



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 629** HLS 14RS 1197
 Bill Text Version: **RE-REENGROSSED**
 Opp. Chamb. Action: **w/ SEN COMM AMD**
 Proposed Amd.:
 Sub. Bill For.:

Date: May 29, 2014 6:49 PM	Author: ST. GERMAIN
Dept./Agy.:	Analyst: Greg Albrecht
Subject: Mineral Revenue Dedications To Stabilization Accounts	

FUNDS/FUNDING RR1 SEE FISC NOTE GF RV Page 1 of 1
 (Constitutional Amendment) Provides for the deposit of revenues into the Transportation Trust Fund

The bill creates a Transportation Stabilization Account and a Budget Stabilization Account within the existing Budget Stabilization Fund, renamed the Budget and Transportation Stabilization Fund. Mineral revenue in excess of the thresholds in current law (roughly \$950 million) are first deposited to the Budget Account, until that account's balance is increased in stages to \$600 million by FY18. Then that maximum balance is adjusted annually by an inflation factor determined by the Revenue Estimating Conference. In FY18, \$100 million of excess mineral revenue is to be deposited into the Transportation Account, then no deposits are made in FY19, and then \$50 million per year is deposited until \$500 million has been deposited. The treasurer is to transfer up to \$50 million per year to the Transportation Trust Fund. If an infrastructure bank is established, these monies shall capitalize the bank. If monies are withdrawn from the Budget Account, as authorized in current law, no deposits to the Stabilization Fund as a whole shall occur in the fiscal year for which the withdrawal is utilized or in the ensuing fiscal year. To be submitted at the statewide election held on November 4, 2014.

EXPENDITURES	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</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>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$90,000,000	\$0	\$90,000,000
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	(\$90,000,000)	\$0	(\$90,000,000)
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	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

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


REVENUE EXPLANATION

Under the latest official revenue forecast adopted May 19, 2014, \$25 million is expected to be deposited into the Budget Stabilization Fund in each of the next three fiscal years (FY15 - FY17), and \$270 million is expected to be deposited in FY18. Under this bill, the already anticipated \$25 million per year deposits would be made into the Budget Stabilization Account in FY15 - FY17, and then an \$80 million deposit would be made in FY18, bringing its balance up to the maximum balances specified in the bill for each year (\$470 million FY15, \$495 million FY16, \$520 million FY17, and \$600 million FY18). At that point, the Budget Stabilization Account maximum balance of \$600 million would be adjusted each year for inflation, as determined by the REC.

In FY18, \$100 million of mineral revenue in excess of the thresholds in current law (roughly \$950 million) would be deposited into the Transportation Stabilization Account. No deposit would be made in FY19, and then \$50 million per year would be deposited, so long as sufficient mineral revenue is received by the state each year as currently anticipated in the official forecast, until a total of \$500 million has been deposited. These deposits are transferred to the Transportation Trust Fund each year or would be used to capitalize an infrastructure bank, should one be established.

The fiscal effect of the bill is summarized in the table above. For FY15 - FY17 there is no effect relative to the current official forecast, since the \$25 million per year deposits to the Budget Stabilization Account are already anticipated in the forecast (as deposits to the Budget Stabilization Fund). For FY18, the official forecast already anticipates a \$270 million loss to the general fund as a deposit that would be made to the Budget Stabilization Fund. This bill makes a \$100 million deposit to the Transportation Account and an \$80 million deposit to the Budget Account (filling it to its maximum). This leaves \$90 million to be retained by the SGF and not to be deposited to the Budget Stabilization Fund. For FY19, the official forecast anticipates no SGF diversions since the Budget Stabilization Fund would have been filled at that point, and this bill would make no deposit to the Transportation Account in that year. From FY20, the bill would deposit \$50 million per year of SGF revenue into the Transportation Account, and continues to do so each year until a total of \$500 million of deposits have been made (by 2027). Specific amounts in each year from FY18 can differ from those discussed above depending upon the availability of excess mineral revenue and the inflation adjustment applied to the Budget Stabilization Account.

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| <input type="checkbox"/> Senate | <input type="checkbox"/> <u>Dual Referral Rules</u> | <input type="checkbox"/> House |
| <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 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