

Regular Session, 1997

HOUSE BILL NO. 873

BY REPRESENTATIVES DOWNER, R. ALEXANDER, BARTON, DEVILLE, DIMOS, DUPRE, FLAVIN, JOHNS, LEBLANC, MCDONALD, MCMAINS, MICHOT, SCALISE, JOHN SMITH, STELLY, TRICHE, AND WIGGINS AND SENATOR EWING

FUNDS/FUNDING: (Constitutional Amendment) Provides for allowable uses of nonrecurring revenues and provides for deposit of certain revenues into the Budget Stabilization Fund (formerly the Revenue Stabilization/Mineral Trust Fund) and restructures the allowable uses of monies in the fund

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A JOINT RESOLUTION

Proposing to amend Article VII, Section 10.3 of the Constitution of Louisiana, relative to the expenditure of state funds; to provide for allowable uses of nonrecurring revenues; to restructure and rename the "Revenue Stabilization/Mineral Trust Fund" within the state treasury; to provide for deposit of certain monies into the fund; to provide for allowable uses of monies in the fund; 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 amend Article VII, Section 10.3 of the Constitution of Louisiana, to read as follows:

1           §10.3. ~~Revenue Budget Stabilization/Mineral Trust~~ Fund

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

6           (1) All money available for appropriation from the state general  
7 fund and dedicated funds in excess of the expenditure limit, except  
8 funds allocated by Article VII, Section 4, Paragraphs (D) and (E), shall  
9 be deposited in the fund.

10           (2)~~(a)~~ ~~After July 1, 1991~~ All revenues received in each fiscal  
11 year by the state in excess of seven hundred fifty million dollars,  
12 hereinafter referred to as the base, as a result of the production of or  
13 exploration for minerals, hereinafter referred to as mineral revenues,  
14 including severance taxes, royalty payments, bonus payments, or  
15 rentals, and excluding such revenues received by the state as a result of  
16 grants or donations when the terms or conditions thereof require  
17 otherwise and revenues derived from any tax on the transportation of  
18 minerals, shall be deposited in the fund after the following allocations  
19 of said mineral revenues have been made:

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

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

24           ~~(c)~~ (iii) As provided by the requirements of Article VII, Section  
25 10-A and 10.1 of this constitution.

26           (b) The base may be increased every ten years beginning in the  
27 year 2000 by a law enacted by two-thirds of the elected members of

1 each house of the legislature. Any such increase shall not exceed fifty  
2 percent in the aggregate of the increase in the consumer price index for  
3 the immediately preceding ten years.

4 (3) Notwithstanding any provision of this constitution to the  
5 contrary, twenty-five percent of any money designated in the official  
6 forecast as nonrecurring as provided in Article VII, Section 10(D)(2)  
7 of this constitution shall be deposited in and credited to the fund.

8 (4) Any money appropriated to the fund by the legislature  
9 including any appropriation to the fund from money designated in the  
10 official forecast as provided in Article VII, Section 10(D)(2) of this  
11 constitution shall be deposited in the fund.

12 (5) The balance in the fund from deposits as provided in this  
13 Paragraph shall not at any time exceed five percent of the official  
14 forecast for the previous fiscal year. At such time as the balance in the  
15 fund is equal to five percent of the official forecast for the previous  
16 fiscal year, deposits shall cease to be made to the fund as provided in  
17 this Paragraph. If the balance in the fund from deposits as provided in  
18 this Paragraph becomes less than five percent of the official forecast for  
19 the previous fiscal year, deposits to the fund shall commence as  
20 provided in this Paragraph.

21 (B) Money in the fund shall be invested as provided by law.  
22 Earnings realized in each fiscal year on the investment of monies in the  
23 fund shall be deposited to the credit of the fund. The money in the  
24 fund shall not be available for appropriation except under the following  
25 conditions:

26 (1)(a) If the official forecast for a fiscal year is less than  
27 ~~revenues received by the state in~~ the official forecast for the preceding

1 fiscal year, the difference, not to exceed one-third of the fund, may be  
2 incorporated into the official forecast only after the consent of  
3 two-thirds of the elected members of each house of the legislature. If  
4 the legislature is not in session, the two-thirds requirement may be  
5 satisfied upon obtaining the written consent of two-thirds of the elected  
6 members of each house of the legislature in a manner provided by law.

7 ~~(2)~~ (b) If a deficit for the current fiscal year is projected due to  
8 a decrease in the official forecast, an amount equal to one-third of the  
9 fund not to exceed the projected deficit may be appropriated after the  
10 consent of two-thirds of the elected members of each house of the  
11 legislature. Between sessions of the legislature the appropriation may  
12 be made only after the written consent of two-thirds of the elected  
13 members of each house of the legislature.

14 ~~(3)~~ (c) In no event shall the amount included in the official  
15 forecast for the next fiscal year plus the amount appropriated in the  
16 current fiscal year exceed one-third of the fund balance at the  
17 beginning of the current fiscal year.

18 ~~(4)~~ (3) The legislature may annually appropriate earnings  
19 realized on investment of monies in the fund but only for the following  
20 purposes: first, to provide for payments against the annual amortization  
21 of the unfunded accrued liability of the public retirement systems  
22 which are in addition to any payments required for the annual  
23 amortization of the unfunded accrued liability of the public retirement  
24 systems, required by Article X, Section 29 of this constitution,  
25 however, any such payment to the public retirement systems shall not  
26 be used, directly or indirectly, to fund cost-of-living increases for such  
27 systems, and for such further payments against the unfunded accrued

1           ~~liability as the legislature may provide; second, to provide for the~~  
2           ~~retirement in advance of maturity through redemption, purchase, or~~  
3           ~~repayment of state debt. and third, after satisfying the above~~  
4           ~~requirements, as provided by law.~~

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

10          Section 2. Be it further resolved that this proposed amendment shall be  
11          submitted to the electors of the state of Louisiana at the congressional primary  
12          election to be held in 1998.

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

17                 To change the name of the "Revenue Stabilization/Mineral  
18                 Trust Fund" within the state treasury to the "Budget  
19                 Stabilization Fund"; to provide that the fund shall also receive  
20                 twenty-five percent annually of any nonrecurring revenue of the  
21                 state and any monies appropriated to the fund by the legislature;  
22                 provides that the principal in the fund cannot exceed five  
23                 percent of the official forecast of the Revenue Estimating  
24                 Conference; to provide that a portion of the fund may be made  
25                 available for appropriation when the official forecast of the  
26                 Revenue Estimating Conference decreases and places limits on  
27                 such appropriations; limits appropriation of interest earnings to

- 1                   make essential payments to reduce the unfunded accrued  
 2                   liability of public retirement systems and for retirement of state  
 3                   debt. (Amends Article VII, Section 10.3)
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DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument.

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Downer, et al.

HB No. 873

Present constitution establishes a Revenue Stabilization/Mineral Trust Fund for surplus funds in excess of the expenditure limit and for all mineral revenues in excess of \$750 million except as otherwise provided by the constitution. Permits appropriation from the fund by a two-thirds vote of the legislature only for the difference between the official forecast and revenues received in the previous fiscal year, or for the decrease in the official forecast during the fiscal year, and then not to exceed 1/3 of the fund in any fiscal year. Permits appropriations of interest earned by the fund only for the following purposes:

- (1) The annual amortization of retirement fund debt, and payments on such debt in excess of annual amortization.
- (2) The advance of retirement of state debt.
- (3) After satisfying the above requirements, for purposes provided by law.

Proposed constitutional amendment renames the fund as the "Budget Stabilization Fund" and makes the following changes:

- (1) Provides that monies appropriated to the fund by the legislature and 25% of nonrecurring revenues as designated by the Revenue Estimating Conference be deposited into the fund.
- (2) Provides that appropriations from the fund can be made only as follows:
  - (a) One-third of the balance in the fund may be incorporated in the official forecast as available for appropriation if the official forecast for that year is less than the official forecast for the preceding year. This action would require a two-thirds vote of the legislature.
  - (b) Interest earnings can only be appropriated for additional payments to reduce the unfunded accrued liability of statewide public retirement systems and for retiring state debt.

- (3) The corpus of the fund cannot exceed 5% of the official forecast of the Revenue Estimating Conference at any one point in time.

Provides for submission of the proposed amendment to the voters at the congressional primary election in 1998.

(Amends Const. Art. VII, 10.3)