

HOUSE SUMMARY OF SENATE AMENDMENTS

House Bill No. 629 by Representative St. Germain

FUNDS/FUNDING: (Constitutional Amendment) Provides for the deposit of certain mineral revenues

Synopsis of Senate Amendments

1. Renames the "Budget Stabilization Fund" the "Budget and Transportation Stabilization Fund", and establishes two accounts within the fund: the Budget Stabilization Account and the Transportation Stabilization Account.
2. Adds a limitation on the deposit of mineral revenues into the Budget and Transportation Stabilization Fund which is based upon the amount necessary to bring the balance in the Budget Stabilization Account to a certain threshold, as follows:
 - FY2015, deposits are allowed until the balance equals \$470 million;
 - FY2016, deposits are allowed until the balance equals \$495 million;
 - FY2017, deposits are allowed until the balance equals \$520 million;
 - FY2018, and thereafter, deposits are allowed until the balance equals \$600 million, such amount to be annually adjusted for inflation as determined by the Revenue Estimating Conference.
3. Provides that monies in the Budget Stabilization Account shall be used in accordance with present constitution for the Budget Stabilization Fund.
4. Adds provisions for the deposit of monies into the Transportation Stabilization Account after the balance of the Budget Stabilization Account reaches \$600 million as adjusted by inflation, as follows:
 - FY2018, up to \$100 million;
 - FY2019, no deposit;
 - FY2020 and each fiscal year thereafter, deposits of up to \$50 million until \$500 million has been deposited into the account.
5. Adds provisions for the annual transfer of monies from the Transportation Stabilization Account to the Transportation Trust Fund beginning FY2019 in amounts up to \$50 million per year. Monies may be used in the same manner as other monies in the Transportation Trust Fund, with the exception that no monies shall be used for state police, and with the exception that if a state infrastructure bank is established by law, then such monies may be used for capitalization of the bank.
6. Adds prohibition on the deposit of excess mineral revenues into the Budget and Transportation Stabilization Fund, except by specific legislative appropriation, under certain circumstances when monies in the fund have either been appropriated or incorporated into an official forecast.
7. Deletes provisions for the annual deposit of \$50 million per year of excess mineral revenues into the Transportation Trust Fund.
8. Adds direction for the state treasurer to transfer any unexpended, unencumbered balance in the Budget Stabilization Fund to the Budget and Transportation Stabilization Fund.

Digest of Bill as Finally Passed by Senate

Present constitution establishes the Budget Stabilization Fund and requires the deposit of mineral revenues in excess of \$750 million (base amount) which are derived from the production of or exploration for minerals (mineral revenue), including severance taxes, royalty payments, bonus payments, or rentals, and excluding revenues designated as nonrecurring pursuant to Article VII, Section 10(B) of the constitution, revenues received by the state as a result of grants or donations when the terms or conditions of the grant require otherwise, and revenues derived from any tax on the transportation of minerals, such deposit to be made after the following allocations of said mineral revenues have been made:

- (1) To the Bond Security and Redemption Fund as provided by Article VII, Section 9 (B) of present constitution.
- (2) To the political subdivisions of the state as provided in Article VII, Sections 4 (D) and (E) of present constitution.
- (3) As provided by the requirements of Article VII, Section 10-A and 10.1 of present constitution.

Present constitution authorizes an increase in the base amount for deposits into the Budget Stabilization Fund every 10 years beginning in 2000 by a law enacted by two-thirds of the elected members of each house of the legislature. Present law provides that the base amount is \$850 million.

Present constitution provides that monies in the Budget Stabilization Fund are available exclusively for use in the case of an existing or projected budget deficit.

Proposed constitutional amendment changes the name of the Budget Stabilization Fund to the Budget and Transportation Stabilization Fund.

Proposed constitutional amendment creates the Budget Stabilization Account and the Transportation Stabilization Account within the Budget and Transportation Stabilization Fund and provides for allocations of mineral revenues to the accounts and uses of monies in the accounts.

Proposed constitutional amendment limits the deposit of mineral revenues into the Budget and Transportation Stabilization Fund based upon the amount necessary to bring the balance in the Budget Stabilization Account to a certain threshold, as follows:

FY2015, deposits are allowed until the balance equals \$470 million;
 FY2016, deposits are allowed until the balance equals \$495 million;
 FY2017, deposits are allowed until the balance equals \$520 million;
 FY2018, and thereafter, deposits are allowed until the balance equals \$600 million, such amount to be annually adjusted for inflation as determined by the Revenue Estimating Conference beginning FY2019.

Proposed constitutional amendment adds provisions for the deposit of mineral revenues into the Transportation Stabilization Account after the balance of the Budget Stabilization Account reaches \$600 million as adjusted for inflation, as follows:

FY2018, up to \$100 million;
 FY2019, no deposit;
 FY2020 and each fiscal year thereafter, deposits of up to \$50 million until \$500 million has been deposited into the account.

Proposed constitutional amendment adds provisions for the transfer of up to \$50 million per year from the Transportation Stabilization Account to the Transportation Trust Fund. Such monies shall be used for planning, design, construction, and maintenance connected with the state highway program and the capitalization of a state infrastructure bank. Monies shall not be used for support of state police.

Present constitution prohibits any appropriations or deposits into the fund which would cause the balance in the Budget Stabilization Fund to exceed 4% of state revenue receipts.

Proposed constitutional amendment retains present constitution restrictions for certain deposits, but for mineral revenues, prohibits the deposit of such mineral revenues into the Budget Stabilization and Transportation Fund, except by specific legislative appropriation, under the following circumstance: if at any time mineral revenues exceed the "base" amount required to be deposited into the fund as provided in present constitution, and monies in the Budget and Transportation Stabilization Fund have been appropriated or incorporated into the revenue forecast, then no deposit shall be made in either the fiscal year for which such monies were appropriated or incorporated into the official forecast or in the ensuing fiscal year.

Directs the state treasurer, upon the effective date of the proposition, to transfer any unexpended, unencumbered balance in the Budget Stabilization Fund, including interest and principal, to the Budget and Transportation Stabilization Fund as provided by proposed constitutional amendment.

Provides for submission of the proposed amendment to the voters at the statewide election to be held November 4, 2014.

(Amends Const Art. VII, Section 10(D)(2)(d), 10.3(A)(2)(a)(intro para), 10.5(B), and 27(A); Adds Article VII, Section 10.3(A)(2)(c) and (C)(5))