

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. (See Act)

1 AN ACT

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

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

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

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

3 (ii) Once the balance in the Budget Stabilization Subfund equals five
4 hundred million dollars, mineral revenues shall be deposited into the
5 Transportation Stabilization Subfund at the beginning of the next fiscal year
6 until the balance in the Transportation Stabilization Subfund equals and shall
7 be maintained in the amount of five hundred million dollars. Thereafter, any
8 excess mineral revenues shall be deposited into the state general fund. The
9 legislature may appropriate additional monies into either the Budget
10 Stabilization Subfund or the Transportation Stabilization Subfund. Monies in
11 the Transportation Stabilization Subfund shall be appropriated by the
12 legislature and used solely and exclusively for planning, design, construction,
13 and maintenance connected with the state highway program, provided that an
14 amount not less than twenty percent of funds appropriated by the legislature
15 from the Transportation Stabilization Subfund pursuant to this Item shall be
16 used solely and exclusively for the Louisiana Intermodal Connector Program
17 within the Department of Transportation and Development.

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

23 * * *

24 §97. Mineral Revenue Audit and Settlement Fund

25 * * *

26 B. After making the allocations provided for in Subsection A of this Section,
27 the treasurer shall then deposit in and credit to the Mineral Revenue Audit and
28 Settlement Fund any such remaining revenues. Any revenues deposited in and
29 credited to the fund shall be considered mineral revenues from severance taxes,

1 royalty payments, bonus payments, or rentals for purposes of determining deposits
 2 and credits to be made in and to the Wetlands Conservation and Restoration Fund as
 3 provided in Article VII, Section 10.2 of the Constitution of Louisiana. Any revenues
 4 deposited in and credited to the fund shall not be considered mineral revenues for
 5 purposes of the Budget **and Transportation** Stabilization ~~Fund~~ **Trust** as provided
 6 in Article VII, Section 10.3 of the Constitution of Louisiana. Money in the fund shall
 7 be invested as provided by law. The earnings realized in each fiscal year on the
 8 investment of monies in the Mineral Revenue Audit and Settlement Fund shall be
 9 deposited in and credited to the Mineral Revenue Audit and Settlement Fund.

10 * * *

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

The original instrument was prepared by Jay Lueckel. The following digest,
 which does not constitute a part of the legislative instrument, was prepared
 by Linda Nugent.

DIGEST

SB 259 Reengrossed

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 and shall be maintained in the amount of \$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 and shall be maintained in the amount of \$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, provided that at least 20% of monies appropriated from the Transportation Stabilization Subfund be used for the Louisiana Intermodal Connector Program within DOTD.

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

Summary of Amendments Adopted by Senate

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

1. Specifies that the balance of the Budget Stabilization Subfund shall be maintained in the amount of \$500 million.
2. Specifies that the balance of the Transportation Stabilization Subfund shall be maintained in the amount of \$500 million.

Senate Floor Amendments to engrossed bill

1. Deletes requirement to fund a state infrastructure bank from monies appropriated from the Transportation Stabilization Subfund.
2. Requires that at least 20% of monies appropriated from the Transportation Stabilization Subfund be used for the Louisiana Intermodal Connector Program within DOTD.
3. Technical amendments.