
DIGEST

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HB 678 Original

2025 Regular Session

Emerson

Abstract: Modifies disposition of state revenues through repeal of the Revenue Stabilization Trust Fund and of deposits of mineral revenues into the Budget Stabilization Fund.

BUDGET STABILIZATION FUND

Present constitution (Art. VII, §10.3) establishes the Budget Stabilization Fund and provides for the deposit and uses of monies in the fund.

Present constitution requires the following monies be deposited into the fund:

- (1) All money available for appropriation from the state general fund and dedicated funds in excess of the expenditure limit.
- (2) 25% of any money designated in the official forecast as nonrecurring.
- (3) Any money appropriated to the fund by the legislature.
- (4) All remaining revenues received in each fiscal year by the state in excess of \$950M as a result of the production of or exploration for minerals after certain required allocations. Further defines minerals for the purposes of present constitution. Authorizes the threshold amount to be increased under certain circumstances.
- (5) An amount equivalent to the money received by the state from the federal government for the reimbursement of costs associated with a federally declared disaster, not to exceed certain limits.

With respect to the deposit of mineral revenues for the remainder of the fiscal year in which proposed constitutional amendment is ratified (Fiscal Year 2026-2027), proposed constitutional amendment (Section 3 of this Act) retains present constitutional requirements.

Beginning Fiscal Year 2027-2028, proposed constitutional amendment repeals the requirement to deposit mineral revenues into the fund. Otherwise retains present constitution.

Present constitution prohibits use of monies in the fund unless certain conditions are met. Further requires monies in the fund to be invested as provided by law and earnings realized each fiscal year on such investment to be deposited to the credit of the fund. Requires unexpended and unencumbered monies in the fund at the end of the fiscal year to remain in the fund. Additionally

in any fiscal year, prohibits use of more than 1/3 of the fund balance as of the beginning of the current fiscal year. Proposed constitutional amendment retains present constitution.

Present constitution prohibits appropriation or deposit to the fund if it will cause the balance in the fund to exceed four percent of total state revenue receipts for the previous fiscal year. Proposed constitutional amendment increases this cap from four percent to seven and one-half of one percent of total state revenue receipts for the previous fiscal year.

REVENUE STABILIZATION TRUST FUND

Present constitution (Art. VII, §10.15) establishes the Revenue Stabilization Trust Fund in the treasury. Requires deposit into the fund of certain mineral revenues as required by present constitution (Art. VII, §10.16) and revenues in excess of \$600M received each fiscal year from corporate franchise and income taxes. Requires investment by the treasurer of fund monies in a manner provided by law. Further requires deposit into the state general fund of all interest or other income from investment of Revenue Stabilization Trust Fund monies. With certain exceptions, authorizes appropriation from the fund only if the balance of the fund at the beginning of the fiscal year exceeds \$5B (minimum fund balance) and then caps the appropriation at 10% (allowable percentage) of the fund balance. If appropriation is authorized by these circumstances, present constitution limits the appropriation to capital outlay projects in the comprehensive state capital budget and transportation infrastructure. Present constitution authorizes the legislature to change the minimum fund balance or the allowable percentage by a law enacted by 2/3 of the legislature.

Present constitution further provides that in order to ensure the money in the fund is available for appropriation in an emergency, the legislature may authorize an appropriation from the fund at any time for any purpose only after the consent of 2/3 of the members of each house. Provides that the 2/3 consent may be satisfied upon obtaining written consent in a manner provided by law.

Proposed constitutional amendment repeals present constitution.

USE OF STATE MONIES

Present constitution (Art. VII, §10) authorizes deposit of nonrecurring revenues into the Budget Stabilization Fund. Present constitution (Art. VII, §10.3) caps the amount of any monies that may be deposited into the Budget Stabilization Fund. Proposed constitutional amendment prohibits deposit of nonrecurring revenues in excess of the deposit cap provided in present constitution for the fund.

TECHNICAL AND CONFORMING CHANGES

Proposed constitutional amendment makes technical changes to present constitution and further makes conforming changes to align with changes in proposed constitutional amendment.

SUBMISSION TO VOTERS

Provides for submission of the proposed amendment to the voters at the statewide election to be held November 3, 2026.

(Amends Article VII, §§10(D)(2)(d) and 10.3(A); Adds Article VII, §10.3(D); Repeals Article VII, §§10(F)(4)(h), 10.3(C)(5), and 10.15)