

(KEYWORD, SUMMARY, AND DIGEST as amended by Senate committee amendments)

FUNDS/FUNDING. (Constitutional Amendment) Provides for the deposit of revenues into the Transportation Trust Fund

DIGEST

Present constitution establishes the Budget Stabilization Fund and requires the deposit of mineral revenues in excess of \$750 million (base amount) which are derived from the production of or exploration for minerals (mineral revenue), including severance taxes, royalty payments, bonus payments, or rentals, and excluding revenues designated as nonrecurring pursuant to Article VII, Section 10(B) of the constitution, revenues received by the state as a result of grants or donations when the terms or conditions of the grant require otherwise, and revenues derived from any tax on the transportation of minerals, such deposit to be made after the following allocations of said mineral revenues have been made:

- (1) To the Bond Security and Redemption Fund as provided by Article VII, Section 9 (B) of present constitution.
- (2) To the political subdivisions of the state as provided in Article VII, Sections 4 (D) and (E) of present constitution.
- (3) As provided by the requirements of Article VII, Section 10-A and 10.1 of present constitution.

Present constitution authorizes an increase in the base amount for deposits into the Budget Stabilization Fund every 10 years beginning in 2000 by a law enacted by two-thirds of the elected members of each house of the legislature. Present law provides that the base amount is \$850 million.

Present constitution provides that monies in the Budget Stabilization Fund are available exclusively for use in the case of an existing or projected budget deficit.

Proposed constitutional amendment changes the name of the Budget Stabilization Fund to the Budget and Transportation Stabilization Fund and provides for the purposes and uses of monies in the fund.

Proposed constitutional amendment creates the Budget Stabilization Account and the Transportation Stabilization Account in the Budget and Transportation Stabilization Fund and provides for allocations of mineral revenues to the accounts and uses of monies in the accounts.

Proposed constitutional amendment relative to the Budget Stabilization Account, provides that revenues shall be deposited as follows: in FY2015, until the balance equals \$470 million; in FY2016, until the balance equals \$495 million; in FY2017, until the balance equals \$520 million; in FY2018, and thereafter, until the balance equals \$600 million which shall be annually adjusted for inflation pursuant to an inflation factor as determined by the Revenue Estimating Conference beginning in FY2019.

Proposed constitutional amendment provides that revenues shall be deposited to the Transportation Stabilization Account, after the balance of the Budget Stabilization Account reaches \$600 million, as follows: in FY2018, an amount not to exceed \$100 million; no deposits in FY2019; in FY2020 and each fiscal year thereafter, deposits shall be made not to exceed \$50 million until the amount of \$500 million dollars is deposited into the Transportation Stabilization Account. Monies in the account shall be used as provided by the Transportation Trust Fund Section of the constitution.

Further provides that if at any time mineral revenues exceed the base in the Budget and Transportation Stabilization Fund and monies in the fund are made available for appropriations or use as authorized by law, no deposit shall be made in the fiscal year for which money in the fund is appropriated or incorporated into the official forecast or in the ensuing year, except by specific legislative appropriation.

Present constitution establishes the Transportation Trust Fund (TTF) as a special treasury fund into which the proceeds of the state tax on gasoline and other fuels is deposited. Monies in the TTF are used for support of the state's highway priority program administered by the Dept. of Transportation and Development.

Proposed constitutional amendment retains present constitution and also provides, beginning in FY19 and each fiscal year thereafter, for a transfer not to exceed \$50 million of monies from the Transportation Stabilization Account in the Budget and Transportation Stabilization Fund to the Transportation Trust Fund to be used in the same manner as other monies in the fund except that if an infrastructure bank is established by law, then such monies shall be used for capitalization of the bank.

Directs the state treasurer, upon the effective date of the proposition, to transfer any unexpended, unencumbered balance in the Budget Stabilization fund, including interest and principal, to the Budget and Transportation Stabilization Fund as provided by the constitutional amendment.

Provides for submission of the proposed amendment to the voters at the statewide election to be held November 4, 2014.

(Amends Const Art. VII, Section 10.3(A)(2)(a)(intro para) and Article VII, Section 27(A); Adds Article VII, Section 10.2(A)(2)(c) and (C)(5))

Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Appropriations to the original bill.

1. Changed beginning date of the ten-year period for deposits into the TTF from July 1, 2015, to July 1, 2017, and the end date from June 30, 2025, to June 30, 2027.

Committee Amendments Proposed by House Committee on Civil Law and Procedure to the engrossed bill.

1. Added language to the ballot language to specify the use of the excess mineral revenues to capitalize a state infrastructure bank.

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Finance to the re-engrossed bill

1. Changes the name of the Budget Stabilization Fund to the Budget and Transportation Stabilization Fund and provides for the purposes and uses of monies in the fund.
2. Creates the Budget Stabilization Account and the Transportation Stabilization Account in the Budget and Transportation Stabilization Fund and provides for allocations of monies to the accounts and uses of monies in the accounts.
3. Relative to the Budget Stabilization Account, provides that revenues shall be deposited as follows: in FY2015, until the balance equals \$470 million; in

FY2016, until the balance equals \$495 million; in FY2017, until the balance equals \$520 million; in FY2018, and thereafter, until the balance equals \$600 million - to be annually adjusted for inflation pursuant to a factor as determined by the Revenue Estimating Conference beginning in FY2019.

4. Provides that revenues shall be deposited in the Transportation Stabilization Account after the balance of the Budget Stabilization Account reaches \$600 million, as follows: in FY2018, an amount not to exceed \$100 million; no deposits in FY2019; in FY2020 and each fiscal year thereafter, deposits shall be made not to exceed \$50 million until the amount of \$500 million dollars is deposited into the Transportation Stabilization Account. Monies in the account shall be used as provided by the Transportation Trust Fund Section of the constitution.
5. Provides that if at any time mineral revenues exceed the base in the Budget and Transportation Stabilization Fund and monies in the fund are made available for appropriations or use as authorized by law, no deposit shall be made in the fiscal year for which money in the fund is appropriated or incorporated into the official forecast or in the ensuing year, except by specific legislative appropriation.
6. Deletes provisions relative to taking the first \$50 million of mineral revenues in excess of the base amount of such monies as defined in the existing Budget Stabilization Fund for use in the Transportation Trust Fund for capitalization of the infrastructure bank.
7. Provides, beginning in FY19 and each fiscal year thereafter, for a transfer not to exceed \$50 million of monies from the Transportation Stabilization Account in the Budget and Transportation Stabilization Fund to the Transportation Trust Fund to be used in the same manner as other monies in the fund except that if an infrastructure bank is established by law, then such monies shall be used for capitalization of the bank.
8. Directs the state treasurer, upon the effective date of the proposition, to transfer any unexpended, unencumbered balance in the Budget Stabilization fund, including interest and principal, to the Budget and Transportation Stabilization Fund as provided by the constitutional amendment.
9. Previses ballot language.