

2016 Regular Session

HOUSE BILL NO. 716

BY REPRESENTATIVE JAY MORRIS

FUNDS/FUNDING: Establishes the Mineral Revenue Stabilization Trust Fund for the deposit of mineral revenues and provides for the dedication of mineral revenues

1 AN ACT

2 To amend and reenact R.S. 39:94(A)(2) and R.S. 49:214.5.4(D)(1) and to enact Subpart P-4
3 of Part II-A of Chapter I of Subtitle I of Title 39 of the Louisiana Revised Statutes of
4 1950, to be comprised of R.S. 39:100.111, relative to dedications of mineral
5 revenues; to create the Mineral Revenue Stabilization Trust Fund; to provide for
6 deposits into the funds; to provide for investments of the fund; to provide for uses
7 of the fund; to provide for deposits into the Budget Stabilization Fund and the
8 Coastal Protection and Restoration Fund; to provide for effectiveness; and to provide
9 for related matters.

10 Be it enacted by the Legislature of Louisiana:

11 Section 1. R.S. 39:94(A)(2) is hereby amended and reenacted and Subpart P-4 of
12 Part II-A of Chapter I of Subtitle I of Title 39 of the Louisiana Revised Statutes of 1950, to
13 be comprised of R.S. 39:100.111 is hereby enacted to read as follows:

14 §94. Budget Stabilization Fund

15 A. There is hereby created in the state treasury a special fund to be
16 designated as the Budget Stabilization Fund, hereafter referred to in this Section as
17 the "fund", which shall consist of all money deposited into the fund in accordance
18 with Article VII, Section 10.3 of the Constitution of Louisiana. Money shall be
19 deposited in the fund as follows:

20 * * *

1 ~~(2)(a) At~~ An amount not to exceed two hundred million dollars from
2 revenues received in each fiscal year by the state ~~in excess of nine hundred fifty~~
3 ~~million dollars, hereinafter referred to as the "base",~~ as a result of the production of
4 or exploration for minerals, hereinafter referred to as "mineral revenues", including
5 severance taxes, royalty payments, bonus payments, or rentals, and excluding such
6 revenues designated as nonrecurring pursuant to Article VII, Section 10(B) of the
7 Constitution of Louisiana, any such revenues received by the state as a result of
8 grants or donations when the terms or conditions thereof require otherwise and
9 revenues derived from any tax on the transportation of minerals, shall be deposited
10 in the fund after the following allocations of said mineral revenues have been made:

11 (i) To the Bond Security and Redemption Fund as provided by Article VII,
12 Section 9(B) of the Constitution of Louisiana.

13 (ii) To the political subdivisions of the state as provided in Article VII,
14 Sections 4(D) and (E) of the Constitution of Louisiana.

15 (iii) As provided by the requirements of Article VII, Sections 10-A and 10.1
16 of the Constitution of Louisiana.

17 ~~(b) The base may be increased every ten years beginning in the year 2014~~
18 ~~by a law enacted by two-thirds of the elected members of each house of the~~
19 ~~legislature. Any such increase shall not exceed fifty percent in the aggregate of the~~
20 ~~increase in the consumer price index for the immediately preceding ten years.~~

21 * * *

22 SUBPART P-4. MINERAL REVENUE STABILIZATION TRUST FUND

23 §100.111. Mineral Revenue Stabilization Trust Fund

24 A. The Mineral Revenue Stabilization Trust Fund is established in the state
25 treasury as a special permanent trust, herein after referred to as the "fund". After
26 allocation of the money to the Bond Security and Redemption Fund as provided in
27 Article VII, Section 9(B) of this constitution, the treasurer shall annually deposit in
28 and credit to the Mineral Revenue Stabilization Trust Fund any monies received
29 from mineral revenues after a deposit of six hundred million dollars from mineral

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored are additions.

1 revenues into the state general fund. The deposit of mineral revenues into the fund
2 shall exclude the following allocations:

3 (1) To the Bond Security and Redemption Fund as provided in Article VII,
4 Section 9(B) of the Constitution of Louisiana.

5 (2) To the political subdivisions of the state as provided in Article VII,
6 Sections 4 (D) and (E) of the Constitution of Louisiana.

7 (3) To the Louisiana Wildlife and Fisheries Conservation Fund as provided
8 by the requirements of Article VII, Section 10-A of the Constitution of Louisiana and
9 R.S. 47:324, R.S. 56:799, and R.S.56:799.3.

10 (4) To the Louisiana Wildlife and Fisheries Conservation Fund and the Oil
11 and Gas Regulatory Fund as provided in R.S. 30:136.1(D).

12 (5) To the Rockefeller Wildlife Refuge Trust and Protection Fund as
13 provided in R.S. 56:797.

14 (6) To the Marsh Island Operating Fund and the Russell Sage or Marsh
15 Island Refuge Fund as provided in R.S. 56:798.

16 (7) To the MC Davis Conservation Fund as provided in R.S. 56:799.

17 (8) To the White Lake Property Fund as provided in R.S.56:799.3.

18 (9) To the Louisiana Education Quality Trust Fund and Louisiana Education
19 Quality Support Fund as provided in Article VII, Section 10.1 of the Constitution of
20 Louisiana.

21 (10) To the Coastal Protection and Restoration Fund as provided in Article
22 VII, Section 10.2 of the Constitution of Louisiana and R.S. 49:214.5.4.

23 (11) To the Mineral Revenue and Audit Settlement Fund as provided in
24 Article VII, Section 10.5 of the Constitution of Louisiana and R.S. 39:97.

25 (12) To the Budget Stabilization Fund as provided in Article VII, Section
26 10.3 of the Constitution of Louisiana and R.S. 39:94.

27 B. Mineral revenues deposited into the the Mineral Revenue Stabilization
28 Trust Fund shall be permanently credited to the fund and shall be invested by the
29 treasurer in the same manner as investments of the Millennium Trust, as provided

1 in R.S. 39:98.2. For Fiscal Year 2017-2018 through Fiscal Year 2021-2022, one
2 hundred percent of the annual earnings on investments in the fund shall be credited
3 to the fund. Beginning in Fiscal Year 2022-2023, twenty-five percent of the annual
4 earnings from investment on the fund shall be credited to the fund.

5 C.(1) Beginning in Fiscal Year 2022-2023, annual appropriations from the
6 Mineral Revenue Stabilization Trust Fund shall be made only from seventy-five
7 percent of the annual earnings on investment in the fund. Appropriations from the
8 fund shall be made as follows:

9 (a) Fifty percent for capital outlay projects in the comprehensive state capital
10 budget.

11 (b) Fifty percent for expenses of public postsecondary institutions of higher
12 education.

13 (2) The annual earnings on investment in the fund shall not be pledged
14 towards the repayment of bonded indebtedness.

15 D. For purposes of this Section, mineral revenues shall include severance
16 taxes, royalty payments, bonus payments, or rentals, with the following exceptions:

17 (1) Revenues designated as nonrecurring pursuant to Article VII, Section
18 10(B) of the Constitution of Louisiana.

19 (2) Revenues received by the state as a result of grants or donations when the
20 terms or conditions thereof require otherwise.

21 (3) Revenues derived from any tax on the transportation of minerals.

22 Section 2. R.S. 49:214.5.4(D)(1) is hereby amended and reenacted to read as
23 follows:

24 §214.5.4. Funding and resource allocation

25 * * *

26 D. After making the allocations and deposits as provided for in Subsections
27 B and C of this Section, the treasurer shall deposit in and credit to the fund as
28 follows:

1 (1) Two percent of the mineral revenues received in excess of the allocations
2 provided for in Subsections B and C of this Section. The treasurer shall reduce the
3 deposit made pursuant to this Paragraph by the amount of deposits made pursuant
4 to Paragraphs (2) and (3) of this Subsection. However, beginning in Fiscal Year
5 2017-2018, the amount deposited each year pursuant to this Paragraph shall not
6 exceed the amount deposited pursuant to this Paragraph in Fiscal Year 2014-2015.

7 * * *

8 Section 3. This Act shall take effect and become operative if and when the proposed
9 amendment of Article VII of the Constitution of Louisiana contained in the Act which
10 originated as House Bill No. ____ of this 2016 Regular Session of the Legislature is adopted
11 at a statewide election and becomes effective.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 716 Original

2016 Regular Session

Jay Morris

Abstract: Establishes the Mineral Revenue Stabilization Trust Fund and provides for the dedication of mineral revenues.

Proposed law establishes the Mineral Revenue Stabilization Trust Fund as a permanent trust in the state treasury. Provides for the annual deposit of mineral revenues after a deposit of \$600 million of mineral revenues into the state general fund. The deposit of mineral revenues into the fund shall exclude the following deposits of mineral revenues required under present constitution and present law, as follows:

- (1) The Bond Security and Redemption Fund.
- (2) Severance tax and royalty payments to the political subdivisions of the state.
- (3) The Louisiana Wildlife and Fisheries Conservation Fund.
- (4) The Oil and Gas Regulatory Fund.
- (5) The Rockefeller Wildlife Refuge Trust and Protection Fund.
- (6) The Marsh Island Operating Fund and the Russell Sage or Marsh Island Refuge Fund.
- (7) The MC Davis Conservation Fund.
- (8) The White Lake Property Fund.

- (9) The Louisiana Education Quality Trust Fund and the Louisiana Education Quality Support Fund (the "8g Fund").
- (10) The Coastal Protection and Restoration Fund.
- (11) The Mineral Revenue and Audit Settlement Fund.
- (12) The Budget Stabilization Fund.

Proposed law provides for the investment of money in the Mineral Revenue Stabilization Trust Fund in the same manner as investments of the Millennium Trust provided in present law. Further provides that for Fiscal Years 2018 through 2022, 100% of the annual earnings on investments in the fund shall be credited to the fund. Beginning in Fiscal Year 2023, 25% of the annual earnings from investments on the fund be credited to the fund.

Proposed law provides beginning in Fiscal Year 2023, 75% of the annual earnings on investments in the fund shall be appropriated for the following:

- (1) 50% for capital outlay projects in the comprehensive state capital budget.
- (2) 50% percent for expenses of public postsecondary institutions of higher education.

Further prohibits the annual earnings on investment in the fund from being pledged towards the repayment of bonded indebtedness.

Present law establishes the Budget Stabilization Fund and provides for various deposits into the fund including mineral revenues collected by the state over a base amount of \$950 million.

Proposed constitutional amendment changes the deposit of mineral revenues collected by the state from over a base amount of \$950 million to an amount not to exceed \$200 million.

Proposed constitutional amendment further eliminates the reference to a base and the authorization for increases to the base every 10 years.

Present law provides for deposits of mineral revenues into the Coastal Protection and Restoration Fund including 2% of revenues after allocations to parishes in which the natural resources were collected. Further, the dedication to the Coastal Protection and Restoration Fund is reduced by other deposits into the fund required by present law.

Proposed law retains present law and further provides that beginning in Fiscal Year 2017-2018, the annual deposit shall not exceed the amount deposited in Fiscal Year 2014-2015.

Effective if and when the proposed amendment of Article 7 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) and R.S. 49:214.5.4(D)(1); Adds R.S. 39:100.111)