unfunded accrued liabilities in proportion
7 to the balance of unfunded accrued liabilities of each system. For each system, the
8 allocation shall be applied to the oldest outstanding liability as defined in Subsection
9 D of this Section. No allocations provided under this Paragraph shall be used,
10 directly or indirectly, to fund cost-of-living increases for such systems.

11 (2) Thirty percent of the monies in the fund shall be deposited in and
12 credited to the Transportation Trust Fund. Mineral revenues deposited into the
13 Transportation Trust Fund shall only be used for the following:

14 (a) Fifty percent shall be used exclusively for state highway pavement and
15 bridge sustainability projects.

16 (b) Twenty percent shall be used exclusively for highway priority program
17 projects classified as capacity projects.

18 (c) Twenty percent shall be used exclusively for port construction and
19 development priority program projects.

20 (d) Ten percent shall be available for use by a state transportation
21 infrastructure bank.

22 D. For purposes of this Section, mineral revenues shall include severance
23 taxes, royalty payments, bonus payments or rentals, with the following exceptions:

24 (1) Revenues designated as nonrecurring pursuant to Article VII, Section
25 10(B) of the constitution.

26 (2) Revenues received by the state as a result of grants or donations when the
27 terms or conditions thereof require otherwise.

28 (3) Revenues derived from any tax on the transportation of minerals.

1 D(1) For the purposes of this Section, the phrase "oldest outstanding
2 liability" shall mean a state retirement system's oldest outstanding positive
3 amortization base, excluding any liability established pursuant to R.S.
4 11:102(B)(3)(c) or any particularized liabilities of a subplan.

5 (2) If there are multiple positive bases of the same age and the same
6 duration, all such bases shall be collapsed into a single base for purposes of this
7 Subsection.

8 (3) If there are multiple positive bases of the same age but of different
9 durations, the oldest outstanding positive amortization base with the shortest
10 remaining amortization period shall be treated as the "oldest" for purposes of this
11 Subsection.

12 Section 2. This Act shall become effective on July 1, 2017.

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 115 Original

2016 First Extraordinary Session

Ivey

Abstract: Creates the Mineral Revenue Fund as a special treasury fund. Dedicates all mineral revenue, excluding specific statutory dedications, into the fund. Allows 70% of the money to be used to pay state retirement systems' unfunded accrued liability and 30% for transportation.

Proposed law established the Mineral Revenue Fund (the "fund") as a special treasury fund. The source of monies deposited into the fund shall be all revenues received in each fiscal year by the state as a result of the production of or exploration for minerals (mineral revenues), excluding allocations as required under present constitution and present law, specifically:

- (1) The Bond Security and Redemption Fund.
- (2) Severance tax and royalty payments to the political subdivisions of the state.
- (3) The Louisiana Wildlife and Fisheries Conservation Fund.
- (4) The Oil and Gas Regulatory Fund.
- (5) The Rockefeller Wildlife Refuge Trust and Protection Fund.
- (6) The Marsh Island Operating Fund and the Russell Sage or Marsh Island Refuge Fund.
- (7) The MC Davis Conservation Fund.

- (8) The White Lake Property Fund.
- (9) The Louisiana Education Quality Trust Fund (the "8g Fund").
- (10) The Coastal Protection and Restoration Fund.
- (11) The Mineral Revenue and Audit Settlement Fund.
- (12) The Budget Stabilization Fund.
- (13) The Transportation Trust Fund and the Transportation Infrastructure Bank Fund.

Proposed law specifies that mineral revenues shall include severance taxes, royalty payments, bonus payments, or rentals, with exceptions for nonrecurring revenues, revenues due to grants or donations, and revenues from a tax on the transportation of mineral revenues.

Proposed law requires 70% of the money in the fund to be appropriated to the state retirement systems for the payment of unfunded accrued liabilities in proportion to the balance of unfunded accrued liabilities of each such system. A system shall apply its allocation to its oldest outstanding liability. Any allocations provided under proposed law shall be not used, directly or indirectly, to fund cost-of-living increases for such systems.

Proposed law requires 30% to be deposited in and credited to the Transportation Trust Fund. Mineral revenues deposited into the Transportation Trust Fund shall only be used for the following:

- (1) 50% for state highway pavement and bridge sustainability projects.
- (2) 20% for highway priority programs projects classified as capacity projects.
- (3) 20% for port construction and development priority program projects.
- (4) 10% for use by a state transportation infrastructure bank.

Effective on July 1, 2017.

(Adds R.S. 39:100.111)