



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 678** HLS 25RS 1718
Bill Text Version: **ENGROSSED**
Opp. Chamb. Action:
Proposed Amd.: **w/ PROP HSE COMM AMD**
Sub. Bill For.: HB 472

Date: April 29, 2025	8:15 PM	Author: EMERSON
Dept./Agy.: Treasury		
Subject: Repeals Revenue Stabilization/Increases max of Rainy Day		Analyst: Deborah Vivien

FUNDS/FUNDING EG INCREASE GF RV See Note Page 1 of 2
(Constitutional Amendment) Revises Article VII of the Constitution of La.

Current constitution deposits proceeds of corporate income (and trailing franchise) tax in excess of \$600 M to the Revenue Stabilization Fund. Current constitution deposits 70% of mineral revenue in excess of \$660 M (after certain deductions) to the Revenue Stabilization Fund with 30% dedicated to UAL payments for TRSL and LASERS in proportion to balance. Current constitution provides for a maximum balance of the Budget Stabilization Fund of 4% of total state receipts less disaster payments and provides that deposits include net mineral revenue over \$950 M, 25% of non-recurring revenue, funds over expenditure limit, recoupment of certain disaster funds, and any funds recognized in the official forecast for the fund. Proposed constitutional amendment repeals the Revenue Stabilization Fund sending 100% of mineral revenue net of certain allocations to the SGF, including those applied to the UAL. Proposed amendment increases the maximum balance of the Budget Stabilization Fund to 7.5% of total state receipts less disaster payments. Effective upon voter approval on November 3, 2026

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
Annual Total	\$0	\$0				\$0

REVENUES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$2,010,000,000	\$53,000,000	\$107,000,000	\$107,000,000	\$2,277,000,000
Agy. Self-Gen.	\$0	\$963,000,000	SEE BELOW	SEE BELOW	SEE BELOW	\$963,000,000
Ded./Other	\$0	(\$2,973,000,000)	(\$53,000,000)	(\$107,000,000)	(\$107,000,000)	(\$3,240,000,000)
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0				\$0


EXPENDITURE EXPLANATION
Treasury 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.

REVENUE EXPLANATION
The bill is anticipated to make about \$53-\$107 M per year available as recurring SGF* with a like reduction to statutory dedications, which is almost exclusively dependent upon collections of corporate income and franchise tax, normally highly volatile revenue streams. From the 12/19/24 official forecast, recurring SGF would increase (and statutory dedications would decrease) by \$84 M in FY 27, \$53 M in FY 28, and \$107 M in FY 29 and FY 30 due solely to projections that place corporate income tax above \$600 M (no mineral revenue). The UAL payment currently forecast at \$0 that is now redirected to SGF is the reason for the self-generated revenue indicator in the table. With the franchise tax repealed and the corporate rate changed to a flat 5.5% with multiple base increases, this estimate is highly speculative and reflects a precautionary approach until the observance of actual collections. The fund balance of the Revenue Stabilization Trust Fund (RSTF) will also become available, presumably to be recognized as a non-recurring SGF, with uses constrained. The estimated RSTF balance available at the end of FY 27 is \$3.852 B. If 50% or \$963 M is set aside for each of the Budget Stabilization Fund and UAL payments, there will be \$1.926 B available for other non-recurring uses (combined with \$84 M recurring funds in FY 27 in the table above).

The bill increases the Budget Stabilization Fund maximum balance to 7.5% of total state receipts less disaster payments, loosely estimated at \$2.9 B, against an expected existing BSF balance of \$2.2 B, including 25% of the non-recurring RSTF balance. Should these estimates materialize, an additional \$682 M would be needed to fill the BSF to the 7.5% threshold.

*The Revenue Stabilization Trust Fund is created constitutionally and statutorily in R.S. 39:100.112. This bill repeals only the constitutional language. Voter approval of this instrument alone will not repeal the RSTF and will create conflicts within current law, particularly with respect to mineral revenue deposits and the maximum balance of the Budget Stabilization Fund. The fiscal note assumes that a companion bill will be amended to correspond to the fund changes in the bill regarding the Budget Stabilization Fund and the Revenue Stabilization Fund. Should no such companion bill become enacted, the fiscal note will no longer be accurate, even with voter approval of this instrument.

These calculations are explained below and are in table form on page 2.
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<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>	
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}	<input checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}		Alan M. Boxberger
<input checked="" 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}		Legislative Fiscal Officer



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CONTINUED EXPLANATION from page one: Page 2 of 2
REVENUE EXPLANATION (Continued from Page 1)

Repeal of the REVENUE STABILIZATION TRUST FUND (RSTF)
Recurring Revenue

The Revenue Stabilization Trust Fund is repealed from the Constitution*, directing deposits and the fund balance to the SGF beginning in FY 27 upon voter approval. Under the bill, on a recurring basis, the SGF will receive corporate income and any trailing franchise tax collected in excess of \$600 M as well as 100% of mineral revenue between \$660 M-\$950 M, net of certain protected dedications plus any mineral revenue available because the Budget Stabilization Fund has reached its maximum. From the 12/19/24 official forecast, recurring SGF would increase (and statutory dedications would decrease) by \$84 M in FY 27, \$53 M in FY 28, and \$107 M in FY 29 and FY 30 due solely to projections that place corporate income tax above \$600 M (no mineral revenue).

Fund Balance (Non-recurring Revenue)

The RSTF balance transfer is forecast to be about \$3.25 B in FY 27 per the official forecast (assuming no spending from the fund), and will transfer as one-time revenue into the SGF. Presumably, upon REC recognition of the \$3.25 B RSTF balance as non-recurring SGF, 25% or \$813.6 M would be deposited into the Budget Stabilization Fund and 25% or \$813.6 M would pay down UAL liabilities, leaving about \$1.6 B as non-recurring SGF, limited constitutionally to non-recurring uses, including debt payments, UAL liabilities, capital outlay, Budget Stabilization Fund deposit, Coastal Protection and Restoration Fund deposit or federal highway match. SGF would continue to receive the interest income from these dollars until either spent or deposited to a fund that retains the interest.

BUDGET STABILIZATION TRUST FUND (BSF)

The bill increases the Budget Stabilization Fund 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 but provides no new mandatory deposits to the BSF. In FY 28 and beyond, the bill retains the following allowable deposits: funds over the expenditure limit, 25% of non-recurring revenue (presumably with a minimum of \$25 M by statute), federal disaster reimbursement and additional appropriations but redirects any mineral revenue to the SGF. Since mineral revenue does not reach the threshold in the current forecast, this provision has no impact in the fiscal note horizon. Certain dedications of mineral revenue remain such as local mineral revenue allocations, Conservation Fund, LEQTF (8g), and Coastal Protection and Restoration Fund are retained in FY 28 and beyond. Thresholds related to accessing the BSF are retained. Interest continues to remain in the fund.

The balance of the Budget Stabilization Fund is currently about \$1,069.2 M with an expected deposit of \$148.8 M from the FY 24 surplus and an additional \$3 M estimated in interest remaining in current year for an expected ending year balance of \$1,221.0 M. In FY 26, minimum deposits include \$25 M and an estimated \$15 M in interest, or about \$40 M, for an anticipated FY 26 balance of \$1,261.0 M. With the recognition of the balance of the RSTF as non-recurring in FY 27, the BSF would receive \$813.6 M with an additional interest payment of \$15 M in FY 27, for a FYE 27 expected balance of \$2,089.2 M. Total state receipts less disaster payments in FY 24 were \$38.9 B, which, if they remain flat until FY 27 (unlikely), would allow for a maximum balance of 7.5% or \$2.9 B in the bill. Thus the Budget Stabilization Fund would be about \$657 M short of being filled (compared to \$1.6 B available for non-recurring uses from the RSTF balance).

(\$ Millions)

REVENUE STABILIZATION FUND		BUDGET STABILIZATION FUND	
Corporate Income and Franchise Tax > \$600M			
(assumed to be recognized as recurring SGF)		FY 25 YTD Balance	1,069.2
FY 26	119.0	FY24 25% Surplus Deposit	148.8
FY 27	84.0	FY25 Remaining Interest Estimate	3.0
FY 28	53.0	FY26 Beginning Balance Estimate	1,221.0
FY 29	107.0	FY 26 Minimum Deposit	25.0
(not official forecast) FY 30	107.0	FY26 Interest Estimate	15.0
Fund Balance		FY27 Beginning Balance Estimate	1,261.0
(assumed to be recognized as non-recurring SGF)		25% non-recurring deposit from RSTF balance	963.1
FY 25 Beginning Balance	3,447.2	FY27 Minimum Deposit	25.0
FY 25 Estimated Deposit	405.0	FY27 Interest Estimate	15.0
FY 25 Estimated Ending Balance	3,852.2	FY27 Year End Estimated BSF Balance	2,264.1
25% to BSF	963.1	Maximum Balance Ballpark	
25% to UAL	963.1	FY24 Total State Receipts less Disaster Payments	38,945.2
SGF for non-recurring uses	1,926.1	Proposed Law BSF Maximum Balance (7.5%)	2,920.9
		Estimated amount needed to fill BSF (2,920.9-2,264.1)	656.8
		Estimated non-recurring SGF available if BSF is filled (1,926.1-656.8)	1,269.3

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			Alan M. Boxberger Legislative Fiscal Officer