

2015 Regular Session

SENATE BILL NO. 202

BY SENATOR ADLEY

FUNDS/FUNDING. Constitutional amendment to rename the Budget Stabilization Fund to the Budget and Transportation Stabilization Trust and to provide for use of monies in the fund, including the dedication of certain monies into the Transportation Trust Fund. (2/3s CA 13s 1 (A))

1 A JOINT RESOLUTION

2 Proposing to amend Article VII, Section 10(D)(2)(d), the introductory paragraph of 10.3(A)  
3 and (A)(2)(a) and (b), 10.5(B), and 27(A), and to add Article VII, Section  
4 10.3(A)(2)(c) of the Constitution of Louisiana, to provide with respect to special  
5 treasury funds; to rename the Budget Stabilization Fund to the Budget and  
6 Transportation Stabilization Trust and to provide for its purposes; to provide for  
7 increases to the base every five years; to create the Budget Stabilization Subfund and  
8 the Transportation Stabilization Subfund in the Budget and Transportation  
9 Stabilization Trust; to provide for the deposit of certain excess mineral revenues into  
10 the Budget Stabilization Subfund, the Transportation Stabilization Subfund, and the  
11 Transportation Trust Fund; to provide for the uses of monies deposited into the  
12 funds; to specify an election for submission of the proposition to electors and provide  
13 a ballot proposition.

14 Section 1. Be it resolved by the Legislature of Louisiana, two-thirds of the members  
15 elected to each house concurring, that there shall be submitted to the electors of the state of  
16 Louisiana, for their approval or rejection in the manner provided by law, a proposal to  
17 amend Article VII, Section 10(D)(2)(d), the introductory paragraph of 10.3(A)(2)(a) and

1 (A)(2)(b), 10.5(B), and 27(A) and to add Article VII, Section 10.3(A)(2)(c) of the  
2 Constitution of Louisiana, to read as follows:

3 §10. Expenditure of State Funds

4 Section 10.

5 \* \* \*

6 (D) Appropriations.

7 \* \* \*

8 (2) Except as otherwise provided in this constitution, the appropriation or  
9 allocation of any money designated in the official forecast as nonrecurring shall be  
10 made only for the following purposes:

11 \* \* \*

12 (d) Providing for allocation or appropriation for deposit into the Budget **and**  
13 **Transportation** Stabilization ~~Fund~~ **Trust** established in Article VII, Section 10.3 of  
14 this constitution.

15 \* \* \*

16 §10.3. Budget **and Transportation** Stabilization ~~Fund~~ **Trust**

17 Section 10.3.(A) There is hereby established in the state treasury a Budget  
18 **and Transportation** Stabilization ~~Fund~~ **Trust** hereinafter referred to as the fund.  
19 Money shall be deposited in the fund as follows:

20 \* \* \*

21 (2)(a) All revenues received in each fiscal year by the state in excess of  
22 seven hundred fifty million dollars, hereinafter referred to as the base, as a result of  
23 the production of or exploration for minerals, hereinafter referred to as mineral  
24 revenues, including severance taxes, royalty payments, bonus payments, or rentals,  
25 and excluding such revenues designated as nonrecurring pursuant to Article VII,  
26 Section 10(B) of the constitution, any such revenues received by the state as a result  
27 of grants or donations when the terms or conditions thereof require otherwise, and  
28 revenues derived from any tax on the transportation of minerals, shall be deposited  
29 in the fund **in accordance with Subsubparagraph (c) of this Paragraph** after the

1 following allocations of said mineral revenues have been made:

2 \* \* \*

3 (b) The base may be increased every ~~ten~~ **five** years beginning in the year  
4 2000 by a law enacted by two-thirds of the elected members of each house of the  
5 legislature. Any such increase shall not exceed fifty percent in the aggregate of the  
6 increase in the consumer price index for the immediately preceding ten years.

7 (c) At the beginning of each fiscal year, the monies in the Budget and  
8 Transportation Stabilization Trust as provided in Subsubparagraph (a) of this  
9 Subparagraph shall be allocated and deposited into the Budget Stabilization  
10 Subfund which is hereby established in the Budget and Transportation  
11 Stabilization Trust as a special subfund, and into the Transportation  
12 Stabilization Subfund which is hereby established in the Budget and  
13 Transportation Stabilization Trust as a special subfund, as follows:

14 (i) Beginning in Fiscal Year 2015-2016, mineral revenues in excess of the  
15 base shall be deposited in the Budget Stabilization Subfund until the balance in  
16 the fund equals and shall be maintained in the amount of five hundred million  
17 dollars.

18 (ii) Once the balance in the Budget Stabilization Subfund equals five  
19 hundred million dollars, mineral revenues shall be deposited into the  
20 Transportation Stabilization Subfund at the beginning of the next fiscal year  
21 until the balance in the Transportation Stabilization Subfund equals and shall  
22 be maintained in the amount of five hundred million dollars. Thereafter, any  
23 excess mineral revenues shall be deposited into the state general fund. The  
24 legislature may appropriate additional monies into either the Budget  
25 Stabilization Subfund or the Transportation Stabilization Subfund. Monies in  
26 the Transportation Stabilization Subfund shall be appropriated by the  
27 legislature and used solely and exclusively for planning, design, construction,  
28 and maintenance connected with the state highway program. In the event that  
29 a state infrastructure bank is established by law in the Transportation Trust

1           Subfund, an amount not to exceed fifty million dollars may be transferred to the  
2           Transportation Trust Subfund to be used for the capitalization of the state  
3           infrastructure bank.

4                   (iii) No deposit of mineral revenues shall be made as provided in Items  
5           (i) and (ii) of this Subsubparagraph in any fiscal year in which money in the  
6           fund is appropriated for use or incorporated into the official forecast as  
7           provided in Subparagraphs (C)(1) or (2) of this Section or in the ensuing fiscal  
8           year, except by specific appropriation by the legislature.

9                                           \*       \*       \*

10           §10.5. Mineral Revenue Audit and Settlement Fund

11                   Section 10.5.

12                                           \*       \*       \*

13                   (B) After making the allocations provided for in Paragraph (A), the treasurer  
14           shall then deposit in and credit to the Mineral Revenue Audit and Settlement Fund  
15           any such remaining revenues. Any revenues deposited in and credited to the fund  
16           shall be considered mineral revenues from severance taxes, royalty payments, bonus  
17           payments, or rentals for purposes of determining deposits and credits to be made in  
18           and to the Coastal Protection and Restoration Fund as provided in Article VII,  
19           Section 10.2 of this constitution. Any revenues deposited in and credited to the fund  
20           shall not be considered mineral revenues for purposes of the Budget and  
21           Transportation Stabilization Fund Trust as provided in Article VII, Section 10.3  
22           of this constitution. Money in the fund shall be invested as provided by law. The  
23           earnings realized in each fiscal year on the investment of monies in the Mineral  
24           Revenue Audit and Settlement Fund shall be deposited in and credited to the Mineral  
25           Revenue Audit and Settlement Fund.

26                                           \*       \*       \*

27           §27. Transportation Trust Fund

28                   Section 27.(A) Creation of fund. **(1)** Effective January 1, 1990, there shall  
29           be established in the state treasury as a special permanent trust fund the

1           Transportation Trust Fund ("the trust fund") in which shall be deposited the "excess  
2           revenues" as defined herein which are a portion of the avails received in each year  
3           from all taxes levied on gasoline and motor fuels and on special fuels (said avails  
4           being referred to as the "revenues") as provided herein. After satisfying pledges  
5           respecting that portion of the revenues attributable to the tax rates in effect at the  
6           time of such pledges for the payment of obligations for bonds or other evidences of  
7           indebtedness on the effective date of this Section, the treasurer shall allocate such  
8           portion of the revenues received in each year as necessary to pay all principal,  
9           interest, premium, if any, and other obligations incident to the issuance, security, and  
10          payment in respect of bonds as authorized in Paragraph (C) hereof. Thereafter, the  
11          portion of the revenues remaining shall be deposited in the Bond Security and  
12          Redemption Fund in the state treasury. After ~~(1)~~ **(a)** the payment of any obligations  
13          for bonds or other evidences of indebtedness in existence on the effective date of this  
14          Section which are secured by revenues; ~~(2)~~ **(b)** payments in respect of bonds  
15          authorized in Paragraph (C) hereof; and ~~(3)~~ **(c)** credit to the Bond Security and  
16          Redemption Fund, the treasurer shall deposit in and credit to the trust fund all of the  
17          revenues remaining (the "excess revenues") from the avails of all taxes levied on  
18          gasoline and motor fuels and on special fuels, as follows: for the fiscal year  
19          beginning July 1, 1989, the avails of twelve cents per gallon of said taxes received  
20          on and after January 1, 1990; for the fiscal year beginning on July 1, 1990, the avails  
21          of fourteen cents per gallon of said taxes; for the fiscal year beginning on July 1,  
22          1991, and thereafter, the avails of all taxes levied on gasoline and motor fuels and  
23          on special fuels. Purchases of gasoline, diesel fuel, or special fuels which are subject  
24          to excise tax under Chapter 7 of Subtitle II of Title 47 of the Louisiana Revised  
25          Statutes of 1950 shall be exempt from the state sales tax and any sales tax levied by  
26          a political subdivision as defined by Article VI, Section 44(2) **of the Constitution**  
27          **of Louisiana**. All monies appropriated by the Federal Highway Administration and  
28          the Federal Aviation Administration, or their successors, either reimbursed or paid  
29          directly, shall be paid directly or deposited in and credited to the trust fund.

1                   **(2) In the event that monies are transferred to the trust fund from the**  
2                   **Transportation Stabilization Subfund in the Budget and Transportation**  
3                   **Stabilization Trust, such monies shall be expended and used solely for the**  
4                   **capitalization of the state infrastructure bank, and shall not be used for any**  
5                   **other purpose including state police for traffic control purposes.**

6                                           \*       \*       \*

7                   Section 2. Be it further resolved that this proposed amendment shall be submitted  
8                   to the electors of the state of Louisiana at the statewide election to be held on October 24,  
9                   2015.

10                  Section 3. Upon the effective date of this proposition, the treasurer shall be  
11                  immediately authorized and directed to transfer any unexpended, unencumbered balance in  
12                  the Budget Stabilization Fund, including all interest and principal, to the Budget and  
13                  Transportation Stabilization Fund as provided in the constitutional amendment.

14                  Section 4. Be it further resolved that on the official ballot to be used at the election,  
15                  there shall be printed a proposition, upon which the electors of the state shall be permitted  
16                  to vote YES or NO, to amend the Constitution of Louisiana, which proposition shall read as  
17                  follows:

18                               Do you support an amendment to rename the Budget Stabilization Fund to  
19                               the Budget and Transportation Stabilization Trust; to authorize the mineral  
20                               revenue base to be increased every five years; to create the Budget  
21                               Stabilization Subfund as a subfund in the Trust, to be funded with mineral  
22                               revenues until reaching a maximum balance of five hundred million dollars,  
23                               to be appropriated and used when the state has a deficit; to create the  
24                               Transportation Stabilization Subfund as a subfund in the Trust, to be funded  
25                               with mineral revenues until reaching a maximum balance of five hundred  
26                               million dollars, to be appropriated and used for planning, design,  
27                               construction, and maintenance connected with the state highway program and  
28                               the capitalization of a state infrastructure bank if one is created in the  
29                               Transportation Trust Fund; and to provide for the interruption of deposits

1                   into the Budget Stabilization Subfund and the Transportation Trust Subfund  
 2                   the year that the state has a deficit and the following year with the resumption  
 3                   of deposit of mineral revenues in the Budget and Transportation Stabilization  
 4                   Trust thereafter?  
 5                   (Amends Article VII, Section 10(D)(2)(d), 10.3(A)(introductory paragraph)  
 6                   and (A)(2)(a) and (b), 10.5(B), and 27(A); adds Article VII, Section  
 7                   10.3(A)(2)(c))

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The original instrument was prepared by Jay R. Lueckel. The following digest, which does not constitute a part of the legislative instrument, was prepared by Kari B. Couvillon.

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DIGEST

SB 202 Engrossed                   2015 Regular Session                   Adley

Present constitution establishes the Budget Stabilization Fund in the state treasury. Proposed constitutional amendment changes name of the fund from the Budget Stabilization Fund to the Budget and Transportation Stabilization Trust (the Trust) in constitution.

Present constitution provides for deposits of mineral revenues in the Budget Stabilization Fund in excess of the base and authorizes the base to be increased every ten years by a law enacted by two-thirds of the elected members of each house of the legislature. Proposed constitutional amendment retains present constitution except changes the time period for the base to be increased from ten years to five years.

Proposed constitutional amendment creates the Budget Stabilization Subfund and the Transportation Stabilization Subfund in the Budget and Transportation Stabilization Trust and provides that at the beginning of each fiscal year, mineral revenues shall be allocated and deposited into the subfunds as follows:

- (1) Beginning in Fiscal Year 2015-2016, mineral revenues in excess of the base shall be deposited in the Budget Stabilization Subfund until the balance in the fund equals and shall be maintained in the amount of \$500 million.
- (2) Once the balance in the Budget Stabilization Subfund equals \$500 million, mineral revenues shall be deposited into the Transportation Stabilization Subfund at the beginning of the next fiscal year until the balance in the Transportation Stabilization Subfund equals and shall be maintained in the amount of \$500 million. Thereafter, any excess mineral revenues shall be deposited into the state general fund. The legislature may appropriate additional monies into either the Budget Stabilization Subfund or the Transportation Stabilization Subfund.

Proposed constitutional amendment provides that monies in the Transportation Stabilization Subfund shall be appropriated by the legislature and used solely and exclusively for planning, design, construction, and maintenance connected with the state highway program. In the event that a state infrastructure bank is established by law in the Transportation Trust Subfund, an amount not to exceed \$50 million may be transferred to the Transportation Trust Subfund to be used for the capitalization of the state infrastructure bank.

- (3) No deposit of mineral revenues shall be made in any fiscal year in which money in

the fund is appropriated for use or incorporated into the official forecast or in the ensuing fiscal year, except by specific appropriation by the legislature.

Present constitution establishes the Transportation Trust Fund and provides that the monies in the trust fund shall be appropriated or dedicated solely and exclusively for the costs for and associated with construction and maintenance of the roads and bridges of the state and federal highway systems, the Statewide Flood-Control Program, or its successor, ports, airports, transit, state police for traffic control purposes, and the Parish Transportation Fund, or its successor, and the payment of bonds secured by the trust fund.

Proposed constitutional amendment retains present constitution except it provides that if monies are transferred to the Transportation Trust Fund from the Transportation Stabilization Subfund in the Budget and Transportation Stabilization Trust, such monies shall be expended and used solely for the capitalization of the state infrastructure bank, and shall not be used for any other purpose including state police for traffic control purposes.

Specifies submission of the amendment to the electors of the state of Louisiana at the statewide election to be held on October 24, 2015.

(Amends Const. Art. VII, Sec. 10(D)(2)(d), 10.3(A)(intro para) and (A)(2)(a) and (b), 10.5(B), and 27(A); adds Art VII, Sec. 10.3(A)(2)(c))

#### Summary of Amendments Adopted by Senate

##### Committee Amendments Proposed by Senate Committee on Finance to the original bill

1. Specifies that the balance of the Budget Stabilization Subfund shall be maintained in the amount of \$500 million.
2. Specifies that the balance of the Transportation Stabilization Subfund shall be maintained in the amount of \$500 million.