

2016 Regular Session

HOUSE BILL NO. 696

BY REPRESENTATIVE LEGER

FUNDS/FUNDING: Establishes the Revenue Stabilization Trust Fund

1 AN ACT

2 To enact Subpart P-4 of Part II-A of Chapter 1 of Subtitle I of Title 39 of the Louisiana
3 Revised Statutes of 1950, to be comprised of R.S. 39:100.111 and 100.112, and
4 Subpart P-5 of Part II-A of Chapter I of Subtitle I of Title 39 of the Louisiana
5 Revised Statutes of 1950, to be comprised of R.S. 39:100.115, relative to dedications
6 of revenues; to provide for the dedication of certain revenues; to create the Revenue
7 Stabilization Trust Fund; to provide for deposits into the funds; to provide for
8 investments of the fund; to provide for uses of the fund; to provide for an effective
9 date; and to provide for related matters.

10 Be it enacted by the Legislature of Louisiana:

11 Section 1. Subpart P-4 of Part II-A of Chapter 1 of Subtitle I of Title 39 of the
12 Louisiana Revised Statutes of 1950, comprised of R.S. 39:100.111 and 100.112, and Subpart
13 P-5 of Part II-A of Chapter I of Subtitle I of Title 39 of the Louisiana Revised Statutes of
14 1950, to be comprised of R.S. 39:100.115, are hereby enacted to read as follows:

15 SUBPART P-4. RESTRICT, RESTORE, REBUILD ACT

16 §100.111. This Subpart shall be known as the "Restrict, Restore, Rebuild Act".

17 §100.112. Revenue Stabilization Trust Fund

18 A. There is hereby established in the state treasury a special trust fund, the
19 Revenue Stabilization Trust Fund, hereinafter referred to as the "fund".

1 B. After allocation of money to the Bond Redemption and Security Fund as
2 provided in Article VII, Section 9(B) of the Constitution of Louisiana, the treasurer
3 shall deposit in and credit to the fund the revenues as provided for in Subsections C
4 and D of this Section.

5 C. The treasurer shall deposit into the fund the amount of mineral revenues
6 as provided in R.S. 39:100.115.

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

10 E.(1) Except as provided for in Subsection F of this Section, monies
11 deposited into the Revenue Stabilization Trust Fund shall be permanently credited
12 to the trust fund and shall be invested by the treasurer in the same manner as
13 investments of the Millennium Trust, as provided in R.S. 39:98.2.

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

16 F.(1) Except as provided in Paragraphs (2) and (3) of this Subsection, no
17 appropriations shall be made from the Revenue Stabilization Trust Fund.

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

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

24 (ii) Transportation infrastructure.

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

28 (3) In order to ensure the money in the fund is available for appropriation in
29 an emergency, the legislature may authorize an appropriation from the fund at any

1 time for any purpose pursuant to a concurrent resolution adopted by a favorable vote
2 of three-quarters of the elected members of each house of the legislature. If the
3 legislature is not in session, the three-quarters consent requirement shall be obtained
4 as provided in R.S. 39:87.

5 SUBPART P-5. DEDICATION OF MINERAL REVENUES

6 §100.115. Dedication of Mineral Revenues

7 A. All mineral revenues as defined in Subsection D of this Section received
8 in each fiscal year by the state as result of the production of or exploration for
9 minerals, hereinafter referred to as mineral revenues, shall be allocated as provided
10 in this Section after the following allocations and deposits of mineral revenues have
11 been made:

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

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

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

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

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

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

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

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

27 (9) To the Louisiana Education Quality Trust Fund and Louisiana Quality
28 Education Support Fund as provided in Article VII, Section 10.1 of the Constitution
29 of Louisiana.

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

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

5 (12) To the Budget Stabilization Fund as provided in Article VII, Section
6 10.3 of the Constitution of Louisiana and R.S. 39:94.

7 (13) An amount equal to the state general fund deposited into the
8 Transportation Trust Fund and the Louisiana State Transportation Infrastructure
9 Fund as provided in R.S. 48:77.

10 B. After the allocations and deposits provided in Subsection A of this
11 Section, the mineral revenues received in each year in excess of six hundred and
12 sixty million dollars and less than nine hundred and fifty million dollars shall be
13 allocated as follows:

14 (1) Thirty percent shall be appropriated to the Louisiana State Employees'
15 Retirement System and the Teachers' Retirement System of Louisiana for application
16 to the balance of the unfunded accrued liability of such systems existing as of June
17 30, 1988, in proportion to the balance of such unfunded accrued liability of each such
18 system, until such unfunded accrued liability has been eliminated. Any such
19 payments to the public retirement systems shall not be used, directly or indirectly,
20 to fund cost-of-living increases for such systems.

21 (2) The remainder shall be deposited into the Revenue Stabilization Trust
22 Fund.

23 C. Mineral revenues in excess of the base which would otherwise be
24 deposited into the Budget Stabilization Fund under Paragraph (A)(2) of R.S. 39:94,
25 but are prohibited from being deposited into the fund under Paragraph (C)(4) of R.S.
26 39:94, shall be distributed as follows:

27 (1) Thirty percent shall be appropriated to the Louisiana State Employees'
28 Retirement System and the Teachers' Retirement System of Louisiana for application
29 to the balance of the unfunded accrued liability of such systems existing as of June

1 30, 1988, in proportion to the balance of such unfunded accrued liability of each such
 2 system, until such unfunded accrued liability has been eliminated. Any such
 3 payments to the public retirement systems shall not be used, directly or indirectly,
 4 to fund cost-of-living increases for such systems.

5 (2) The remainder shall be deposited into the Revenue Stabilization Trust
 6 Fund.

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

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

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

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

14 Section 2. This Act shall take effect and become operative if and when the proposed
 15 amendment of Article VII of the Constitution of Louisiana contained in the Act which
 16 originated as House Bill No. 603 of this 2016 Regular Session of the Legislature is adopted
 17 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 696 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 income tax revenues, and dedicates other mineral revenue to repayment of the UAL.

Proposed law establishes the Mineral Revenue Stabilization Trust Fund as a special treasury trust fund.

Proposed law provides for the allocation of annual mineral revenues between \$660 million and \$950 million and mineral revenues that are required to be deposited into the Budget Stabilization Fund but are not because the fund is at 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 allocations and deposits of mineral revenues to the following as required under present constitution and present law from proposed law:

- (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 Fund).
- (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 law 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 law deposits into the fund corporate income and franchise tax revenues over \$500 million received during the fiscal year.

Proposed law 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 law 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 provides that the minimum fund balance or the allowable percentage may be changed by a law enacted by 3/4 of the elected members of each house of the legislature.

Effective if and when the proposed amendment of Article VII of the Constitution of La. contained in the Act which originated as House Bill No. 603 of this 2016 R.S. of the Legislature is adopted at a statewide election and becomes effective.

(Adds R.S. 39:100.111, 100.112, and 100.115)

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 reached \$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 instead of \$650 million.