



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 81** HLS 15RS 302
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 24, 2015	2:12 PM	Author: CARMODY
Dept./Agy.:		Analyst: Greg Albrecht
Subject: Increase Base Threshold for Stabilization Fund Deposits		

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Increases the mineral revenue base for the Budget Stabilization Fund and dedicates the additional revenue to higher education and transportation

Current law provides for mineral revenues in excess of a base level to be deposited into the Budget Stabilization Fund. The current base is \$850 million dollars.

Proposed law increases the base amount to \$940,715,000. Creates the Better Highways and Higher Education Fund to receive recurring mineral revenue between \$850 million and the new base amount established by this bill, after existing constitutional allocations of mineral revenue are made. The new Fund can also receive grants, donations, and proceeds from any tax on the transportation of minerals. The money in the Fund shall be appropriated each year to the Transportation Trust Fund (50%) exclusively for the Highway Priority Program, and to the state's higher education institutions based on a plan and formula approved by the Board of Regents.

Effective July 1, 2015.

EXPENDITURES	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$4,400,000	\$7,200,000	\$9,300,000	\$20,900,000
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$0	\$0	\$4,400,000	\$7,200,000	\$9,300,000	\$20,900,000

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION


Currently, mineral revenue received by the state (severance tax, royalty receipts, bonus payments, and rental payments) is first allocated to parish severance and royalty distributions, as provided by Art VII §4(D) and (E). Then the next \$850 million flows to the state general fund. Excess amounts are subject to deposit into the Budget Stabilization Fund, up to the annually calculated maximum allowed balance of the Fund. Currently, until July 1, 2017, any excess amounts are flowing to the SGF pursuant to RS 39:94(C)(4)(b).

Based on the May 2015 official revenue forecasts, there is no expected excess mineral revenue above the current \$850 million base for FY16 or FY17. Thus, the higher base amount provided by this bill has no effect. If there were an expectation of excess mineral revenue, it would be flowing to the SGF under current law in FY16 and FY17, and this bill would be diverting it from the SGF (up to \$90.715 million) and dedicating it to the TTF and higher education.

In FY18, FY19, and FY20 there is \$4.4 million, \$7.2 million, and \$9.3 million of excess mineral revenue expected, respectively. This bill does affect those years because in the absence of this bill, those entire amounts would be subject to deposit into the Budget Stabilization Fund. This bill will redirect those amounts to the newly created Better Highways and Higher Education Fund (shown in the table above) rather than the Budget Stabilization Fund (not shown in the table above).

Note: Current law allows the base amount to be increased every ten years beginning in the year 2014. The increase can not exceed 50% of the increase in the consumer price index for the immediately preceding ten years. That calculation would allow for an increase in the base amount to \$957.6 million.

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| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 Rev. Red. to State {H & S} |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} | |


John D. Carpenter
 Legislative Fiscal Officer