

Regular Session, 1997

HOUSE BILL NO. 873

BY REPRESENTATIVES DOWNER, ALARIO, R. ALEXANDER, BARTON, CRANE, DANIEL, DEWITT, DEVILLE, DIMOS, DONELON, DUPRE, FLAVIN, HEBERT, JETSON, JOHNS, LEBLANC, LONG, MCDONALD, MCMAINS, MICHOT, RIDDLE, 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, Sections 10(B) and (D)(2) and 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 establish certain accounts within the fund; 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

1 manner provided by law, a proposal to amend Article VII, Sections 10(B) and  
2 (D)(2) and 10.3 of the Constitution of Louisiana, to read as follows:

3 §10. Expenditure of State Funds

4 Section 10.

5 \* \* \*

6 (B) Official Forecast. The conference shall prepare and publish  
7 initial and revised estimates of money to be received by the state  
8 general fund and dedicated funds for the current and next fiscal years  
9 which are available for appropriation. In each estimate, the conference  
10 shall designate the money in the estimate which is recurring and which  
11 is nonrecurring. All conference decisions to adopt these estimates shall  
12 be by unanimous vote of its members. Changes to the unanimous vote  
13 requirement shall be made by law enacted by a favorable vote of  
14 two-thirds of the elected members of each house. The most recently  
15 adopted estimate of money available for appropriation shall be the  
16 official forecast.

17 \* \* \*

18 (D) Appropriations.

19 \* \* \*

20 (2) Except as otherwise provided in this constitution, the  
21 appropriation or allocation of any money designated in the official  
22 forecast as nonrecurring shall be made only for the purpose following  
23 purposes:

24 (a) ~~of Retiring or for the~~ defeasance of bonds in advance and in  
25 addition to the existing amortization requirements of the state.



1 including severance taxes, royalty payments, bonus payments, or  
2 rentals, and excluding such revenues received by the state as a result of  
3 grants or donations when the terms or conditions thereof require  
4 otherwise and revenues derived from any tax on the transportation of  
5 minerals, shall be deposited in the fund after the following allocations  
6 of said mineral revenues have been made:

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

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

11 ~~(c)~~ (iii) As provided by the requirements of Article VII, Section  
12 10-A and 10.1 of this constitution.

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

18 (3) Twenty-five percent of any money designated in the official  
19 forecast as nonrecurring as provided in Article VII, Section 10(D)(2)  
20 of this constitution shall be deposited in and credited to the fund.

21 (4) Out of the funds remaining in the Bond Security and  
22 Redemption Fund after a sufficient amount is allocated from that fund  
23 to pay all obligations secured by the full faith and credit of the state  
24 which become due and payable within any fiscal year as required by  
25 Article VII, Section 9(B) of this constitution, the treasurer shall deposit  
26 in the fund one-half of the net revenues received by the state in each

1           fiscal year from gaming activities conducted at the official gaming  
2           establishment as defined by law until such time as one hundred fifty  
3           million dollars of such net revenues in the aggregate have been  
4           deposited in the fund; thereafter all of such net revenues received by  
5           the state shall be deposited in the fund.

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

10                   (B) Money in the fund shall be invested as provided by law.  
11           Earnings realized in each fiscal year on the investment of monies in the  
12           fund shall be deposited to the credit of the fund. All unexpended and  
13           unencumbered monies in the fund at the end of the fiscal year shall  
14           remain in the fund.

15                   (C)(1) There shall be established within the fund the Revenue  
16                   Reserve Account and the Fiscal Responsibility Account. Money  
17                   deposited in the fund shall be credited to the accounts as provided in  
18                   this Paragraph.

19                   (2) Deposits made to the fund shall be credited to the Revenue  
20                   Reserve Account until the balance in the account is equal to seven  
21                   percent of the official forecast for the previous fiscal year. The balance  
22                   in the account shall not at any time exceed seven percent of the official  
23                   forecast for the previous fiscal year. If the balance in the account  
24                   becomes less than seven percent of the official forecast for the previous  
25                   fiscal year, deposits to the fund shall commence to be credited to the  
26                   account as provided in this Paragraph.

1           (3) Deposits made to the fund which are not credited to the  
2           Revenue Reserve Account as provided in this Paragraph shall be  
3           credited to the Fiscal Responsibility Account.

4           (4) If the balance in the Revenue Reserve Account at the  
5           beginning of a fiscal year is less than seven percent of the official  
6           forecast for the preceding fiscal year, unencumbered monies in the  
7           Fiscal Responsibility Account shall be credited to the Revenue Reserve  
8           Account until the balance in the Revenue Reserve Account is equal to  
9           seven percent of the official forecast for the preceding fiscal year.

10           (D) The money in the fund Revenue Reserve Account shall not  
11           be available for appropriation or use except under the following  
12           conditions:

13           (1)(a) If the official forecast of recurring money for a the next  
14           fiscal year is less than ~~revenues received by the state in~~ the official  
15           forecast of recurring money for the preceding current fiscal year, the  
16           difference, not to exceed one-third of the ~~fund may~~ account shall be  
17           incorporated into the official forecast only after the consent of  
18           two-thirds of the elected members of each house of the legislature. If  
19           the legislature is not in session, the two-thirds requirement may be  
20           satisfied upon obtaining the written consent of two-thirds of the elected  
21           members of each house of the legislature in a manner provided by law.

22           ~~(2)~~ (b) If a deficit for the current fiscal year is projected due to  
23           a decrease in the official forecast, an amount equal to one-third of the  
24           ~~fund~~ account not to exceed the projected deficit may be appropriated  
25           after the consent of two-thirds of the elected members of each house of  
26           the legislature. Between sessions of the legislature the appropriation

1           may be made only after the written consent of two-thirds of the elected  
2           members of each house of the legislature.

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

7           ~~(4)~~ (2) ~~The legislature may annually appropriate earnings~~  
8           ~~realized on investment of monies in the fund~~ The money in the Fiscal  
9           Responsibility Account may be appropriated but only for the following  
10          purposes:

11          (a) first, To provide for payments against the annual  
12          ~~amortization~~ of the unfunded accrued liability of the public retirement  
13          ~~systems which are in addition to any payments required for the annual~~  
14          ~~amortization of the unfunded accrued liability of the public retirement~~  
15          ~~systems, required by Article X, Section 29 of this constitution,~~  
16          ~~however, any such payment to the public retirement systems shall not~~  
17          ~~be used, directly or indirectly, to fund cost-of-living increases for such~~  
18          ~~systems, and for such further payments against the unfunded accrued~~  
19          ~~liability as the legislature may provide; second,~~

20          (b) To provide for the retirement in advance of maturity through  
21          ~~redemption, purchase, or repayment of state debt~~ retiring or defeasance  
22          of bonds in advance and in addition to the existing amortization  
23          ~~requirements of the state, and third, after satisfying the above~~  
24          ~~requirements, as provided by law.~~

25          (c) To provide for funding for capital outlay projects in the  
26          comprehensive state capital budget.

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

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

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

13                To change the name of the "Revenue Stabilization/Mineral  
14                Trust Fund" within the state treasury to the "Budget  
15                Stabilization Fund"; to provide that the fund shall also receive  
16                twenty-five percent annually of any nonrecurring revenue of the  
17                state, a portion of the net revenues received by the state from the  
18                land-based casino and any monies appropriated to the fund by  
19                the legislature; establishes a Revenue Reserve Account and a  
20                Fiscal Responsibility Account within the fund; to provide for  
21                credit of monies in the accounts; to provide that a portion of the  
22                Revenue Reserve Account may be made available for  
23                appropriation when the official forecast of the Revenue  
24                Estimating Conference decreases and places limits on such  
25                appropriations; provides that nonrecurring revenues and certain  
26                revenues in the Fiscal Responsibility Account may be

1                   appropriated for retirement of state debt, payments to reduce the  
2                   unfunded accrued liability of the public retirement systems, and  
3                   for capital outlays. (Amends Article VII, Section 10(B) and  
4                   (D)(2) and 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 (REC) and a portion of revenues from the land-based casino be deposited into the fund. Net revenues received from the land-based casino shall be deposited as follows: 50% of such revenues until \$150 million has been deposited into the fund; 100% thereafter.
- (2) Establishes within the fund a Revenue Reserve Account and a Fiscal Responsibility Account. Provides that monies deposited in the fund be credited to the Revenue Reserve Account until the balance in that account is equal to seven percent of the official forecast of the Revenue Estimating Conference. At such time, and until the balance falls below that amount, deposits are credited to the Fiscal Responsibility Account.

- (3) Provides that appropriations from the Revenue Reserve Account can be made only as follows:
- (a) Permits appropriation from the account 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.
  - (b) These actions would require a 2/3 vote of the legislature.
- (4) Balances in the Fiscal Responsibility Account can only be appropriated for additional payments to reduce the unfunded accrued liability of statewide public retirement systems, for retiring state debt, and for making capital outlays.

Proposed constitutional amendment provides that nonrecurring revenues can be appropriated or used for making allocations or appropriations to the Budget Stabilization Fund, making additional payments to reduce the unfunded accrued liability of statewide public retirement systems, for retiring state debt, and for making capital outlays.

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

(Amends Const. Art. VII, §§10(B) and (D)(2) and 10.3)

Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Appropriations to the original bill.

1. Adds allowable uses of nonrecurring revenues.
2. Adds land-based casino revenues to funds for deposit in the fund.
3. Establishes two accounts within the fund and provides for credit of monies to the accounts, use of monies in the accounts, and size of accounts.