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## DIGEST

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HB 508 Original

2016 Regular Session

Jay Morris

**Abstract:** Establishes the Mineral Revenue Stabilization Trust Fund and provides for the dedication of mineral revenues.

Proposed constitutional amendment establishes the Mineral Revenue Stabilization Trust Fund as a permanent trust in the state treasury. Provides for the annual deposit of mineral revenues after a deposit of \$600 million of mineral revenues into the state general fund. The deposit of mineral revenues into the fund shall exclude the following deposits of mineral revenues required under present constitution and present law, as follows:

- (1) The Bond Security and Redemption Fund.
- (2) Severance tax and royalty payments to the political subdivisions of the state.
- (3) The Louisiana Wildlife and Fisheries Conservation Fund.
- (4) The Oil and Gas Regulatory Fund.
- (5) The Rockefeller Wildlife Refuge Trust and Protection Fund.
- (6) The Marsh Island Operating Fund and the Russell Sage or Marsh Island Refuge Fund.
- (7) The MC Davis Conservation Fund.
- (8) The White Lake Property Fund.
- (9) The Louisiana Education Quality Trust Fund and the Louisiana Education Quality Support Fund (the "8g Fund").
- (10) The Coastal Protection and Restoration Fund.
- (11) The Mineral Revenue and Audit Settlement Fund.
- (12) The Budget Stabilization Fund.

Proposed constitutional amendment provides for the investment of money in the Mineral

Stabilization Trust Fund as provided for in law. Further provides that for Fiscal Years 2018 through 2022, 100% of the annual earnings on investments in the fund shall be credited to the fund. Beginning in Fiscal Year 2023, 25% of the annual earnings from investments on the fund be credited to the fund.

Proposed constitutional amendment provides that beginning in Fiscal Year 2023, 75% of the annual earnings on investments in the fund shall be appropriated for the following:

- (1) 50% for capital outlay projects in the comprehensive state capital budget.
- (2) 50% percent for expenses of public postsecondary institutions of higher education.

Further prohibits the annual earnings on investment in the fund from being pledged towards the repayment of bonded indebtedness.

Present constitution establishes the Budget Stabilization Fund and provides for various deposits into the fund including mineral revenues collected by the state over a base amount of \$750 million. Further authorizes the legislature to increase the base amount every 10 years in law. Increases provided for in law in 2004 and 2015 have increased the base amount to \$950 million. Proposed constitutional amendment changes the deposit of mineral revenues collected by the state from over a base amount of \$750 million to an amount not to exceed \$200 million. Proposed constitutional amendment further eliminates the reference to a base and the authorization for increases to the base every 10 years.

Present constitution provides for a procedure for adjusting appropriations to eliminate a projected deficit. After the budget has been reduced in an aggregate amount of at least 7/10 of 1% of the total budget for the year, adjustments can be made to reduce any constitutionally protected or mandated allocation or appropriation by no more than 5% of the total allocation or appropriation for transfer to the fund that is in a deficit. Present constitution further prohibits such reduction and transfer from certain funds and dedications. Proposed constitutional amendment retains present constitution and adds the Mineral Stabilization Trust Fund to the list of dedications that cannot be reduced and transferred if there is a projected deficit.

Present constitution provides for allocation of severance taxes to each parish in which the mineral revenues were taken or produced as follows:

- (1) 1/3 of sulphur severance tax, not to exceed \$100,000 per parish.
- (2) 1/3 of lignite severance tax, not to exceed \$100,000 per parish.
- (3) 3/4 of the timber severance tax per parish.
- (4) 1/5 of the severance tax on all natural resources other than sulphur, lignite and timber, not to exceed \$850,000 per parish, with an increase in the maximum amount each July 1 based on the average increase in the Consumer Price Index.

Present constitution further provides that in any year following the Revenue Estimating Conference certifying that the actual revenues from severance tax on all natural resources other than sulphur, lignite and timber is more than the revenues collected in Fiscal Year 2008-2009 the following occurs:

- (1) The maximum amount allocated to each parish increases to \$1.85 million and then to \$2.85 million in each following year, with an increase in the maximum amount each July 1 based on the average increase in the Consumer Price Index. Of the total amount remitted to each parish, 50% of the amount in excess of the amount received by the parish in fiscal Year 2011-2012 shall be spent on the same purposes as money received by the parish from the Parish Transportation Fund.
- (2) Deposit of mineral revenues into the Atchafalaya Basin Conservation Fund not to exceed \$10 million to be used for projects in the basin.

Proposed constitutional amendment eliminates the dedication and requirement of present constitution in any year following the Revenue Estimating Conference certification that the actual revenues from severance tax on all natural resources other than sulphur, lignite and timber is more than the revenues collected in Fiscal Year 2008-2009.

Provides for submission of the proposed amendment to the voters at the statewide election to be held November 8, 2016.

Effective July 1, 2017.

(Amend Art. VII, §10.3(A)(2); Adds Art. VII, §4(F), 10(F)(4)(h), and 10.15; Repeals Art. VII, §4(D)(4))