

HOUSE SUMMARY OF SENATE AMENDMENTS

HB 696

2016 Regular Session

Leger

FUNDS/FUNDING: Establishes the Revenue Stabilization Trust Fund

Synopsis of Senate Amendments

1. Change the amount of revenues received each fiscal year from corporate and franchise income taxes that are deposited into the Revenue Stabilization Trust Fund from in excess of \$500 million to in excess of \$600 million.
2. Change the vote required to change the minimum fund balance or the allowable percentage of appropriation from the fund from 3/4 of the elected members of each house of the legislature to 2/3 of the elected members of each house of the legislature.
3. Change the vote required for the legislature to authorize the appropriation of the fund at any time for any purpose from 3/4 of the elected members of each house of the legislature to 2/3 of the elected members of each house of the legislature.
4. Correct the name of a dedicated fund.

Digest of Bill as Finally Passed by Senate

Abstract: Creates the Revenue Stabilization Trust Fund as a special treasury trust fund, deposits into the fund mineral revenues and corporate income tax revenues, and dedicates other mineral revenue to repayment of the UAL.

Proposed law establishes the Mineral Revenue Stabilization Trust Fund as a special treasury trust fund.

Proposed law provides for the allocation of annual mineral revenues between \$660 million and \$950 million and mineral revenues that are required to be deposited into the Budget Stabilization Fund but are not because the fund is at its maximum as follows:

- (1) 30% of mineral revenues are appropriated to the Louisiana State Employees' Retirement System (LASERS) and the Teachers' Retirement System of Louisiana (TRSL) towards the balances of the unfunded accrued liability (UAL) of such systems existing as of June 30, 1988, until the balances are eliminated. Any such payments to the public retirement systems shall not be used, directly or indirectly, to fund COLAs for such systems.
- (2) The remainder are deposited into the Revenue Stabilization Trust Fund.

Further excludes allocations and deposits of mineral revenues to the following as required under present constitution and present law from proposed law:

- (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 and Game Preserve 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 and the Louisiana Quality Education Support Fund (the 8g Fund).
- (10) The Coastal Protection and Restoration Fund.
- (11) The Mineral Revenue Audit and Settlement Fund.
- (12) The Budget Stabilization Fund.
- (13) An amount equal to the state general fund deposited into the Transportation Trust Fund and the Louisiana State Transportation Infrastructure Fund.

Proposed law includes severance taxes, royalty payments, bonus payments, or rentals in the definition of mineral revenues, excluding nonrecurring revenues, grants or donations when the terms or conditions require otherwise, and revenues from a tax on the transportation of minerals.

Proposed law deposits into the fund corporate income and franchise tax revenues over \$600 million received during the fiscal year.

Proposed law authorizes investment of the money in the fund in the same manner as investments of the Millennium Trust as provided for in present law.

Proposed law deposits into the state general fund all interest and other income earned on investments of the fund.

Proposed law prohibits any appropriations from the fund, with an exception for the following:

- (1) In any fiscal year in which the balance of the fund at the beginning of the year is in excess of \$5 billion, (hereinafter the minimum fund balance), the legislature may appropriate an amount not to exceed 10% of the fund balance, (hereinafter the allowable percentage), for the following purposes:
 - (a) Capital outlay projects in the comprehensive state capital budget.
 - (b) Transportation infrastructure.
- (2) The legislature may authorize an appropriation from the fund at any time for any purpose subject to consent of 2/3 of the elected members of each house of the legislature.

Proposed constitutional amendment provides that the minimum fund balance or the allowable percentage may be changed by a law enacted by 2/3 of the elected members of each house of the legislature.

Effective if and when the proposed amendment of Article VII of the Constitution of La. contained in the Act which originated as House Bill No. 603 of this 2016 R.S. of the Legislature is adopted at a statewide election and becomes effective.

(Adds R.S. 39:100.111, 100.112, and 100.115)