

Regular Session, 2010

SENATE BILL NO. 1

BY SENATOR CHAISSON

FUNDS/FUNDING. Constitutional amendment to provide relative to deposits into and transfers out of the Budget Stabilization Fund. (2/3-CA13s1(A))

1 A JOINT RESOLUTION

2 Proposing to amend Article VII, Section 10.3(A)(2) and (C) of the Constitution of
3 Louisiana, relative to the Budget Stabilization Fund; to provide for the dedication
4 and deposit of certain revenues into the Budget Stabilization Fund; to delete the
5 provisions relative to the amount of mineral revenues received by the state before
6 mineral revenues may be deposited into the Budget Stabilization Fund; to provide
7 for incorporation of monies in the Budget Stabilization Fund into the official forecast
8 for the current fiscal year and the next fiscal year; to direct the treasurer to transfer
9 monies from the Budget Stabilization Fund to the state general fund in certain
10 circumstances; to suspend or reduce deposits into the Budget Stabilization Fund in
11 certain circumstances; and to specify an election for submission of the proposition
12 to electors; and provide a ballot proposition.

13 Section 1. Be it resolved by the Legislature of Louisiana, two-thirds of the members
14 elected to each house concurring, that there shall be submitted to the electors of the state, for
15 their approval or rejection in the manner provided by law, a proposal to amend Article VII,
16 Section 10.3(A)(2) and (C) of the Constitution of Louisiana, to read as follows:

17 ARTICLE VII

1 §10.3. Budget Stabilization Fund

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

5 * * *

6 **(2)(a) Beginning in Fiscal Year 2012-2013 and Fiscal Year 2013-2014, five**
7 **percent, and in Fiscal Year 2014-2015 and thereafter, ten percent of all** All
8 revenues received in each fiscal year by the state ~~in excess of seven hundred fifty~~
9 ~~million dollars, hereinafter referred to as the base~~, as a result of the production of or
10 exploration for minerals, hereinafter referred to as mineral revenues, including
11 severance taxes, royalty payments, bonus payments, or rentals, and excluding such
12 revenues designated as nonrecurring pursuant to Article VII, Section 10(B) of the
13 constitution, any such revenues received by the state as a result of grants or
14 donations when the terms or conditions thereof require otherwise, and revenues
15 derived from any tax on the transportation of minerals, shall be deposited in the fund
16 after the following allocations of said mineral revenues have been made:

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

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

21 ~~(iii)(c)~~ **(c)** As provided by the requirements of Article VII, Section 10-A and 10.1
22 of this constitution.

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

27 * * *

28 (C) The money in the fund shall not be available for ~~appropriation~~
29 **incorporation into the official forecast** or use except under the following

1 conditions:

2 (1) If the official forecast of recurring money for the next fiscal year is less
3 than the official forecast of recurring money for the current fiscal year, the
4 difference, not to exceed one-third of the fund shall be incorporated into the next
5 year's official forecast only after the consent of two-thirds of the elected members
6 of each house of the legislature. If the legislature is not in session, the two-thirds
7 requirement may be satisfied upon obtaining the written consent of two-thirds of the
8 elected members of each house of the legislature in a manner provided by law.

9 (2) If a decrease in federal financial participation in state assistance
10 expenditures for health or social services programs, including Federal Medical
11 Assistance Percentages, creates a projected deficit for the next fiscal year, the
12 difference between the current fiscal year's federal financial participation and
13 the ensuing fiscal year's projected federal financial participation, not to exceed
14 one-third of the fund, shall be incorporated into the next fiscal year's official
15 forecast only with the consent of two-thirds of the elected members of each
16 house of the legislature. If the legislature is not in session, the two-thirds
17 requirement may be satisfied by obtaining the written consent of two-thirds of
18 the elected members of each house of the legislature in a manner provided by
19 law. For purposes of this Subparagraph, the projected deficit and the
20 difference between the current fiscal year's federal financial participation and
21 the ensuing fiscal year's projected federal financial participation shall be
22 determined as provided by law.

23 ~~(2)~~ (3) If a deficit for the current fiscal year is projected due to a decrease in
24 the official forecast, an amount equal to one-third of the fund not to exceed the
25 projected deficit may be ~~appropriated~~ incorporated into the current fiscal year's
26 official forecast after the consent of two-thirds of the elected members of each house
27 of the legislature. Between sessions of the legislature the ~~appropriation~~ two-thirds
28 requirement for incorporation of a portion of the fund into the current fiscal
29 year's official forecast may be ~~made~~ satisfied only after the written consent of

1 two-thirds of the elected members of each house of the legislature.

2 ~~(3)~~ (4) In no event shall the amount included in the official forecast for the
3 next fiscal year plus the amount ~~appropriated~~ **included in the official forecast** in the
4 current fiscal year exceed one-third of the fund balance at the beginning of the
5 current fiscal year.

6 **(5) If two-thirds of the elected members of each house of the legislature**
7 **give consent for a specified amount of the fund to be incorporated into the**
8 **official forecast, the state treasurer shall transfer the amount of monies so**
9 **authorized from the fund to the state general fund.**

10 ~~(4)~~ ~~No~~ **(6) For Fiscal Years 2009-2010, 2010-2011, and 2011-2012, no**
11 **deposit shall be made to the fund except pursuant to a specific appropriation by**
12 **the legislature. For any fiscal year thereafter except pursuant to a specific**
13 **appropriation by the legislature, no** ~~appropriation or deposit~~ to the fund shall be
14 made if such ~~appropriation or deposit~~ would cause the balance in the fund to exceed
15 four percent of total state revenue receipts for the previous fiscal year **one billion**
16 **dollars.**

17 **(7) Notwithstanding any provision of this Section to the contrary, and**
18 **except pursuant to a specific appropriation by the legislature to the fund, no**
19 **appropriation or deposit to the fund shall be made in Fiscal Year 2010-2011,**
20 **Fiscal Year 2011-2012, nor in the same fiscal year in which a specified amount**
21 **of the fund is incorporated into the official forecast or an appropriation or**
22 **transfer is made from the fund. Notwithstanding any other provision of this**
23 **Section to the contrary, in the fiscal year immediately following the fiscal year**
24 **in which a specified amount of the fund is incorporated into the official forecast**
25 **or an appropriation or transfer is made from the fund, no more than five**
26 **percent of mineral revenues shall be deposited in the fund, except pursuant to**
27 **a specific appropriation by the legislature to the fund.**

28 Section 2. Be it further resolved that this proposed amendment shall be submitted
29 to the electors of the state of Louisiana at the statewide election to be held on November 2,

1 2010.

2 Section 3. Be it further resolved that on the official ballot to be used at said election
3 there shall be printed a proposition, upon which the electors of the state shall be permitted
4 to vote FOR or AGAINST, to amend the Constitution of Louisiana, which proposition shall
5 read as follows:

6 To provide for the dedication and deposit of certain mineral revenues into the
7 Budget Stabilization Fund; to delete provisions requiring a base amount of
8 mineral revenues received by the state before deposits can be made to the
9 Budget Stabilization Fund; to provide that monies in the Budget Stabilization
10 Fund may be incorporated into the official forecast for the next fiscal year
11 under certain circumstances, including if a decrease in federal financial
12 participation in state assistance expenditures for health or social services
13 programs, including Federal Medical Assistance Percentages, creates a
14 projected deficit; to direct the treasurer to transfer monies from the Budget
15 Stabilization Fund to the state general fund in certain circumstances; and to
16 suspend or reduce the deposit of monies into the Budget Stabilization Fund
17 in certain fiscal years including the same fiscal year in which money in the
18 Budget Stabilization Fund is incorporated into the official forecast.

19 (Amends Article VII, Section 10.3(C))

The original instrument and the following digest, which constitutes no part
of the legislative instrument, were prepared by Martha S. Hess.

DIGEST

Chaisson (SB 1)

Present constitution establishes the Budget Stabilization Fund and provides for the monies to be deposited into the fund.

Present constitution provides that all mineral revenues received in each fiscal year by the state in excess of \$750 million (the "base") shall be deposited in the fund after allocations are made to the Bond Security and Redemption Fund, the political subdivisions for severance taxes and royalties, the Conservation Fund, and the Louisiana Quality Trust Fund. Present constitution further provides that the base may be increased every 10 years by a law enacted by 2/3 of the elected members of each house of the legislature.

Proposed constitutional amendment provides that beginning in FY 2012-2013 and FY 2013-2014, 5%, and in FY 2014-2015 and thereafter, 10% of all mineral revenues received in each fiscal year, after the allocations are made to the Bond Security and Redemption Fund, the

political subdivisions for severance taxes and royalties, the Conservation Fund, and the Louisiana Quality Trust Fund, are dedicated to the Budget Stabilization Fund. Proposed law deletes the base and the provision regarding changing the base every 10 years.

Present constitution permits up to 1/3 of the Budget Stabilization Fund, subject to 2/3 approval of each house of the legislature, to be incorporated in the next fiscal year's official forecast if revenue estimates for the next fiscal year are less than the official forecast for the current fiscal year. Present constitution provides that if the legislature is not in session, the 2/3 requirement may be satisfied by obtaining the written consent of 2/3's of the elected members of each house of the legislature in a manner provided by law.

Proposed constitutional amendment permits up to 1/3 of the Budget Stabilization Fund, subject to 2/3 approval of each house of the legislature, to be incorporated in the next fiscal year's official forecast if a decrease in federal financial participation in state assistance expenditures for health or social services programs, including Federal Medical Assistance Percentages, creates a projected deficit for the next fiscal year, the difference between the current fiscal year's federal financial participation and the ensuing fiscal year's projected federal financial participation, not to exceed 1/3 of the fund, shall be incorporated into the official forecast. Proposed constitutional amendment further provides that the difference between the current fiscal year's federal financial participation and the ensuing fiscal year's projected federal financial participation shall be determined as provided by law.

Present constitution further permits up to 1/3 of the Budget Stabilization Fund, subject to 2/3 approval of each house of the legislature, to be appropriated for the current fiscal year budget if a deficit for the current fiscal year is projected due to a decrease in the official forecast.

Proposed constitutional amendment permits up to 1/3 of the Budget Stabilization Fund, subject to 2/3 approval of each house of the legislature, to be incorporated into the current year's official forecast if a deficit for the current fiscal year is projected due to a decrease in the official forecast.

Proposed constitutional amendment provides that if 2/3 of each house of the legislature approves a portion of the Budget Stabilization Fund to be incorporated into the official forecast, the state treasurer shall transfer the amount of monies so authorized to the general fund.

Present constitution provides that no appropriation or deposit shall be made to the Budget Stabilization Fund if such appropriation or deposit would cause the balance in the fund to exceed 4% of total state revenue receipts for the previous fiscal year.

Proposed constitutional amendment provides that for FY 2009-2010, 2010-2011, and 2011-2012, no deposit shall be made to the fund except pursuant to a specific appropriation by the legislature. For any fiscal year thereafter, except pursuant to a specific appropriation by the legislature, no deposit to the fund shall be made if such deposit would cause the balance in the fund to exceed \$1 billion.

Proposed constitutional amendment provides that except pursuant to a specific appropriation by the legislature to the fund, no appropriation or deposit to the fund shall be made in FY 2010-2011, 2011-2012 nor in the same fiscal year in which a specified amount of the fund is incorporated into the official forecast or an appropriation or transfer is made from the fund. Further provides that in the fiscal year immediately following the fiscal year in which a specified amount of the fund is incorporated into the official forecast or an appropriation or transfer is made from the fund, no more than 5% of mineral revenues shall be deposited in the fund, except pursuant to a specific appropriation by the legislature to the fund.

Specifies submission of the amendment to the voters at the statewide election to be held on Nov. 2, 2010.

(Amends Const. Art. VII, Sec. 10.3(A)(2) and (C))

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Finance to the original bill.

1. Dedicates a percentage of mineral revenues to the fund each year, 5% in FY 2012-2013 and 2013-2014 and 10% in FY 2014-2015 and thereafter.
2. Removes provisions relative to the amount of mineral revenues received by the state before deposits may be made to the fund (the \$750 million/\$850 million base).
3. Removes provisions relative to changing the base every 10 years.
4. Provides that in FY 2009-2010, 2010-2011 and 2011-2012, no deposit shall be made to the fund except pursuant to a specific appropriation.
5. Changes cap on fund to provide that in FY 2012-2013 and thereafter, except pursuant to a specific appropriation, no deposit shall be made to the fund if such would cause the fund balance to exceed \$1 billion.
6. Provides that in the fiscal year immediately following the fiscal year in which a portion of the fund is incorporated into the official forecast or an appropriation is made from the fund, no more than 5% of mineral revenues shall be deposited in the fund, except pursuant to a specific appropriation.