

1 (F) Beginning in Fiscal Year 2017-2018, no allocation provided for in this
2 Section shall be remitted to a parish in an amount that is in excess of the amount
3 remitted to the parish in Fiscal Year 2014-2015.

4 * * *

5 §10. Expenditure of State Funds

6 Section 10.

7 * * *

8 (F) Projected Deficit.

9 * * *

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

12 * * *

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

15 * * *

16 §10.3. Budget Stabilization Fund

17 Section 10.3.(A) There is hereby established in the state treasury a Budget
18 Stabilization Fund hereinafter referred to as the fund. Money shall be deposited in
19 the fund as follows:

20 * * *

21 (2)(a) ~~At~~ An amount not to exceed two hundred million dollars from
22 revenues received in each fiscal year by the state ~~in excess of seven hundred fifty~~
23 ~~million dollars, hereinafter referred to as the base,~~ as a result of the production of or
24 exploration for minerals, hereinafter referred to as mineral revenues, including
25 severance taxes, royalty payments, bonus payments, or rentals, and excluding such
26 revenues designated as nonrecurring pursuant to Article VII, Section 10(B) of the
27 constitution, any such revenues received by the state as a result of grants or
28 donations when the terms or conditions thereof require otherwise, and revenues

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

1 derived from any tax on the transportation of minerals, shall be deposited in the fund
2 after the following allocations of said mineral revenues have been made:

3 (i) (a) To the Bond Security and Redemption Fund as provided by Article
4 VII, Section 9 (B) of this constitution.

5 (ii) (b) To the political subdivisions of the state as provided in Article VII,
6 Sections 4 (D) and (E) of this constitution.

7 (iii) (c) As provided by the requirements of Article VII, Section 10-A and
8 10.1 of this constitution.

9 ~~(b) The base may be increased every ten years beginning in the year 2000
10 by a law enacted by two-thirds of the elected members of each house of the
11 legislature. Any such increase shall not exceed fifty percent in the aggregate of the
12 increase in the consumer price index for the immediately preceding ten years.~~

13 * * *

14 §10.15. Mineral Revenue Stabilization Trust Fund

15 Section 10.15. (A) Mineral Revenue Stabilization Trust Fund. The Mineral
16 Revenue Stabilization Trust Fund is established in the state treasury as a special
17 permanent trust, hereinafter referred to as the "fund". After allocation of the money
18 to the Bond Security and Redemption Fund as provided in Article VII, Section 9(B)
19 of this constitution, the treasurer shall annually deposit in and credit to the Mineral
20 Revenue Stabilization Trust Fund any monies received from mineral revenues after
21 a deposit of six hundred million dollars from mineral revenues into the state general
22 fund. The deposit of mineral revenues into the fund shall exclude the following
23 allocations:

24 (1) To the Bond Security and Redemption Fund as provided in Article VII,
25 Section 9(B) of this constitution.

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

1 (3) To the Louisiana Wildlife and Fisheries Conservation Fund as provided
2 by the requirements of Article VII, Section 10-A of this constitution and as provided
3 by law on the effective date of this Section.

4 (4) To the Louisiana Wildlife and Fisheries Conservation Fund and the Oil
5 and Gas Regulatory Fund as provided by law on the effective date of this Section.

6 (5) To the Rockefeller Wildlife Refuge Trust and Protection Fund as
7 provided by law on the effective date of this Section.

8 (6) To the Marsh Island Operating Fund and the Russell Sage or Marsh
9 Island Refuge Fund as provided by law on the effective date of this Section.

10 (7) To the MC Davis Conservation Fund as provided by law on the effective
11 date of this Section.

12 (8) To the White Lake Property Fund as provided by law on the effective
13 date of this Section.

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

16 (10) To the Coastal Protection and Restoration Fund as provided in Article
17 VII, Section 10.2 of this constitution and as provided by law on the effective date of
18 this Section.

19 (11) To the Mineral Revenue and Audit Settlement Fund as provided in
20 Article VII, Section 10.5 of this constitution and as provided by law on the effective
21 date of this Section.

22 (12) To the Budget Stabilization Fund as provided in Article VII, Section
23 10.3 of this constitution and as provided by law on the effective date of this Section.

24 (B) Mineral revenues deposited into the Mineral Revenue Stabilization Trust
25 Fund shall be permanently credited to the fund and shall be invested by the treasurer.
26 The legislature shall provide for procedures for the investment of such monies by
27 law. For Fiscal Year 2017-2018 through Fiscal Year 2021-2022, one hundred
28 percent of the annual earnings on investments in the fund shall be credited to the

1 fund. Beginning in Fiscal Year 2022-2023, twenty-five percent of the annual
2 earnings on investments in the fund shall be credited to the fund.

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

7 (a) Fifty percent for capital outlay projects in the comprehensive state capital
8 budget.

9 (b) Fifty percent for expenses of public postsecondary institutions of higher
10 education.

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

13 (D) For purposes of this Section, mineral revenues shall include severance
14 taxes, royalty payments, bonus payments, and rentals, with the following exceptions:

15 (1) Revenues designated as nonrecurring pursuant to Article VII, Section
16 10(B) of this constitution.

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

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

20 Section 2. Article VII, Section 4(D)(4) is hereby repealed in its entirety.

21 Section 3. Be it further resolved that this proposed amendment shall be effective on
22 July 1, 2017.

23 Section 4. Be it further resolved that this proposed amendment shall be submitted
24 to the electors of the state of Louisiana at the statewide election to be held on November 8,
25 2016.

26 Section 5. Be it further resolved that on the official ballot to be used at the election,
27 there shall be printed a proposition, upon which the electors of the state shall be permitted
28 to vote YES or NO, to amend the Constitution of Louisiana, which proposition shall read as
29 follows:

1 Do you support an amendment to create and dedicate revenues to the Mineral
 2 Revenue Stabilization Trust Fund and to support a change in the mineral
 3 revenues dedicated to the Budget Stabilization Fund, the state general fund,
 4 the Coastal Protection and Restoration Fund, and parishes in which mineral
 5 revenues were collected? (Effective July 1, 2017) (Amends Article VII,
 6 Section 10.3(A)(2); Adds Article VII, Section 4(F), 10(F)(4)(h), and 10.15;
 7 Repeals Article VII Section 4(D)(4))

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 508 Original

2016 Regular Session

Jay Morris

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

Proposed constitutional amendment 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 constitutional amendment provides for the investment of money in the Mineral Stabilization Trust Fund as provided for in 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 constitutional amendment provides that 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 constitution 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 \$750 million. Further authorizes the legislature to increase the base amount every 10 years in law. Increases provided for in law in 2004 and 2015 have increased the base amount to \$950 million. Proposed constitutional amendment changes the deposit of mineral revenues collected by the state from over a base amount of \$750 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 constitution provides for a procedure for adjusting appropriations to eliminate a projected deficit. After the budget has been reduced in an aggregate amount of at least 7/10 of 1% of the total budget for the year, adjustments can be made to reduce any constitutionally protected or mandated allocation or appropriation by no more than 5% of the total allocation or appropriation for transfer to the fund that is in a deficit. Present constitution further prohibits such reduction and transfer from certain funds and dedications. Proposed constitutional amendment retains present constitution and adds the Mineral Stabilization Trust Fund to the list of dedications that cannot be reduced and transferred if there is a projected deficit.

Present constitution provides for allocation of severance taxes to each parish in which the mineral revenues were taken or produced as follows:

- (1) 1/3 of sulphur severance tax, not to exceed \$100,000 per parish.
- (2) 1/3 of lignite severance tax, not to exceed \$100,000 per parish.
- (3) 3/4 of the timber severance tax per parish.
- (4) 1/5 of the severance tax on all natural resources other than sulphur, lignite and timber, not to exceed \$850,000 per parish, with an increase in the maximum amount each July 1 based on the average increase in the Consumer Price Index.

Present constitution further provides that in any year following the Revenue Estimating Conference certifying that the actual revenues from severance tax on all natural resources other than sulphur, lignite and timber is more than the revenues collected in Fiscal Year 2008-2009 the following occurs:

- (1) The maximum amount allocated to each parish increases to \$1.85 million and then to \$2.85 million in each following year, with an increase in the maximum amount each July 1 based on the average increase in the Consumer

Price Index. Of the total amount remitted to each parish, 50% of the amount in excess of the amount receive by the parish in fiscal Year 2011-2012 shall be spent on the same purposes as money received by the parish from the Parish Transportation Fund.

- (2) Deposit of mineral revenues into the Atchafalaya Basin Conservation Fund not to exceed \$10 million to be used for projects in the basin.

Proposed constitutional amendment eliminates the dedication and requirement of present constitution in any year following the Revenue Estimating Conference certification that the actual revenues from severance tax on all natural resources other than sulphur, lignite and timber is more than the revenues collected in Fiscal Year 2008-2009.

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

Effective July 1, 2017.

(Amend Art. VII, §10.3(A)(2); Adds Art. VII, §4(F), 10(F)(4)(h), and 10.15; Repeals Art. VII, §4(D)(4))