

Regular Session, 1997

HOUSE BILL NO. 873

BY REPRESENTATIVES DOWNER, ALARIO, R. ALEXANDER, BARTON, BRUNEAU, CRANE, DANIEL, DEWITT, DEVILLE, DIMOS, DONELON, DUPRE, FLAVIN, FRITH, HEBERT, JETSON, JOHNS, KENNEY, LANCASTER, LEBLANC, LONG, MCDONALD, MCMAINS, MICHOT, RIDDLE, SCALISE, JOHN SMITH, STELLY, THOMPSON, TRICHE, WIGGINS, CLARKSON, FRUGE, WRIGHT, POWELL, STRAIN AND THOMAS 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 as the Budget Stabilization Fund; to provide for deposit of certain monies into the fund; to provide for a maximum balance in 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) Retiring or for the defeasance of bonds in advance or 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) Any money appropriated to the fund by the legislature
22 including any appropriation to the fund from money designated in the
23 official forecast as provided in Article VII, Section 10(D)(2) of this
24 constitution shall be deposited in the fund.

1 (B) Money in the fund shall be invested as provided by law.
2 Earnings realized in each fiscal year on the investment of monies in the
3 fund shall be deposited to the credit of the fund. All unexpended and
4 unencumbered monies in the fund at the end of the fiscal year shall
5 remain in the fund.

6 (C) The money in the fund shall not be available for
7 appropriation or use except under the following conditions:

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

17 (2) If a deficit for the current fiscal year is projected due to a
18 decrease in the official forecast, an amount equal to one-third of the
19 fund not to exceed the projected deficit may be appropriated after the
20 consent of two-thirds of the elected members of each house of the
21 legislature. Between sessions of the legislature the appropriation may
22 be made only after the written consent of two-thirds of the elected
23 members of each house of the legislature.

24 (3) In no event shall the amount included in the official forecast
25 for the next fiscal year plus the amount appropriated in the current

1 fiscal year exceed one-third of the fund balance at the beginning of the
2 current fiscal year.

3 (4) No appropriation or deposit to the fund shall be made if
4 such appropriation or deposit would cause the balance in the fund to
5 exceed four percent of total state revenue receipts for the previous
6 fiscal year.

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

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

14 To change the name of the "Revenue Stabilization/Mineral
15 Trust Fund" within the state treasury to the "Budget
16 Stabilization Fund"; to provide that the fund shall also receive
17 twenty-five percent annually of any nonrecurring revenue of the
18 state and any monies appropriated to the fund by the legislature;
19 to provide that up to one-third of the balance in the fund may be
20 appropriated or incorporated into the official forecast of the
21 Revenue Estimating Conference but only when a deficit for a
22 fiscal year is projected or when the forecast for a succeeding
23 year is less than the forecast for the current year and then only
24 if approved by a two-thirds vote of both houses of the
25 legislature; provides that nonrecurring revenues may also be
26 appropriated for retirement of state debt, payments to reduce the

1 unfunded accrued liability of the public retirement systems, and
2 for capital outlays. (Amends Article VII, Section 10(B) and
3 (D)(2) and 10.3)

DIGEST

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

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.

Proposed constitutional amendment provides that any nonrecurring revenue or money in the Fiscal Responsibility Account appropriated to retire debt must be appropriated pursuant to a plan proposed by the state bond commission which plan maximizes the savings to the state. Any savings of debt service in the succeeding fiscal year from such appropriation is deemed nonrecurring revenue.

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.

House Floor Amendments to the Reengrossed Bill

1. Provides that appropriations for debt reduction be made pursuant to a plan proposed by the State Bond Commission and

that any savings of such debt service in the succeeding fiscal year shall be nonrecurring revenue.