

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 182** SLS 16RS 143
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 1, 2016	1:09 PM	Author: WARD
Dept./Agy.: Treasury		Analyst: Greg Albrecht
Subject: Dedication of Mineral Revenue to the TTF		

FUNDS/FUNDING OR SEE FISC NOTE GF RV Page 1 of 1
 Constitutional amendment to require deposit of certain mineral revenue into the Transportation Trust Fund. (2/3 - CA13s1 (A))(7/1/17)

Proposed amendment annually allocates mineral revenue between \$650 million and \$950 million to the Transportation Trust Fund (TTF), beginning FY 2017-2018 and thereafter. Mineral revenue is defined as severance taxes, royalties, bonuses, and rentals, except for any revenue the result of grants/donations, or from a tax on the transportation of minerals. Various mineral revenue allocations are still to be made without regard to this amendment, including the parish severance & royalty distributions, deposits to the Conservation Fund, the Education Quality Trust Fund (8g fund), the Coastal Protection & Restoration Fund (CPRF), and the Budget Stabilization Fund (BSF). Mineral revenue deposited into the TTF are to be appropriated annually with 25% restricted to capacity projects of the highway priority program, and 25% restricted to port construction and development priority program.

To be submitted at the statewide election on November 8, 2016, and if approved is effective July 1, 2017.

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0					\$0

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION

Beginning with FY18, the bill reallocates mineral revenue to the Transportation Trust Fund. This new allocation is ultimately funded by the state general fund.

As of the March 2016 REC meeting, mineral revenue forecasts for FY18 and beyond are well below recent historical levels. Using FY18 as the example year, the total affected mineral revenue forecast is \$521.9 million. From that total, \$4.1 million is allocated to the Forest Productivity Fund and to AG/DNR Legal Support (existing dedications of severance and royalty receipts are assumed unaffected unless explicitly amended or repealed). Then parish severance and royalty allocations of \$40.1 million are made, as well as deposits to the Coastal Protection Fund of \$14.6 million, and \$25 million to the Budget Stabilization Fund. After these allocations, only \$438.1 million of mineral revenue is currently forecast as available to the state general fund and subject to the provisions of this bill. Thus, under current mineral revenue forecasts, no allocations to the TTF would be made in FY18 pursuant to this bill.

Under the current mineral revenue outlook, comparable annual allocations occur throughout the fiscal note horizon. By FY20 \$581.5 million of mineral revenue is anticipated, from which \$4.1 million is allocated to the Forest Productivity Fund and to AG/DNR Legal Support, \$44.8 million to parish severance & royalty distributions, \$15.7 million to the Coastal Fund, and \$25 million to the Stabilization Fund. After these allocations, only \$491.9 million of mineral revenue is currently forecast as available to the state general fund and subject to the provisions of this bill. Thus, under current mineral revenue forecasts, no allocations to the TTF would be made throughout the fiscal note horizon pursuant to this bill (there is currently no REC forecast for FY21).

Mineral revenue receipts are subject to substantial volatility and forecasts will be revised over this time horizon. Dedication of state general fund resources to the TTF pursuant to this bill is possible within the fiscal note horizon.

Senate Dual Referral Rules House

13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

John D. Carpenter
Legislative Fiscal Officer