

2016 Regular Session

HOUSE BILL NO. 603

BY REPRESENTATIVE LEGER

FUNDS/FUNDING: (Constitutional Amendment) Establishes the Revenue Stabilization Trust Fund

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A JOINT RESOLUTION

Proposing to add Article VII, Section 10(F)(4)(h), 10.15, and 10.16 of the Constitution of Louisiana, relative to dedications of revenues; to provide for the dedication of certain revenues; to create the Revenue Stabilization Trust Fund; to provide for deposits into the funds; to provide for investments of the fund; to provide for uses of the fund; to provide for an exception to budget deficit procedures; to provide for submission of the proposed amendment to the electors; and to provide for related matters.

Section 1. Be it resolved by the Legislature of Louisiana, two-thirds of the members elected to each house concurring, that there shall be submitted to the electors of the state of Louisiana, for their approval or rejection in the manner provided by law, a proposal to add Article VII, Section 10(F)(4)(h), 10.15, and 10.16 of the Constitution of Louisiana, to read as follows:

§10. Expenditure of State Funds

Section 10.

* * *

(F) Projected Deficit.

* * *

(4) The provisions of Subparagraphs (1) and (2) of this Paragraph shall not be applicable to, nor affect:

* * *

1 (h) The Revenue Stabilization Trust Fund, as provided in Article VII,
 2 Section 10.15 of this constitution.

3 * * *

4 §10.15. Revenue Stabilization Trust Fund

5 Section 10.15. Revenue Stabilization Trust Fund. (A) The Revenue
 6 Stabilization Trust Fund is hereby established in the state treasury a special trust
 7 fund, hereinafter referred to as the "fund".

8 (B) After allocation of money to the Bond Redemption and Security Fund
 9 as provided in Article VII, Section 9(B) of the Constitution of Louisiana, the
 10 treasurer shall deposit in and credit to the fund the revenues as provided for in
 11 Paragraphs (C) and (D) of this Section.

12 (C) The treasurer shall deposit into the fund the amount of mineral revenues
 13 as provided in Section 10.16 of this constitution.

14 (D) The treasurer shall deposit into the fund the amount of revenues in
 15 excess of five hundred million dollars received each fiscal year from corporate
 16 franchise and income taxes as recognized by the Revenue Estimating Conference.

17 (E)(1) Except as provided for in Paragraph (F) of this Section, monies
 18 deposited into the Revenue Stabilization Trust Fund shall be permanently credited
 19 to the trust fund and shall be invested by the treasurer in a manner provided for in
 20 law.

21 (2) The treasurer shall deposit all interest or other income from investment
 22 on the fund into the state general fund.

23 (F)(1) Except as provided in Subparagraphs (2) and (3) of this Paragraph,
 24 no appropriations shall be made from the Revenue Stabilization Trust Fund.

25 (2)(a) In any fiscal year in which the balance of the fund at the beginning of
 26 the year is in excess of five billion dollars, hereinafter referred to as the minimum
 27 fund balance, the legislature may appropriate an amount not to exceed ten percent
 28 of the fund balance, hereinafter referred to as the allowable percentage, for the
 29 following:

1 (i) Capital outlay projects in the comprehensive state capital budget.

2 (ii) Transportation infrastructure.

3 (b) The minimum fund balance or the allowable percentage may be changed
4 by a law enacted by three-quarters of the elected members of each house of the
5 legislature.

6 (3) In order to ensure the money in the fund is available for appropriation in
7 an emergency, the legislature may authorize an appropriation from the fund at any
8 time for any purpose only after the consent of three-quarters of the elected members
9 of each house of the legislature. If the legislature is not in session, the three-quarters
10 requirement may be satisfied upon obtaining the written consent of three-quarters of
11 the elected members of each house of the legislature in a manner provided by law.

12 §10.16. Dedications of Mineral Revenues

13 Section 10.16.(A) All mineral revenues as defined in Paragraph (D) of this
14 Section received in each fiscal year by the state as a result of the production of or
15 exploration for minerals, hereinafter referred to as mineral revenues, shall be
16 allocated as provided in this Section after the following allocations and deposits of
17 mineral revenues have been made:

18 (1) To the Bond Security and Redemption Fund as provided by Article VII,
19 Section 9 (B) of this constitution.

20 (2) To the political subdivisions of the state as provided in Article VII,
21 Sections 4 (D) and (E) of this constitution.

22 (3) To the Louisiana Wildlife and Fisheries Conservation Fund as provided
23 by the requirements of Article VII, Section 10-A of this constitution and as provided
24 by law.

25 (4) To the Louisiana Wildlife and Fisheries Conservation Fund and the Oil
26 and Gas Regulatory Fund as provided by law.

27 (5) To the Rockefeller Wildlife Refuge Trust and Protection Fund as
28 provided by law.

1 (6) To the Marsh Island Operating Fund and the Russell Sage or Marsh
2 Island Refuge Fund as provided by law.

3 (7) To the MC Davis Conservation Fund as provided by law.

4 (8) To the White Lake Property Fund as provided by law.

5 (9) To the Louisiana Education Quality Trust Fund and Louisiana Quality
6 Education Support Fund as provided in Article VII, Section 10.1 of this constitution.

7 (10) To the Coastal Protection and Restoration Fund as provided in Article
8 VII, Section 10.2 of this constitution and as provided by law.

9 (11) To the Mineral Revenue and Audit Settlement Fund as provided in
10 Article VII, Section 10.5 of this constitution and as provided by law.

11 (12) To the Budget Stabilization Fund as provided in Article VII, Section
12 10.3 of this constitution and as provided by law.

13 (13) An amount equal to the state general fund deposited into the
14 Transportation Trust Fund and the Louisiana State Transportation Infrastructure
15 Fund as provided by law.

16 (B) Allocation of Mineral Revenues. After the allocations and deposits
17 provided in Paragraph (A) of this Section, the mineral revenues received in each year
18 in excess of six hundred and sixty million dollars and less than nine hundred and
19 fifty million dollars shall be allocated as follows:

20 (1) Thirty percent shall be appropriated to the Louisiana State Employees'
21 Retirement System and the Teachers' Retirement System of Louisiana for application
22 to the balance of the unfunded accrued liability of such systems existing as of June
23 30, 1988, in proportion to the balance of such unfunded accrued liability of each such
24 system, until such unfunded accrued liability has been eliminated. Any such
25 payments to the public retirement systems shall not be used, directly or indirectly,
26 to fund cost-of-living increases for such systems.

27 (2) The remainder shall be deposited into the Revenue Stabilization Trust
28 Fund.

1 (C) Mineral revenues in excess of the base which would otherwise be
2 deposited into the Budget Stabilization Fund under Subparagraph (A)(2) of Section
3 10.3 of this constitution, but are prohibited from being deposited into the fund under
4 Subparagraph (C)(4) of Section 10.3 of this constitution, shall be distributed as
5 follows:

6 (1) Thirty percent shall be appropriated to the Louisiana State Employees'
7 Retirement System and the Teachers' Retirement System of Louisiana for application
8 to the balance of the unfunded accrued liability of such systems existing as of June
9 30, 1988, in proportion to the balance of such unfunded accrued liability of each such
10 system, until such unfunded accrued liability has been eliminated. Any such
11 payments to the public retirement systems shall not be used, directly or indirectly,
12 to fund cost-of-living increases for such systems.

13 (2) The remainder shall be deposited into the Revenue Stabilization Trust
14 Fund.

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 this constitution.

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. Be it further resolved that this proposed amendment shall be submitted
23 to the electors of the state of Louisiana at the statewide election to be held on November 8,
24 2016.

25 Section 3. Be it further resolved that on the official ballot to be used at the election,
26 there shall be printed a proposition, upon which the electors of the state shall be permitted
27 to vote YES or NO, to amend the Constitution of Louisiana, which proposition shall read as
28 follows:

1 Do you support an amendment to establish the Revenue Stabilization Trust Fund for
 2 the deposit of recurring mineral and corporate tax revenues, to restrict the use of the
 3 fund to 10% of the balance when the balance reaches \$5 billion, to restrict the use
 4 of the fund to construction projects and transportation infrastructure, and to allocate
 5 recurring mineral revenues to the payment of state employee retirement debt? (Adds
 6 Article VII, Section 10(F)(4)(h), 10.15, and 10.16)

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 603 Engrossed

2016 Regular Session

Leger

Abstract: Creates the Revenue Stabilization Trust Fund as a special treasury trust fund, deposits into the fund mineral revenues and corporate tax revenues, and dedicates other mineral revenue to repayment of the UAL.

Proposed constitutional amendment establishes the Revenue Stabilization Trust Fund as a special treasury trust fund.

Proposed constitutional amendment provides for the allocation of annual mineral revenues between \$660 million and \$950 million and mineral revenues that would have been deposited into the Budget Stabilization Fund but are not because the fund has reached its maximum as follows:

- (1) 30% of mineral revenues are appropriated to the Louisiana State Employees' Retirement System (LASERS) and the Teachers' Retirement System of Louisiana (TRSL) towards the balances of the unfunded accrued liability (UAL) of such systems existing as of June 30, 1988, until the balances are eliminated. Any such payments to the public retirement systems shall not be used, directly or indirectly, to fund COLAs for such systems.
- (2) The remainder are deposited into the Revenue Stabilization Trust Fund.

Further excludes the following allocations to and deposits of mineral revenues required under present constitution and present law from the allocation of mineral revenues in the proposed constitutional amendment:

- (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 Quality Education Support Fund (the 8g Funds).
- (10) The Coastal Protection and Restoration Fund.
- (11) The Mineral Revenue Audit and Settlement Fund.
- (12) The Budget Stabilization Fund.
- (13) An amount equal to the state general fund deposited into the Transportation Trust Fund and the Louisiana State Transportation Infrastructure Fund.

Proposed constitutional amendment includes severance taxes, royalty payments, bonus payments, or rentals in the definition of mineral revenues, excluding nonrecurring revenues, grants or donations when the terms or conditions require otherwise, and revenues from a tax on the transportation of minerals.

Proposed constitutional amendment deposits into the fund corporate income and franchise tax revenues over \$500 million received during the fiscal year.

Proposed constitutional amendment authorizes investment of the money in the fund in the same manner as investments of the Millennium Trust as provided for in present law.

Proposed constitutional amendment deposits into the state general fund all interest and other income earned on investments of the fund.

Proposed law prohibits any appropriations from the fund, with an exception for the following:

- (1) In any fiscal year in which the balance of the fund at the beginning of the year is in excess of \$5 billion, (hereinafter the minimum fund balance), the legislature may appropriate an amount not to exceed 10% of the fund balance, (hereinafter the allowable percentage), for the following purposes:
 - (a) Capital outlay projects in the comprehensive state capital budget.
 - (b) Transportation infrastructure.
- (2) The legislature may authorize an appropriation from the fund at any time for any purpose subject to consent of 3/4 of the elected members of each house of the legislature.

Proposed constitutional amendment authorizes changes to the minimum fund balance or the allowable percentage by a law enacted by 3/4 of the elected members of each house of the legislature.

Provides for submission of the proposed amendment to the voters at the statewide election to be held November 8, 2016.

(Adds Article VII, §10(F)(4)(h), 10.15, and 10.16)

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Appropriations to the original bill:

1. Allocate 30% of certain mineral revenues towards payment of the unfunded accrued liabilities of the La. State Employees Retirement System and the Teachers' Retirement System of La. existing as of June 30, 1988, until those liabilities have been eliminated.
2. Increase the amount that may be appropriated out of the Revenue Stabilization Trust Fund once the balance reaches \$5 billion from 5% to 10% of the balance.
3. Limit the use of the Revenue Stabilization Trust Fund appropriations to capital outlay projects and transportation infrastructure.
4. Provide for the allocation of mineral revenues in excess of \$660 million rather than \$650 million.