

2025 Regular Session

HOUSE BILL NO. 678 (Substitute for House Bill No. 472 by Representative Emerson)

BY REPRESENTATIVE EMERSON

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

FUNDS/FUNDING: (Constitutional Amendment) Modifies disposition of certain state revenues through repeal of the Revenue Stabilization Trust Fund and deposits of certain revenue streams into the Budget Stabilization Fund

1 A JOINT RESOLUTION

2 To amend Article VII, Sections 10(D)(2)(d), 10.3(A), and 10.5(B) of the Constitution of  
3 Louisiana, to add Article VII, Section 10.3(D) of the Constitution of Louisiana, and  
4 to repeal Article VII, Sections 10(F)(4)(h), 10.3(C)(5), 10.15, and 10.16(A)(12), (B),  
5 and (C) of the Constitution of Louisiana, relative to revenue and finance; to provide  
6 with respect to monies in the state treasury; to modify disposition of certain state  
7 revenues through repeal of the Revenue Stabilization Trust Fund and deposits of  
8 certain revenue streams into the Budget Stabilization Fund; to increase the amount  
9 of monies that may be deposited into the Budget Stabilization Fund; to align  
10 constitutional provisions regarding deposit of monies into the Budget Stabilization  
11 Fund; to repeal dedications of mineral revenues; to make technical and conforming  
12 changes; to provide for certain deposits through the end of Fiscal Year 2026-2027;  
13 to provide for submission of the proposed amendment to the electors; and to provide  
14 for related matters.

15 Section 1. Be it resolved by the Legislature of Louisiana, two-thirds of the members  
16 elected to each house concurring, that there shall be submitted to the electors of the state of  
17 Louisiana, for their approval or rejection in the manner provided by law, a proposal to  
18 amend Article VII, Sections 10(D)(2)(d), 10.3(A), and 10.5(B) of the Constitution of

Louisiana and to add Article VII, Section 10.3(D) of the Constitution of Louisiana, to read as follows:

§10. Expenditure of State Funds

Section 10.

\* \* \*

(D) Appropriations.

\* \* \*

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

\* \* \*

(d) ~~Providing~~ Unless prohibited by the provisions of Article VII, Section 10.3 of this constitution, providing for allocation transfer or appropriation for deposit into the Budget Stabilization Fund established in Article VII, Section 10.3 of this constitution.

\* \* \*

§10.3. Budget Stabilization Fund

Section 10.3.(A) There is hereby established in the state treasury a Budget Stabilization Fund ~~hereinafter referred to as the fund.~~ Fund, hereafter referred to in this Section as the "fund". Money shall be deposited in the fund as follows:

(1) All money available for appropriation from the state general fund and dedicated funds in excess of the expenditure limit, except funds allocated by Article VII, Section 4, Paragraphs (D) and (E), ~~shall be deposited in the fund.~~ (E).

~~(2)(a) All revenues received in each fiscal year by the state in excess of seven hundred fifty million dollars, hereinafter referred to as the base, as a result of the production of or exploration for minerals, hereinafter referred to as mineral revenues, including severance taxes, royalty payments, bonus payments, or rentals, and excluding such revenues designated as nonrecurring pursuant to Article VII, Section 10(B) of the constitution, any such revenues received by the state as a result~~

1 of grants or donations when the terms or conditions thereof require otherwise, and  
2 revenues derived from any tax on the transportation of minerals, shall be deposited  
3 in the fund after the following allocations of said mineral revenues have been made:

4 (i) ~~To the Bond Security and Redemption Fund as provided by Article VII,~~  
5 ~~Section 9 (B) of this constitution.~~

6 (ii) ~~To the political subdivisions of the state as provided in Article VII,~~  
7 ~~Sections 4 (D) and (E) of this constitution.~~

8 (iii) ~~As provided by the requirements of Article VII, Section 10-A and 10.1~~  
9 ~~of this constitution.~~

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

14 (3) ~~Twenty-five percent of any money designated in the official forecast as~~  
15 ~~nonrecurring as provided in Article VII, Section 10(D)(2) of this constitution shall~~  
16 ~~be deposited in and credited to the fund.~~ constitution.

17 (4) ~~(3)~~ Any money appropriated or transferred to the fund by the legislature  
18 including any appropriation to the fund from money designated in the official  
19 forecast as provided in Article VII, Section 10(D)(2) of this ~~constitution shall be~~  
20 ~~deposited in the fund.~~ constitution.

21 (5) ~~(4)~~ An amount equivalent to the money received by the state from the  
22 federal government for the reimbursement of costs associated with a federally  
23 declared disaster, not to exceed the amount of costs appropriated out of the fund for  
24 the same disaster pursuant to Subparagraph (C)(3) of this Section.

25 \* \* \*

26 (C) The money in the fund shall not be available for appropriation or use  
27 except under the following conditions:

28 \* \* \*

(5) (D) No ~~appropriation~~ appropriation, transfer, or deposit to the fund shall be made if such ~~appropriation~~ appropriation, transfer, or deposit would cause the balance in the fund to exceed ~~four~~ seven and one-half percent of total state revenue receipts for the previous fiscal year.

5 \* \*

6 §10.5. Mineral Revenue Audit and Settlement Fund

## 7 Section 10.5.

8 \* \* \*

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

21 \* \* \*

Section 2. Be it resolved by the Legislature of Louisiana, two-thirds of the members elected to each house concurring, that there shall be submitted to the electors of the state of Louisiana, for their approval or rejection in the manner provided by law, a proposal to repeal Article VII, Sections 10(F)(4)(h), 10.3(C)(5), 10.15, and 10.16(A)(12), (B), and (C) of the Constitution of Louisiana.

Section 3. Notwithstanding any provision of this Act to the contrary, for the remainder of Fiscal Year 2026-2027, in addition to the revenues dedicated by Article VII, Section 10.3(A) of this constitution as provided in this Act, any revenues received in Fiscal

1 Year 2026-2027 by the state after the effective date of this Section in excess of nine hundred  
2 fifty million dollars as a result of the production of or exploration for minerals, hereinafter  
3 referred to as mineral revenues, including severance taxes, royalty payments, bonus  
4 payments, or rentals, and excluding such revenues designated as nonrecurring pursuant to  
5 Article VII, Section 10(D) of the constitution as provided in this Act, any such revenues  
6 received by the state as a result of grants or donations when the terms or conditions thereof  
7 require otherwise, and revenues derived from any tax on the transportation of minerals, shall  
8 be deposited into the Budget Stabilization Fund after compliance with Article VII, Section  
9 10.16.

10 Section 4. Be it further resolved that this proposed amendment shall be submitted  
11 to the electors of the state of Louisiana at the statewide election to be held on November 3,  
12 2026.

13 Section 5. Be it further resolved that on the official ballot to be used at the election,  
14 there shall be printed a proposition, upon which the electors of the state shall be permitted  
15 to vote YES or NO, to amend the Constitution of Louisiana, which proposition shall read as  
16 follows:

17 Do you support an amendment to redistribute certain state revenues by  
18 repealing the Revenue Stabilization Trust Fund, increasing the total amount  
19 of monies that can be held in the Budget Stabilization Fund, and authorizing  
20 transfers into the Budget Stabilization Fund and to make technical and  
21 conforming changes? (Amends Article VII, Sections 10(D)(2)(d), 10.3(A),  
22 and 10.5(B); Adds Article VII, Section 10.3(D); Repeals Article VII,  
23 Sections 10(F)(4)(h), 10.3(C)(5), 10.15, and 10.16(A)(12), (B), and (C))

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DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

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HB 678 Re-Re-Reengrossed

2025 Regular Session

Emerson

**Abstract:** Modifies disposition of state revenues through repeal of the Revenue Stabilization Trust Fund and of deposits of mineral revenues into the Budget Stabilization Fund.

**BUDGET STABILIZATION FUND**

Present constitution (Art. VII, §10.3) establishes the Budget Stabilization Fund and provides for the deposit and uses of monies in the fund.

Present constitution requires the following monies be deposited into the fund:

- (1) All money available for appropriation from the state general fund and dedicated funds in excess of the expenditure limit.
- (2) 25% of any money designated in the official forecast as nonrecurring.
- (3) Any money appropriated to the fund by the legislature.
- (4) All remaining revenues received in each fiscal year by the state in excess of \$950M as a result of the production of or exploration for minerals after certain required allocations. Further defines minerals for the purposes of present constitution. Authorizes the threshold amount to be increased under certain circumstances.
- (5) An amount equivalent to the money received by the state from the federal government for the reimbursement of costs associated with a federally declared disaster, not to exceed certain limits.

With respect to the deposit of mineral revenues for the remainder of the fiscal year in which proposed constitutional amendment is ratified (Fiscal Year 2026-2027), proposed constitutional amendment (Section 3 of this Act) retains present constitutional requirements. Beginning Fiscal Year 2027-2028, proposed constitutional amendment repeals the requirement to deposit mineral revenues into the fund. Otherwise retains present constitution.

Present constitution prohibits use of monies in the fund unless certain conditions are met. Further requires monies in the fund to be invested as provided by law and earnings realized each fiscal year on such investment to be deposited to the credit of the fund. Requires unexpended and unencumbered monies in the fund at the end of the fiscal year to remain in the fund. Additionally in any fiscal year, prohibits use of more than 1/3 of the fund balance as of the beginning of the current fiscal year. Proposed constitutional amendment retains present constitution.

Present constitution prohibits appropriation or deposit to the fund if it will cause the balance in the fund to exceed 4% of total state revenue receipts for the previous fiscal year. Proposed constitutional amendment increases this cap from four percent to 7.5% of total state revenue receipts for the previous fiscal year.

**REVENUE STABILIZATION TRUST FUND**

Present constitution (Art. VII, §10.15) establishes the Revenue Stabilization Trust Fund in the treasury. Requires deposit into the fund of certain mineral revenues as required by present constitution (Art. VII, §10.16) and revenues in excess of \$600M received each fiscal year from corporate franchise and income taxes. Requires investment by the treasurer of fund monies in a manner provided by law. Further requires deposit into the state general fund of all interest or other income from investment of Revenue Stabilization Trust Fund monies. With certain exceptions, authorizes appropriation from the fund only if the balance of the fund at the beginning of the fiscal year exceeds \$5B (minimum fund balance) and then caps the appropriation at 10% (allowable percentage) of the fund balance. If appropriation is authorized by these circumstances, present constitution limits the appropriation to capital outlay projects in the comprehensive state capital budget and transportation infrastructure. Present constitution authorizes the legislature to change the minimum fund balance or the allowable percentage by a law enacted by 2/3 of the legislature.

Present constitution further provides that in order to ensure the money in the fund is available for appropriation in an emergency, the legislature may authorize an appropriation from the fund at any time for any purpose only after the consent of 2/3 of the members of each house. Provides that the 2/3 consent may be satisfied upon obtaining written consent in a manner provided by law.

Proposed constitutional amendment repeals present constitution.

**MINERAL REVENUES**

Present constitution (Art. VII, §10.16) establishes requirements for deposits of mineral revenues into various special funds and trusts. Present constitution references deposit into the Budget Stabilization Fund. Proposed constitutional amendment repeals this reference and otherwise retains these requirements.

After the deposits required above, present constitution dedicates remaining mineral revenues above \$600M and less than \$950M to the Revenue Stabilization Trust Fund and for application to any Initial Unfunded Accrued Liability (IUAL) of the La. State Employees' Retirement System (LASERS) and the Teachers' Retirement System of La. (TRSL). Proposed constitutional amendment repeals this dedication.

Present constitution dedicates mineral revenues that are prohibited from being deposited into the Budget Stabilization Fund because the fund is at its constitutional cap to the Revenue Stabilization Trust Fund and to application of any IUAL at LASERS and TRSL. Proposed constitutional amendment repeals this dedication.

**USE OF STATE MONIES**

Present constitution (Art. VII, §10) authorizes deposit of nonrecurring revenues into the Budget Stabilization Fund. Present constitution (Art. VII, §10.3) caps the amount of any monies that may be deposited into the Budget Stabilization Fund. Proposed constitutional amendment prohibits deposit of nonrecurring revenues in excess of the deposit cap provided in present constitution for the fund.

**MINERAL REVENUE AUDIT AND SETTLEMENT FUND**

Present constitution (Art. VII, §10.5) establishes the Mineral Revenue Audit and Settlement Fund in the state treasury and provides for deposit of revenues received each fiscal year through certain settlements or judgments resulting from underpayment to the state of severance taxes, royalty payments, and other mineral-related payments owed to the state.

Present constitution prohibits any revenues deposited into the fund from being considered

mineral revenues for the purposes of the Budget Stabilization Fund. Proposed constitutional amendment repeals this prohibition.

### **TECHNICAL AND CONFORMING CHANGES**

Proposed constitutional amendment makes technical changes to present constitution and further makes conforming changes to align with changes in proposed constitutional amendment.

### **SUBMISSION TO VOTERS**

Provides for submission of the proposed amendment to the voters at the statewide election to be held November 3, 2026.

(Amends Const. Art. VII, §§10(D)(2)(d), 10.3(A), and 10.5(B); Adds Const. Art. VII, §10.3(D); Repeals Const. Art. VII, §§10(F)(4)(h), 10.3(C)(5), 10.15, and 10.16(A)(12), (B), and (C))

#### Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Appropriations to the engrossed bill:

1. Repeal language in Mineral Revenue Audit and Settlement Fund exempting certain monies from calculation and deposit into the Budget Stabilization Fund.
2. Repeal language in the mineral revenue provision regarding deposit into the Budget stabilization Fund.
3. Repeal dedication of mineral revenues in certain circumstances to the Revenue Stabilization Trust Fund and the IUAL of LASERS and TRSL.
4. Modify provision regarding disposition of mineral revenues for remainder of FY 2026-2027.
5. Make technical and conforming changes.

The Committee Amendments Proposed by House Committee on Civil Law and Procedure to the reengrossed bill:

1. Make a technical change.