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## DIGEST

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HB 477 Original

2016 Regular Session

Ivey

**Abstract:** Dedicates certain mineral revenues towards retirement liabilities of the state retirement systems and transportation, and modifies deposits into the Coastal Protection and Restoration Fund and Budget Stabilization Fund.

Present law requires certain mineral revenues be deposited into the Coastal Protection and Restoration Fund, including 2% of all mineral revenue, the first \$5 million of excess mineral revenue, \$10 million over \$600 million in excess mineral revenue, and \$10 million over \$650 million in excess mineral revenue.

Present law requires amounts in excess of a mineral revenue base be deposited into the Budget Stabilization Fund. The current base was increased from \$850 million to \$950 million in the 2015 Regular Session.

Present law provides that mineral revenues in excess of the prior mineral revenue base and the new mineral revenue base, not to exceed \$100 million per year, shall be allocated for transportation purposes. The first \$70 million for state highway pavement and bridge sustainability projects. Of the remainder, not to exceed \$30 million, 7% goes to the Transportation and Infrastructure Bank and 93% is allocated as follows: 30% for capacity projects, 25% for port construction, 45% for state highway pavement and bridge sustainability projects.

Proposed law deletes the allocations above to the Coastal Protection and Restoration Fund, the Budget Stabilization Fund, the Transportation Trust Fund, and the Transportation Infrastructure Bank Fund, but provides for allocations to such funds and others. Requires mineral revenues, including severance taxes, royalty payments, bonus payments, or rentals, and excluding such revenues designated as nonrecurring, revenues received by the state as a result of grants or donations when the terms or conditions thereof require otherwise, and revenues derived from any tax on the transportation of minerals, shall be available only for payments toward retirement liabilities after the following constitutional allocations of said mineral revenues have been made:

- (1) To the Bond Security and Redemption Fund.
- (2) The severance tax and royalties allocated to the political subdivisions of the state.
- (3) Deposits required into the Conservation Fund, the Louisiana Education Quality Trust Fund, and the Louisiana Education Quality Support Fund.

- (4) Deposits into the Coastal Protection and Restoration Fund.
- (5) Deposits into the Mineral Revenue and Audit Settlement Fund.

Proposed law requires deposits and allocations in the following order:

- (1) Up to \$5 million to the Coastal Protection and Restoration Fund.
- (2) Up to \$50 million to the Transportation Trust Fund, to be used as follows:
  - (a) The first \$25 million for state highway pavement and bridge sustainability projects.
  - (b) The next \$10 million for highway priority program projects classified as capacity projects.
  - (c) The next \$10 million for port construction and development priority program projects.
  - (d) The next \$5 million for transfer to the La. State Transportation Infrastructure Fund for use by the La. State Transportation Infrastructure Bank.
- (3) Up to \$500 million to the state retirement systems. Such money shall be allocated to each state retirement system in proportion to the balance of unfunded accrued liabilities of each such system. For each system, such allocation shall be applied to the oldest outstanding liability as defined by law. Such allocation shall be not used, directly or indirectly, to fund cost-of-living increases for such systems.
- (4) Up to \$45 million per year to the state retirement systems to provide for cost-of-living adjustments. Such money shall be allocated to each system in proportion to the total annual benefits paid to retirees and beneficiaries by that system.
- (5) Up to \$10 million per year to the Coastal Protection and Restoration Fund.
- (6) Up to \$40 million per year to the state retirement systems to provide for cost-of-living adjustments. Such money shall be allocated to each system in proportion to the total annual benefits paid to retirees and beneficiaries by that system.
- (7) Up to \$10 million per year to the Coastal Protection and Restoration Fund.
- (8) Up to \$40 million to the Transportation Trust Fund, to be used as follows:
  - (a) The first \$20 million for state highway pavement and bridge sustainability projects.
  - (b) The next \$8 million for highway priority program projects classified as capacity projects.
  - (c) The next \$8 million for port construction and development priority program projects.
  - (d) The next \$4 million for transfer to the La. State Transportation Infrastructure Fund for use by the La. State Transportation Infrastructure Bank.

- (9) Up to \$45 million to the state retirement systems. Such money shall be allocated to each state retirement system in proportion to the balance of unfunded accrued liabilities of each such system. For each system, such allocation shall be applied to the oldest outstanding liability as defined by law. Such allocation shall not be used, directly or indirectly, to fund cost-of-living increases for such systems.
- (10) Up to \$50 million to the Transportation Trust Fund, to be used as follows:
  - (a) The first \$25 million for state highway pavement and bridge sustainability projects.
  - (b) The next \$10 million for highway priority program projects classified as capacity projects.
  - (c) The next \$10 million for port construction and development priority program projects.
  - (d) The next \$5 million for transfer to the La. State Transportation Infrastructure Fund for use by the La. State Transportation Infrastructure Bank.
- (11) To the Budget Stabilization Fund, until it reaches its capacity.
- (12) Up to \$100 million to the Transportation Trust Fund, to be used as follows:
  - (a) The first \$50 million for state highway pavement and bridge sustainability projects.
  - (b) The next \$20 million for highway priority program projects classified as capacity projects.
  - (c) The next \$20 million for port construction and development priority program projects.
  - (d) The next \$10 million for use by a state transportation infrastructure bank.
- (13) Up to \$300 million per year, to the state retirement systems. Such money shall be allocated to each state retirement system in proportion to the balance of unfunded accrued liabilities of each such system. For each system, such allocation shall be applied to the oldest outstanding liability as defined by law. Any allocations provided under this Subparagraph shall not be used, directly or indirectly, to fund cost-of-living increases for such systems.
- (14) Any remaining money, to be deposited into the Transportation Trust Fund.

Effective if and when the proposed amendment of Article VII of the Constitution of La. contained in the Act which originated as House Bill No. \_\_\_ of this 2016 R.S. of the Legislature is adopted at a statewide election and becomes effective.

(Amends R.S. 39:94(A)(2), R.S. 49:214.5.4(C) and (F); adds R.S. 39:100.111; Repeals R.S. 48:77 and R.S. 49:214.5.4(B) and (D))