

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 629** HLS 14RS 1197
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: March 14, 2014 10:46 AM	Author: ST. GERMAIN
Dept./Agy.: Transportation	Analyst: Greg Albrecht
Subject: Mineral Revenue Dedication To TTF	

FUNDS/FUNDING OR -\$42,000,000 GF RV See Note Page 1 of 1
 (Constitutional Amendment) Provides for the deposit of revenues into the Transportation Trust Fund

The bill allocates \$50 million per year of mineral revenue to the Transportation Trust Fund (TTF) for ten years, starting with FY16 and ending in FY25. This allocation would come after the other constitutional allocations are made to the Bond Security & Redemption Fund, the parish severance tax and royalty distributions, the Conservation Fund, and the 8g fund, and after the state general fund receives the base amount associated with the Budget Stabilization Fund. Of mineral revenues collected in excess of these amounts, the first \$50 million would be allocated to the TTF. Monies deposited into the TTF may be expended as all other TTF resources are expended. If a state infrastructure bank is established in law, these monies shall capitalize the bank.

To be submitted at the statewide election held on November 4, 2014.

EXPENDITURES	2014-15	2015-16	2016-17	2017-18	2018-19	5 -YEAR TOTAL
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>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2014-15	2015-16	2016-17	2017-18	2018-19	5 -YEAR TOTAL
State Gen. Fd.	\$0	(\$42,000,000)	(\$58,000,000)	(\$50,000,000)	(\$50,000,000)	(\$200,000,000)
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$50,000,000	\$50,000,000	\$50,000,000	\$50,000,000	\$200,000,000
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>	\$0
Annual Total	\$0	\$8,000,000	(\$8,000,000)	\$0	\$0	\$0

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

Under current law and the latest official forecast for FY16, mineral revenue collections (\$1.344 billion) first support the parish severance and royalty allocations (\$95.6 million). The next \$850 million of collections support the state general fund (this is the base amount referred to above). This leaves \$398 million of excess mineral revenue in FY16, of which, \$356 million is currently expected to flow into the Budget Stabilization Fund (Act 420 of 2013), and \$42 million would remain to flow into the state general fund. This bill would place its \$50 million allocation to the TTF ahead of the flow into the Budget Stabilization Fund. After this new flow into the TTF, \$348 million would remain to flow into the Budget Stabilization Fund and the state general fund. However, the Budget Stabilization Fund can accept \$356 million before its maximum balance is reached. Thus, all the remaining \$348 million of mineral revenue would then flow into the Budget Stabilization Fund, and the state general fund would receive none of the \$42 million currently expected. At that point all mineral revenue collections would be allocated. The table above depicts the new deposit to the TTF, and its effective financing by the state general fund (with the \$8 million difference essentially reflecting financing by less of a flow into the Budget Stabilization Fund than expected under current law).

For FY17, forecasted mineral revenue (\$1.327 billion) would be allocated to the parishes first (\$95 million), then the next \$850 million to the state general fund. This leaves \$382 million of excess mineral revenue, of which, \$50 million would flow into the TTF and \$8 million would flow into the Budget Stabilization Fund to reach its maximum balance. This would leave \$324 million to support the state general fund. However, under current law, all \$382 million of excess mineral revenue would flow into the state general fund since the Budget Stabilization Fund would have been filled to its maximum in FY16 requiring no FY17 funds, and no dedication to the TTF from mineral revenue would exist. Thus, the bill reduces expected state general fund receipts in FY17 by \$58 million while it directs another \$50 million into the TTF.

For FY18, FY19, and subsequent years through FY25, the Budget Stabilization Fund is presumed filled to its maximum and the bill's \$50 million dedication to the TTF is funded entirely by the state general fund. The Conservation Fund and 8(g) Fund are not affected by the bill as they have their own revenue flows, and are not included in the revenue flows discussed above. The maximum balance of the Budget Stabilization Fund is recalculated each year and forecasts of mineral revenue will change, as well. Thus, specific affected amounts in each fiscal will differ from those above.

- | | | | |
|--|----------------------------|-------|--|
| Senate | <u>Dual Referral Rules</u> | House | <input checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | | | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 State Rev. Reduc. {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