The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Riley Boudreaux.

DIGEST

Gallot (SB 236)

Present constitution, since July 1, 2007, requires 1/5th of the severance tax on all natural resources other than sulphur, lignite, or timber ("oil and gas severance tax") to be remitted to the governing authority of the parish in which severance or production occurs, not to exceed $850,000, increased each July 1st thereafter by an amount equal to the average annual increase in the CPI for all urban consumers for the previous calendar year, as calculated and adopted by the Revenue Estimating Conference. The cap for FY 12-13 was $951,475. The cap for FY13-14 is $971,266.

Present constitution provides for an increase of such maximum to $1,850,000 in the first fiscal year after the contingency described below occurs (the "trigger"), and to $2,850,000 for each fiscal year thereafter. The maximum is also to be increased each fiscal year thereafter by an amount equal to the average annual increase in the CPI for all urban consumers for the previous calendar year, as calculated and adopted by the Revenue Estimating Conference. Requires at least 50% of the "excess severance tax" received by a parish governing authority in a fiscal year to be expended within the parish in the same manner and for the same purposes as monies received by the parish from the Parish Transportation Fund. "Excess severance tax" is defined as any portion of severance tax received by a parish which is in excess of the amount of such tax revenues remitted to that parish in FY2011-2012.

Present constitution also contains a provision requiring an amount equal to 50% of the revenues received from severance taxes and royalties on state lands in the Atchafalaya Basin, but not to exceed $10 million each fiscal year to be deposited into the Atchafalaya Basin Conservation Fund. Subject to the approval of the appropriate subject matter committees of the legislature, the money is to be expended exclusively for projects contained in the state or federal Basin master plans or an annual Basin plan developed and approved by the advisory or approval board created by law specifically for that purpose, or to provide match for the Atchafalaya Basin Floodway System, Louisiana Project. In addition, 85% of the money appropriated in any fiscal year, must be used for water management, water quality, or access projects, and the remaining 15% to complete ongoing projects and for projects that are in accordance with the mission statement of the state master plan. However, no more than 5% in any fiscal year may be used for the operational costs of the program or the department.

Present constitution has a trigger on the increases and distributions described above, that is, a provision which provides that the increases and distributions cannot be implemented until a fiscal year in which the last official forecast of revenues adopted for a fiscal year, before the start of that fiscal year, contains an estimate of oil and gas severance tax revenues in an amount which exceeds the actual oil and gas severance tax revenues collected in FY2008-2009.

Proposed constitutional amendment removes the trigger described above for both the increased maximums provided for parishes in which oil and gas severance and production occurs and for the Atchafalaya Basin Conservation Fund distribution, and requires the increases and distributions to begin in FY2015-2016.

Specifies submission of the amendment to the voters at the statewide election to be held on November 4, 2014.

(Amends Const. Art. VII, Sec. 4(D)(4)(intro para), Sec. 4(D)(4)(a), and Sec. 4(D)(4)(b)(intro para))