



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 244** HLS 23RS 200
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 6, 2023	4:04 PM	Author: BISHOP, S.
Dept./Agy.:		
Subject: Restricts use of Revenue Stabilization Trust Fund		Analyst: Deborah Vivien

FUNDS/FUNDING OR SEE FISC NOTE SD RV Page 1 of 1
 (Constitutional Amendment) Provides relative to the Revenue Stabilization Trust Fund

Present Constitution provides that annual collections from corporate income and franchise taxes above \$600 M be deposited to the Revenue Stabilization Trust Fund (RSTF). Further, any mineral revenue collections between \$660 M - \$950 M (after various allocations of mineral revenue) are to be deposited 70% to the RSTF and 30% to pay the retirement UAL. Once the fund balance reaches \$5 B, up to 10% of the balance may be appropriated for capital outlay projects or transportation infrastructure. With a 2/3 vote, an emergency appropriation of any amount may be made from the fund, the minimum fund balance (\$5 B), or the allowable percentage (10%) appropriated to capital or transportation projects may be changed.

Proposed constitutional amendment retains current law but restricts the emergency use of the RSTF to an annual maximum of \$250 M if current year or ensuing year revenue forecasts decline (the same recurring revenue triggers as the Budget Stabilization Fund - BSF) and only after use of the BSF. For use, a 2/3 vote is required and can change the maximum use limit. Subject to voter approval at the statewide election on October 14, 2023.

EXPENDITURES	2023-24	2024-25	2025-26	2026-27	2027-28	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						
REVENUES	2023-24	2024-25	2025-26	2026-27	2027-28	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

The bill restricts the eligible appropriations from the Revenue Stabilization Trust Fund (RSTF) by repealing the blanket emergency provision that allows use of any amount, up to the entire fund balance, for any reason with a 2/3 vote.

In the bill, prior to reaching a \$5 B balance, annual use of the RSTF is limited to \$250 M (2/3 vote to change) only when a deficit is forecast for taxes, licenses and fees (TLF) for gross recurring revenue within the current year or in the ensuing year (same triggers as Budget Stabilization Fund - BSF). The RSTF may only be utilized if the BSF has also been recognized by REC (ensuing year deficit) or budgeted (current year deficit) and the amount of BSF utilized does not resolve the recurring revenue deficit (see NOTE below). For an ensuing year deficit, use of the RSTF is limited to the deficit between the ensuing year to current year forecasts up to \$250 M. However, if a current year TLF deficit is forecast, use of the RSTF is not constrained by the size of the deficit but is limited to \$250 M.

With the bill, the Revenue Stabilization Trust Fund cannot be accessed for anything except capital and/or transportation projects and then only after the maximum balance is reached (\$5 B which can be changed with a 2/3 vote). The only exceptional circumstance would be after the Budget Stabilization Fund is utilized due to a current or ensuing year deficit in gross revenue. For instance, if one revenue stream is in peril, such as the fuel tax, but gross revenue is not in a deficit posture, the RSTF cannot be utilized unless the maximum balance is reached and then only for capital and transportation projects.

Timing:

Presumably, the REC would meet to recognize a deficit, which would set the amount needed (the RSTF balance would also be recognized as is standard in the forecast). A legislative instrument requiring a 2/3 vote of both bodies would authorize use of the BSF and RSTF to resolve the deficit(s) in the current and/or ensuing year(s). In current law, the use of the BSF is limited to 1/3 of the beginning fund balance in each fiscal year, expected to be about \$300 M in FY 24 (cannot be changed by vote). Use of RSTF would be limited to a maximum of \$250 M per year (may be increased with a 2/3 vote).

NOTE: The bill states that access to the RSTF requires that a recurring revenue deficit exist after use of BSF for an ensuing deficit, which will always be the case, since BSF funds are recognized as non-recurring by the REC. Thus, limiting the use of BSF to the recurring revenue deficit and the RSTF to the same recurring revenue deficit allows double the amount of the deficit to be utilized from both funds combined, other limitations aside.

REVENUE EXPLANATION

The bill does not change the revenue that will be deposited to the fund. There is no anticipated direct material effect on governmental revenues as a result of this measure. Given the source of deposits to the RSTF, if total revenue is declining while mineral revenue and/or corporate combined taxes are up, as occurred post-Katrina, the RSTF may be utilized and instantly refilled.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}


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