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## DIGEST

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HB 504 Original

2016 Regular Session

Ivey

**Abstract:** Requires mineral revenues not already dedicated to certain funds to be dedicated towards transportation, retirement, the Budget Stabilization Fund, and coastal protection.

Present constitution (Art. VII, §10.2(A), (B), and (C) and 10.3(A)(2)) dedicates a portion of the state mineral revenues, after allocations to the Bond Security and Redemption Fund, allocations of severance tax and royalties to political subdivisions of the state, the Conservation Fund, the Louisiana Education Quality Permanent Trust Fund, and the Louisiana Education Quality Support Fund. The Coastal Protection and Restoration Fund receives allocations of \$5 million, an additional \$10 million of the mineral revenues in excess of \$600 million, and an additional \$10 million of mineral revenues in excess of \$650 million. The Budget Stabilization Fund receives allocations in excess of a base amount, which may be adjusted by law. The current base amount by law is \$950 million.

Proposed constitutional amendment deletes the allocations of state mineral revenues to the Coastal Protection and Restoration Fund and the Budget Stabilization Fund and requires mineral revenues, including severance taxes, royalty payments, bonus payments, or rentals, and excluding such revenues designated as nonrecurring, revenues received by the state as a result of grants or donations when the terms or conditions thereof require otherwise, and revenues derived from any tax on the transportation of minerals, shall be available only for payments toward retirement liabilities after the following allocations of said mineral revenues have been made:

- (1) To the Bond Security and Redemption Fund.
- (2) The severance tax and royalties allocated to the political subdivisions of the state.
- (3) Deposits required into the Conservation Fund and the Louisiana Education Quality Trust Fund and Louisiana Education Quality Support Fund.
- (4) Deposits into the Coastal Protection and Restoration Fund.
- (5) Deposits into the Mineral Revenue and Audit Settlement Fund.

Proposed constitutional amendment requires deposits and allocations in the following order:

- (1) Up to \$5 million to the Coastal Protection and Restoration Fund.

- (2) Up to \$50 million to the Transportation Trust Fund, to be used as follows:
  - (a) The first \$25 million for state highway pavement and bridge sustainability projects.
  - (b) The next \$10 million for highway priority program projects classified as capacity projects.
  - (c) The next \$10 million for port construction and development priority program projects.
  - (d) The next \$5 million for use by a state transportation infrastructure bank.
- (3) Up to \$500 million to the state retirement systems. Such money shall be allocated to each state retirement system in proportion to the balance of unfunded accrued liabilities of each such system. For each system, such allocation shall be applied to the oldest outstanding liability as defined by law. Such allocation shall not be used, directly or indirectly, to fund cost-of-living increases for such systems.
- (4) Up to \$40 million per year to the state retirement systems to provide for cost-of-living adjustments. Such money shall be allocated to each system in proportion to the total annual benefits paid to retirees and beneficiaries by that system.
- (5) Up to \$10 million per year to the Coastal Protection and Restoration Fund.
- (6) Up to \$40 million per year to the state retirement systems to provide for cost-of-living adjustments. Such money shall be allocated to each system in proportion to the total annual benefits paid to retirees and beneficiaries by that system.
- (7) Up to \$10 million per year to the Coastal Protection and Restoration Fund.
- (8) Up to \$40 million to the Transportation Trust Fund, to be used as follows:
  - (a) The first \$20 million for state highway pavement and bridge sustainability projects.
  - (b) The next \$8 million for highway priority program projects classified as capacity projects.
  - (c) The next \$8 million for port construction and development priority program projects.
  - (d) The next \$4 million for use by a state transportation infrastructure bank.
- (9) Up to \$45 million to the state retirement systems. Such money shall be allocated to each state retirement system in proportion to the balance of unfunded accrued liabilities of each such system. For each system, such allocation shall be applied to the oldest outstanding liability as defined by law. Such allocation shall not be used, directly or indirectly, to fund cost-of-living increases for such systems.
- (10) Up to \$50 million to the Transportation Trust Fund, to be used as follows:
  - (a) The first \$25 million for state highway pavement and bridge sustainability projects.
  - (b) The next \$10 million for highway priority program projects classified as capacity

- projects.
  - (c) The next \$10 million for port construction and development priority program projects.
  - (d) The next \$5 million for use by a state transportation infrastructure bank.
- (11) To the Budget Stabilization Fund, until it reaches its capacity.
- (12) Up to \$100 million to the Transportation Trust Fund, to be used as follows:
- (a) The first \$50 million for state highway pavement and bridge sustainability projects.
  - (b) The next \$20 million for highway priority program projects classified as capacity projects.
  - (c) The next \$20 million for port construction and development priority program projects.
  - (d) The next \$10 million for use by a state transportation infrastructure bank.
- (13) Up to \$300 million per year, to the state retirement systems. Such money shall be allocated to each state retirement system in proportion to the balance of unfunded accrued liabilities of each such system. For each system, such allocation shall be applied to the oldest outstanding liability as defined by law. Any allocations provided under this Subparagraph shall not be used, directly or indirectly, to fund cost-of-living increases for such systems.
- (14) Any remaining money, to be deposited into the Transportation Trust Fund.

Provides for submission of the proposed amendment to the voters at the statewide election to be held November 8, 2016.

Effective on July 1, 2017.

(Amends Const. Art. VII, §§10.2(A), (B), and (C) and 10.3(A)(2); Adds Const. Art. VII, §10.15)