

2016 Regular Session

HOUSE BILL NO. 646

BY REPRESENTATIVE LANCE HARRIS

FUNDS/FUNDING: (Constitutional Amendment) Establishes the Mineral Revenue Stabilization Trust Fund and provides for dedication of mineral revenues

A JOINT RESOLUTION

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18

Proposing to add Article VII, Section 10(F)(4)(h) and 10.15 of the Constitution of Louisiana, to provide for the dedication of mineral revenues; to provide for exceptions to funds that can be reduced due to a projected deficit; to establish the Mineral Revenue Stabilization Trust Fund; to provide for deposit, use, and investment of monies in the Mineral Revenue Stabilization Trust Fund; to provide for investments of mineral revenues; to provide for an effective date; 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) and 10.15 of the Constitution of Louisiana, to read as follows:

§10. Expenditure of State Funds

Section 10.

\* \* \*

(F) Projected Deficit.

\* \* \*

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

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

3 \* \* \*

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

6 \* \* \*

7 §10.15. Mineral Revenue Stabilization Trust Fund

8 Section 10.15. (A) Mineral Revenue Stabilization Trust Fund. The Mineral  
9 Revenue Stabilization Trust Fund is established in the state treasury as a special  
10 permanent trust. After allocation of the money to the Bond Security and Redemption  
11 Fund as provided in Article VII, Section 9(B) of this constitution, the treasurer shall  
12 annually deposit in and credit to the Mineral Stabilization Trust Fund any monies  
13 received from mineral revenues after a deposit of two hundred million dollars from  
14 mineral revenues into the state general fund. The deposit of mineral revenues into  
15 the fund shall exclude the following allocations:

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

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

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

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

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

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

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

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

5           (9) To the Louisiana Education Quality Trust Fund and Louisiana Education  
6           Quality 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 on the effective date of  
9           this Section.

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

13          (12) To the Budget Stabilization Fund as provided in Article VII, Section  
14          10.3 of the Constitution of Louisiana and as provided by law on the effective date of  
15          this Section.

16          (13) An amount equal to the state general fund deposited into the  
17          Transportation Trust Fund and the Louisiana State Transportation Infrastructure  
18          Fund as provided by law on the effective date of this Section.

19          (B) Mineral revenues in excess of the base which would otherwise be  
20          deposited into the Budget Stabilization Fund under Article VII, Section 10.3(A)(2)  
21          of this constitution, but are prohibited from being deposited into the Budget  
22          Stabilization Fund under Article VII, Section 10.3(C)(4) of this constitution, shall  
23          be deposited into the Mineral Revenue Stabilization Trust Fund.

24          (C) Mineral revenues deposited into the Mineral Revenue Stabilization  
25          Trust Fund shall be permanently credited to the trust fund and shall be invested by  
26          the treasurer. The legislature shall provide for procedures for the investment of such  
27          monies by law.

28          (D) Appropriations from the Mineral Revenue Stabilization Trust Fund shall  
29          only be made from the annual earnings from interest, dividends, and realized capital

1 gains on investment in the trust. Appropriations from the trust fund shall be made  
2 for the following:

3 (1) Providing for new highway construction for which federal matching  
4 funds are available, without excluding highway projects otherwise eligible as capital  
5 projects under other provisions of this constitution.

6 (2) Providing funding for capital outlay projects in the comprehensive state  
7 capital budget.

8 (F) For purposes of this Section, mineral revenues shall include severance  
9 taxes, royalty payments, bonus payments, or rentals, with the following exceptions:

10 (1) Revenues designated as nonrecurring pursuant to Article VII, Section  
11 10(B) of this constitution.

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

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

15 Section 2. Be it further resolved that this proposed amendment shall be submitted  
16 to the electors of the state of Louisiana at the statewide election to be held on November 8,  
17 2016.

18 Section 3. Be it further resolved that this proposed amendment shall be become  
19 effective on July 1, 2019.

20 Section 4. Be it further resolved that on the official ballot to be used at the election,  
21 there shall be printed a proposition, upon which the electors of the state shall be permitted  
22 to vote YES or NO, to amend the Constitution of Louisiana, which proposition shall read as  
23 follows:

24 Do you support an amendment to establish the Mineral Revenue Stabilization  
25 Trust Fund for the deposit of mineral revenues and to restrict the use of the  
26 fund to the investment and earnings on the fund for highway construction and  
27 capital outlay projects? (July 1, 2019) (Adds Article VII, Section 10(F)(4)(h)  
28 and 10.15)

## 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 646 Original

2016 Regular Session

Lance Harris

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

Proposed constitutional amendment establishes the Mineral Stabilization Trust Fund as a permanent trust in the state treasury. Provides for the annual deposit of mineral revenues after a deposit of \$200 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 (the "8g Fund").
- (10) The Coastal Protection and Restoration Fund.
- (11) The Mineral Revenue and Audit 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 provides that mineral revenues that otherwise would go to the state general fund because the Budget Stabilization has reached its cap will be deposited into the Mineral Revenue Stabilization Trust Fund.

Proposed constitutional amendment provides for the investment of money in the Mineral Revenue Stabilization Trust Fund as provided for in law. Appropriations from the trust fund shall only be made from the annual earnings from interest, dividends, and capital gains on investment in the fund for new highway construction and capital outlay projects.

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 Revenue Stabilization Trust Fund to the list of dedications that can not be reduced and transferred if there is a projected deficit.

Effective July 1, 2019.

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

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