

2015 Regular Session

SENATE BILL NO. 259

BY SENATOR ADLEY

FUNDS/FUNDING. Provides for the creation of the Budget and Transportation Stabilization Trust from the Budget Stabilization Fund and provides for use of monies in the fund and dedication of certain monies into the Transportation Trust Fund. (See Act)

1 AN ACT
2 To amend and reenact the introductory paragraph of R.S. 39:94(A), (A)(2)(a) and (b), and
3 97(B) and to enact R.S. 39:94(A)(2)(c), relative to special treasury funds; to rename
4 the Budget Stabilization Fund the Budget and Transportation Stabilization Trust and
5 to provide for its purposes; to provide for increases to the base every five years; to
6 create the Budget Stabilization Subfund and the Transportation Stabilization Subfund
7 in the Budget and Transportation Stabilization Trust; to provide for the deposit of
8 certain excess mineral revenues into the Budget Stabilization Subfund, the
9 Transportation Stabilization Subfund, and the Transportation Trust Fund; to provide
10 for the uses of monies deposited into the funds; to provide for effectiveness; and to
11 provide for related matters.

12 Be it enacted by the Legislature of Louisiana:

13 Section 1. The introductory paragraph of R.S. 39:94(A), (A)(2)(a) and (b), and 97(B)
14 are hereby amended and reenacted and R.S. 39:94(A)(2)(c) is hereby enacted to read as
15 follows:

16 §94. Budget **and Transportation** Stabilization ~~Fund~~ **Trust**

17 A. There is hereby created in the state treasury a special fund to be

1 designated as the Budget **and Transportation** Stabilization ~~Fund~~ **Trust**, hereafter
 2 referred to in this Section as the "fund", which shall consist of all money deposited
 3 into the fund in accordance with Article VII, Section 10.3 of the Constitution of
 4 Louisiana. Money shall be deposited in the fund as follows:

5 * * *

6 (2)(a) All revenues received in each fiscal year by the state in excess of eight
 7 hundred fifty million dollars, hereinafter referred to as the "base," as a result of the
 8 production of or exploration for minerals, hereinafter referred to as "mineral
 9 revenues," including severance taxes, royalty payments, bonus payments, or rentals,
 10 and excluding such revenues designated as nonrecurring pursuant to Article VII,
 11 Section 10(B) of the Constitution of Louisiana, any such revenues received by the
 12 state as a result of grants or donations when the terms or conditions thereof require
 13 otherwise and revenues derived from any tax on the transportation of minerals, shall
 14 be deposited in the fund **in accordance with Subparagraph (c) of this Paragraph**
 15 after the following allocations of said mineral revenues have been made:

16 * * *

17 (b) The base may be increased every ~~ten~~ **five** years beginning in the year
 18 2014 by a law enacted by two-thirds of the elected members of each house of the
 19 legislature. Any such increase shall not exceed fifty percent in the aggregate of the
 20 increase in the consumer price index for the immediately preceding ten years.

21 **(c) At the beginning of each fiscal year, the monies in the Budget and**
 22 **Transportation Stabilization Trust as provided in Subsubparagraph (a) of this**
 23 **Subparagraph shall be allocated and deposited into the Budget Stabilization**
 24 **Subfund which is hereby established in the Budget and Transportation**
 25 **Stabilization Trust as a special subfund, and into the Transportation**
 26 **Stabilization Subfund which is hereby established in the Budget and**
 27 **Transportation Stabilization Trust as a special subfund, as follows:**

28 **(i) Beginning in Fiscal Year 2015-2016, mineral revenues in excess of the**
 29 **base shall be deposited in the Budget Stabilization Subfund until the balance in**

1 the fund equals five hundred million dollars.

2 (ii) Once the balance in the Budget Stabilization Subfund equals five
3 hundred million dollars, mineral revenues shall be deposited into the
4 Transportation Stabilization Subfund at the beginning of the next fiscal year
5 until the balance in the Transportation Stabilization Subfund equals five
6 hundred million dollars. Thereafter, any excess mineral revenues shall be
7 deposited into the state general fund. The legislature may appropriate
8 additional monies into either the Budget Stabilization Subfund or the
9 Transportation Stabilization Subfund. Monies in the Transportation
10 Stabilization Subfund shall be appropriated by the legislature and used solely
11 and exclusively for planning, design, construction, and maintenance connected
12 with the state highway program. In the event that a state infrastructure bank
13 is established by law in the Transportation Trust Subfund, an amount not to
14 exceed fifty million dollars may be transferred to the Transportation Trust
15 Fund to be used for the capitalization of the state infrastructure bank.

16 (iii) No deposit of mineral revenues shall be made as provided in Items
17 (i) and (ii) of this Subsubparagraph in any fiscal year in which money in the
18 fund is appropriated for use or incorporated into the official forecast as
19 provided in Subparagraphs (C)(1) or (2) of this Section or in the ensuing fiscal
20 year, except by specific appropriation by the legislature.

21 * * *

22 §97. Mineral Revenue Audit and Settlement Fund

23 * * *

24 B. After making the allocations provided for in Subsection A of this Section,
25 the treasurer shall then deposit in and credit to the Mineral Revenue Audit and
26 Settlement Fund any such remaining revenues. Any revenues deposited in and
27 credited to the fund shall be considered mineral revenues from severance taxes,
28 royalty payments, bonus payments, or rentals for purposes of determining deposits
29 and credits to be made in and to the Wetlands Conservation and Restoration Fund as

1 provided in Article VII, Section 10.2 of the Constitution of Louisiana. Any revenues
 2 deposited in and credited to the fund shall not be considered mineral revenues for
 3 purposes of the Budget **and Transportation** Stabilization Fund **Trust** as provided
 4 in Article VII, Section 10.3 of the Constitution of Louisiana. Money in the fund shall
 5 be invested as provided by law. The earnings realized in each fiscal year on the
 6 investment of monies in the Mineral Revenue Audit and Settlement Fund shall be
 7 deposited in and credited to the Mineral Revenue Audit and Settlement Fund.

8 * * *

9 Section 3. This Act shall take effect and become operative if and when the proposed
 10 amendment of Article VII, Sections 10.3 and 27 of the Constitution of Louisiana contained
 11 in the Act which originated as Senate Bill No. 202 of this 2015 Regular Session of the
 12 Legislature is adopted at a statewide election to be held on October 24, 2015, and becomes
 13 effective.

The original instrument and the following digest, which constitutes no part
 of the legislative instrument, were prepared by Jay R. Lueckel.

DIGEST

SB 259 Original

2015 Regular Session

Adley

Present constitution and present law establish the Budget Stabilization Fund and requires the deposit of mineral revenues in excess of \$750 million (base amount) derived from the production of or exploration for minerals (mineral revenue), including severance taxes, royalty payments, bonus payments, or rentals, and excluding revenues designated as nonrecurring pursuant to Article VII, Section 10(B) of the constitution, revenues received by the state as a result of grants or donations when the terms or conditions of the grant require otherwise, and revenues derived from any tax on the transportation of minerals, such deposit to be made after the following allocations of said mineral revenues have been made:

- (1) To the Bond Security and Redemption Fund as provided by Article VII, Section 9 (B) of present constitution.
- (2) To the political subdivisions of the state as provided in Article VII, Sections 4 (D) and (E) of present constitution.
- (3) As provided by the requirements of Article VII, Section 10-A and 10.1 of present constitution.

Present constitution and law authorize an increase in the base amount for deposits into the Budget Stabilization Fund every ten years beginning in 2000 by a law enacted by two-thirds of the elected members of each house of the legislature. Present law provides that the base amount is \$850 million. Proposed constitutional amendment and law retains present constitution and law except changes the time period for the base to be increased from ten years to five years.

Present constitution and present law provide that monies in the Budget Stabilization Fund are available exclusively for use in the case of an existing or projected budget deficit.

Proposed constitution and law changes the name of the Budget Stabilization Fund to the Budget and Transportation Stabilization Trust and provides for the purposes and uses of monies in the fund.

Proposed constitutional amendment and law creates the Budget Stabilization Subfund and the Transportation Stabilization Subfund in the Budget and Transportation Stabilization Trust and provides that at the beginning of each fiscal year, mineral revenues shall be allocated and deposited into the subfunds as follows:

- (i) Beginning in Fiscal Year 2015-2016, mineral revenues in excess of the base shall be deposited in the Budget Stabilization Subfund until the balance in the fund equals \$500 million.
- (ii) Once the balance in the Budget Stabilization Subfund equals \$500 million, mineral revenues shall be deposited into the Transportation Stabilization Subfund at the beginning of the next fiscal year until the balance in the Transportation Stabilization Subfund equals \$500 million. Thereafter, any excess mineral revenues shall be deposited into the state general fund. The legislature may appropriate additional monies into either the Budget Stabilization Subfund or the Transportation Stabilization Subfund.

Proposed constitutional amendment and law provides that monies in the Transportation Stabilization Subfund shall be appropriated by the legislature and used solely and exclusively for planning, design, construction, and maintenance connected with the state highway program. In the event that a state infrastructure bank is established by law in the Transportation Trust Subfund, an amount not to exceed \$50 million may be transferred to the Transportation Trust Subfund to be used for the capitalization of the state infrastructure bank.

- (iii) No deposit of mineral revenues shall be made in any fiscal year in which money in the fund is appropriated for use or incorporated into the official forecast or in the ensuing fiscal year, except by specific appropriation by the legislature.

Effective and becomes operative if and when the proposed amendment of Article VII, Sections 10.3 and 27 of the Constitution of Louisiana contained in the Act which originated as Senate Bill No. 202 of this 2015 Regular Session of the Legislature is adopted at a statewide election to be held on October 24, 2015, and becomes effective.

(Amends R.S. 39:94(A)(intro para), (A)(2)(a) and (b), and 97(B); adds R.S. 39:94(A)(2)(c))