

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 472** HLS 25RS 894

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> April 21, 2025	8:43 PM	<b>Author:</b> EMERSON
<b>Dept./Agy.:</b> Treasury/LDR/TRSL		<b>Analyst:</b> Deborah Vivien
<b>Subject:</b> Liquidates EEF and LEQTF for Teachers UAL		

FUNDS/FUNDING OR -\$139,000,000 GF RV See Note  
(Constitutional Amendment) Revises Article VII of the Constitution of La.

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Proposed constitutional amendment **Numbered sections are referenced in the expenditure and revenue explanations below**  
**(1)** Provides an additional income tax deduction for taxpayers aged 65+ the same as that of a single filer (\$12,500); **(2)** Imposes a Government Growth Limit in FY 28 on spending; **(3)** Increases Budget Stabilization Fund (BSF) maximum balance from 4% to 7.5% of prior year state receipts less disaster payments; **(4)** Repeals Revenue Stabilization Trust Fund (RSTF) and redirects mineral revenue from RSTF and BSF to SGF after certain dedications are satisfied; **(5)** Repeals the Mineral Audit & Settlement Fund with balance and proceeds to the SGF; **(6)** Creates and/or declares certain funds as program funds and permanent trusts; **(7)** Allows legislature to determine local severance allocations and dedicates 50% of brine severance tax to locals; **(8)** Allows local inventory tax reductions or exemptions and authorizes an unspecified one-time state payment to locals from the RSF (not created in the bill); **(9)** and other various provisions. Effective upon voter approval on 11/3/26

EXPENDITURES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	SEE BELOW	SEE BELOW	SEE BELOW	\$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
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>				<b>\$0</b>
REVENUES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	(\$50,000,000)	(\$139,000,000)	(\$87,000,000)	(\$87,000,000)	(\$363,000,000)
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$50,000,000	(\$22,000,000)	(\$79,000,000)	(\$81,000,000)	(\$132,000,000)
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$65,000,000	\$67,000,000	\$67,000,000	\$199,000,000
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$96,000,000)</b>	<b>(\$99,000,000)</b>	<b>(\$101,000,000)</b>	<b>(\$296,000,000)</b>

**EXPENDITURE EXPLANATION**

LDR may incur minimal expenses related to administrative requirements. LFO believes that the department can absorb this amount within its current budget but may require additional resources if the aggregate impact of all bills enacted during this session is substantive.

**(2)** The bill imposes a one-time Government Growth Limit on FY 28 spending that is 3% of FY 27 appropriations as of January 31, 2027, restricting any revenue above the lesser of the growth limit or the expenditure limit to non-recurring expenses (as defined in the section). Presumably, supplemental or BA-7 appropriations in the second half of the year will not be considered as base spending in FY 28. Spending exclusions include any use of Budget Stabilization Fund (BSF), any means of finance swaps into SGF and all expenditure limit exclusions (2/3 vote to change). **Without knowing the FY 27 appropriation as of 1/31/27, the impact of the Government Growth Limit cannot be determined.** This provision can only serve to restrict the legislature's ability to appropriate all available revenues.

**(5)** The bill redirects mineral revenue away from the reserve funds and into the SGF beginning in FY 28. Mineral revenue above a certain threshold was dedicated to UAL payments for LASERS and TRSL, which will no longer occur. Recently, those payments have been about \$20 M per year for each system. However, **the current official forecast does not reach the threshold in the five year forecast horizon for UAL payments from mineral revenue, resulting in no impact.** Should the forecast of mineral revenue increase past the UAL dedication threshold, which is unlikely, the funds would now remain in the SGF and not be utilized directly to pay down the UAL.

**EXPENDITURE EXPLANATION CONTINUED ON PAGE 2**

**REVENUE EXPLANATION**

**(1)** The income tax exemption for taxpayers aged 65+ of \$1,000 per year was repealed in 2024 ES3. The bill allows taxpayers aged 65+ to take a deduction in tax year 2027 equal to that of the standard deduction of a single filer (currently \$12,500 + annual inflation) in addition to the standard deduction and a retirement deduction of \$12,000. Assuming that all 65+ filers from 2023 have income to take advantage of the exemption in the bill, **the 65+ income tax exemption growing by inflation is expected to lower SGF revenue by \$96.4M in FY 28 (for tax year 2027), \$98.8M in FY 29 and \$101.2M in FY 30.** The estimate is from a micro-simulation personal income tax model updated with 2023 filing data with parameters set to the new taxing regime. This reduction will also reduce 1% of income and sales retained and normally reverted by LDR as SGF; if not reverted, it would become an SGR reduction.

**(3), (4) Revenue Stabilization Trust Fund (RSTF)** is repealed in the bill directing deposits instead to the SGF beginning in FY 27. Under the bill, the SGF will receive corporate income and any trailing franchise tax collected in excess of \$600M as well as mineral revenue in excess of \$660M after certain protected dedications (including parish oil and gas severance, which is increased to 20% of collections in the bill). From the 12/19/24 official forecast, **SGF would increase (and statutory dedications would decrease) by \$84M in FY 27, \$53M in FY 28, and \$107M in FY 29 and FY 30 due to the repeal of the RSTF.** SGF would continue to receive the interest income from these dollars.

**REVENUE EXPLANATION CONTINUED ON PAGE 2**

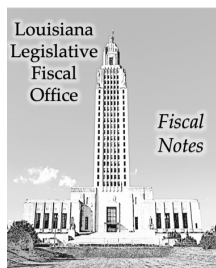
Senate  
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}  
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House  
 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}

*Alan M. Boxberger*

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**Legislative Fiscal Officer**

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**CONTINUED EXPLANATION from page one:**

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**EXPENDITURE EXPLANATION (Continued)**

The Secretary of State may incur minimal ballot processing costs associated with this measure. As a regular practice, the Secretary of State typically budgets for up to 10 constitutional amendments and statewide propositions for the fall statewide elections. To the extent the ballot includes more than 10 amendments and statewide propositions, the Secretary of State may require additional SGF resources.

**REVENUE EXPLANATION (Continued)**

**Budget Stabilization Fund (BSF)** - Revisions increase the BSF maximum balance from 4% of the prior year's total state revenue receipts less disaster payments to 7.5% of total state receipts less disaster payments beginning in FY 28. Mineral revenue deposits are redirected to the SGF beginning in FY 28, but funds over the expenditure limit (except local severance and royalties) plus 25% of non-recurring revenue will continue to be deposited to the BSF. Criteria for access to the funds is unchanged as is the minimum deposit of \$25 M annually. **In the 12/19/24 official forecast, mineral revenue does not reach the threshold for deposits to the BSF in FY 28 through FY 30 resulting in no impact.** Should the mineral revenue forecast increase substantially, any mineral revenue above \$950 M after certain dedications would be directed to the SGF instead of the BSF. Interest remains in the BSF as in current law.

**(5)** The bill redirects any deposits to the Mineral Settlement and Audit Fund to the SGF. The fund currently receives (after allocation to locals) settlements or judgments with principle and interest over \$5M resulting from underpayment of severance, royalty, rental, lease, or bonus obligations and becomes part of mineral revenue dedications. The bill removes these payments from the mineral revenue dedication under current law and deposits them to the SGF along with any balance in the fund. The balance of the Mineral Settlement and Audit Fund in November, 2026 is expected to be about \$11 M (with interest and no additional deposits or obligations), which will remain in the fund because the fund is also created statutorily in RS 39:97. The magnitude of future settlements/judgments is indeterminate as there is no defined pattern of deposit. To the extent these types of payments materialize, SGF revenue will increase at the expense of the Mineral Settlement and Audit Fund.

**(6)** The bill recreates the Louisiana Fund, Local Revenue Fund, Oilfield Site Restoration Fund, Oil Spill Contingency Fund and the Artificial Reef Development Fund as program funds, which are essentially statutory funds with a 2/3 vote requirement to change any provisions. The bill also declares the Millennium Trust, Unclaimed Property Trust and LA Education Quality Trust Fund (LEQTF) as permanent trusts in which any deposits are accessible with a 2/3 vote. NOTE: Creation of the Local Revenue Fund will deposit the proceeds of the new additional 5% telecommunications state sales tax into the fund under current law (R.S. 47:301.1(F)(6)) beginning in FY 27 with no specified use. **Collections from the new 5% telecommunications tax are estimated to be \$34M in FY 27 (though possibly only a half year impact), \$31M in FY 28, \$28M in FY 29, and \$26M in FY 30 The bill is expected to reduce SGF and increase statutory dedications into the Local Revenue Fund by these amounts.** (See HB 346 of 25RS for background on the estimate)

**(7)** The bill removes the caps and mandated uses from the allocation of certain percentages of severance tax to the parish in which it is generated beginning in FY 28. The legislature is authorized to adjust the allocation cap (minimum of cap in place on 7/1/26) and the percentage of severance tax that is sent to the locals. The bill also allocates 50% of certain brine severance back to the locals. Utilizing the 12/19/24 official forecast, **SGF would be reduced and local revenue increased by \$65M in FY 28 and \$67M in FY 29 and FY 30 due to the elimination of the cap on parish severance allocations,** an amount which could change with any adjustments to the severance forecast.

**(8)** The bill authorizes local taxing authorities to lower the percentage of fair market value of inventory that is assessed for ad valorem taxation. Further, the bill authorizes a one-time state payment from the Revenue Stabilization Fund (presumably created in other legislation) to local taxing authorities that implement an irrevocable exemption of the inventory tax, though neither the payment calculation nor the inventory tax exemption structure are specified in the bill.

**(9)** Removes the minimum cigarette tax rate (of 1/1/12) from Constitution but does not change the cigarette tax rate; Removes constitutional protection of mineral revenue dedicated to the Coastal Protection and Restoration Fund (remains in statute so no impact) and repeals the requirement that 20% of any tobacco settlement securitization proceeds are deposited to the fund; Property tax sale provisions may be altered.

Senate  
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}  
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House  
 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}

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