



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: HB 115 HLS 161ES 113
Bill Text Version: ENGROSSED
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: March 1, 2016 12:20 PM Author: IVEY
Dept./Agy.: Subject: Mineral Revenue Fund Analyst: Greg Albrecht

FUNDS/FUNDING EG -\$465,000,000 GF RV See Note Page 1 of 1
Establishes the Mineral Revenue Fund and provides for dedications into and the uses of monies in the fund (Item #7)

Proposed law establishes a new special fund named the Mineral Revenue Fund. The Fund is to receive all mineral revenue after all existing allocations of mineral revenue are satisfied. Mineral revenues are defined as severance taxes, royalties, bonuses, and rentals. Monies in the Fund are to be invested in the same manner as the general Fund and earnings are to be retained by the Fund.

Monies in the Fund are to be annually appropriated for various purposes: 70% to the UAL of the state retirement systems and 30% to the TTF.

Effective July 1, 2017.

Table with 7 columns: EXPENDITURES, REVENUES, 2016-17, 2017-18, 2018-19, 2019-20, 2020-21, 5-YEAR TOTAL. Rows include State Gen. Fd., Agy. Self-Gen., Ded./Other, Federal Funds, Local Funds, and Annual Total.

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

The bill appears intended to insure that all existing dedications of mineral revenue, statutory and constitutional, be satisfied before allocating mineral revenue to the new Mineral Revenue Fund created by this bill. In effect, dedicating mineral revenue that would otherwise support state general fund appropriations. As of the February 2016 REC meeting, mineral revenue forecasts for FY16 - FY20 are \$611 million in FY16, dropping to \$463 million for FY17, then rising to \$582 million by FY20).

Thus, mineral revenue supporting general fund appropriations that would be dedicated to the new Fund would be \$465 million in FY18, \$497 million in FY19, \$519 million in FY20, and likely a comparable amount in FY21 (forecasts are not currently in place beyond FY20).

As monies are diverted to the UAL there will likely be some cost savings to that expense that could be reflected in lower state budget retirement contributions. Estimates of the magnitude and timing of such savings require actuarial analysis.

Senate Dual Referral Rules House

- 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}
6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Signature of John D. Carpenter
John D. Carpenter
Legislative Fiscal Officer