

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 826** HLS 24RS 2036

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 17, 2024	11:53 AM	Author: EMERSON
Dept./Agy.: Treasury		Analyst: Tanesha Morgan
Subject: Revenue Stabilization Trust Fund		

FUNDS/FUNDING

OR SEE FISC NOTE SD EX

Page 1 of 1

Provides relative to use of monies in special treasury funds

Present law (R.S. 30:100.112 and Const. Art VII, Sec. 10.15) authorizes access to the fund for any reason for any use with a 2/3 vote of the legislature. Proposed law retains present law.

Present law increases the automatic access to the fund by providing for deposit and use of monies into the Revenue Stabilization Trust Fund and restricts the use of monies in the fund unless the minimum balance in the fund is \$5,000,000,000 at the beginning of a fiscal year. Proposed law lowers this minimum balance to \$2,200,000,000.

Present law further provides that once the minimum balance is attained, the legislature may appropriate up to 10% of the fund balance for capital outlay and transportation infrastructure projects. Proposed law increases this allowable percentage to 20% of the fund balance.

EXPENDITURES	2024-25	2025-26	2026-27	2027-28	2028-29	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	2024-25	2025-26	2026-27	2027-28	2028-29	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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

EXPENDITURE EXPLANATION

Proposed law lowers the minimum balance of the Revenue Stabilization Fund required for appropriation from \$5 B to \$2.2 B and increases the allowable appropriation percentage from 10% to 20%. This may lead to more funds being appropriated, potentially reducing the fund balance and, consequently, the interest or investment income earned, which could indirectly impact SGF revenues.

The balance of the fund on July 1, 2023, was in excess of the proposed minimum of \$2.2 B. Thus, the bill would allow up to 20% or a minimum of about \$450 M to be appropriated from the fund in the current year (FY 24) or in any subsequent year in which the balance reaches or exceeds the minimum of \$2.2 B. Access to the fund will increase in direct proportion to deposits to the fund, which is predicated upon corporate income and franchise taxes as well as mineral revenue.

Note: If the bill is enacted, the constitutional limits regarding access to the Revenue Stabilization Fund will conflict with statutory limits, though the language in both appears to allow for this occurrence with a 2/3 vote requirement.

REVENUE EXPLANATION

Interest earned on the Revenue Stabilization Trust Fund balance is deposited into the SGF and becomes part of the SGF direct estimate at the Revenue Estimating Conference (REC). As an illustration, if \$450 M is appropriated from the fund, a reduction of \$450 M in the base investment could reduce SGF direct annually by \$20 - \$30 M (more or less), depending on actual earnings. The exact impact on the SGF would depend on factors such as the actual amount withdrawn from the fund, the timing of the withdrawal, investment strategies employed, and prevailing interest rates and market conditions.

All anticipated funds may not be available at the start of the fiscal year. The calculation of the annual deposit into the fund cannot be finalized until the fiscal year is closed, usually in September but possibly later.

Senate

Dual Referral Rules

House

13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Patrice Thomas
Deputy Fiscal Officer