

CONFERENCE COMMITTEE REPORT DIGEST

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, and Wright and Senator Ewing

Digest of Bill as Finally Passed by the House

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 the Senate

Senate Committee Amendments Proposed by Senate Committee on Finance to the Re-reengrossed Bill.

1. Changes new name of fund to the Louisiana Stabilization Fund.
2. Relative to the appropriation or allocation of nonrecurring revenues:
 - (a) Provides for appropriation of a minimum of 25% to the fund instead of an automatic deposit of 25% with any additional amounts by appropriation.
 - (b) Deletes authorization to fund capital outlay projects.
3. Deletes provisions relative to depositing land based casino revenues in the fund.
4. Places cap on fund as 4% of total state revenues for previous fiscal year.
5. Deletes establishment of accounts within the fund.
6. Makes certain technical changes in mechanisms for taking monies out of the fund.

Digest of Bill as Proposed by Conference Committee

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) be deposited into the fund.
- (2) Provides that the fund be capped at 4% of total state revenues for the previous fiscal year.
- (3) Provides that monies in the fund can be appropriated or incorporated in the official forecast under the following conditions:
 - (a) If the official forecast of recurring revenue for the next fiscal year is less than the official forecast for the current year, the difference, not to exceed 1/3 of the fund, may be incorporated into the next year's official forecast if approved by a 2/3 vote of the legislature.
 - (b) If a deficit for the current fiscal year is projected due to a decrease in the official forecast, an amount equal to one third of the fund, not to exceed the projected deficit, may be appropriated if approved by a 2/3 vote of the legislature.
 - (c) The sum of appropriations and amounts incorporated in the official forecast cannot exceed 1/3 of the balance in the fund.

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)