
DIGEST

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HB 683 Engrossed

2025 Regular Session

Emerson

Abstract: Modifies the disposition of certain state revenues through repeal of the Revenue Stabilization Trust Fund and deposits of certain revenue streams into the Budget Stabilization Fund.

Budget Stabilization Fund

Present law (R.S. 39:94) creates a special fund in the state treasury called the Budget Stabilization Fund. Provides for deposits into the fund from all monies available for appropriations from the state general fund in excess of the expenditure limit. Provides for deposits into the fund from all revenues received in each fiscal year in excess of \$950M, referred to as the "base", as a result of the production or exploration of minerals. Allows the "base" to be increased every 10 years by law enacted with a 2/3 vote of the members of the legislature. Further provides for deposits into the fund as follows: (1) the greater of \$25M from any source or 25% of any money designated in the official forecast as nonrecurring revenue; (2) any additional monies appropriated by the legislature; and (3) monies received from the federal government for the reimbursement of costs associated with a federal disaster. Provides for uses of monies in the fund in cases of a budget deficit. Prohibits any appropriation or deposit into the fund which would cause the balance of the fund to exceed 4% of total state revenue receipts (the cap) for the previous fiscal year.

Proposed law retains the Budget Stabilization Fund as a special fund within the state treasury. Retains the provision requiring a deposit into the fund from all monies in excess of the expenditure limit. Retains the uses of monies in the fund in cases of a budget deficit.

Proposed law removes the provision in present law regarding deposits in excess of \$950M of mineral revenues and the provisions regarding the increase of the "base". Proposed law increases the cap to 7.5% of total state revenues for the previous fiscal year. Further requires all unexpended and unencumbered monies in the fund at the end of the fiscal year to remain in the fund. Provides that total state revenue receipts does not include any monies received by the state from the Federal Emergency Management Agency or other sources providing disaster relief assistance

Dedication of Mineral Revenues

Present law (R.S. 39:100.116) provides for the dedication of mineral revenues to 13 separate funds, to the La. State Employees' Retirement System and the Teachers' Retirement System of La., and to the Revenue Stabilization Trust Fund.

Proposed law repeals the dedication of mineral revenues to the following: the Mineral Revenue Audit and Settlement Fund, the Transportation Trust Fund, the Revenue Stabilization Trust Fund, the La. State Employees' Retirement System, and the Teachers' Retirement System of La. Retains the provisions in present law related to the dedication of mineral revenues to the Bond Security and Redemption Fund, the political subdivisions of the state, the La. Wildlife and Fisheries Conservation Fund, the Oil and Gas Regulatory Dedicated Fund Account, the Rockefeller Wildlife Refuge and Game Preserve Fund, the Marsh Island Operating Fund, the Russell Sage or Marsh Island Refuge Fund, the MC Davis Conservation Fund, the White Lake Property Fund, the La. Quality Education Trust Fund, the La. Quality Education Support Fund, the Coastal Protection and Restoration Fund, and the Budget Stabilization Fund.

Revenue Stabilization Trust Fund

Present law (R.S. 39:100.112) creates a special fund in the state treasury called the Revenue Stabilization Trust Fund. Deposits into the fund derive from mineral revenues, as provided by law, and revenues in excess of \$600M from corporate franchise and income tax. Further provides for allowable uses of monies in the fund when the balance is in excess of \$5B. Appropriations may be made from the fund in an amount not to exceed 10% of the fund balance for capital outlay projects and transportation infrastructure. Allows for the minimum fund balance and the allowable percentage to be changed by law enacted with a 2/3 vote of the legislature. Provides for uses of monies in the fund during an emergency.

Changes contingent upon passage of House Bill No. 678

Proposed law retains the special fund in the state treasury, but changes the name to the Revenue Stabilization Fund. Removes all other present law provisions.

Proposed law authorizes monies in the fund to be used when revenues from corporate income tax collections are projected to be below \$800M. Allows the legislature to appropriate amounts that, in total, do not to exceed the difference between the projected corporate income tax collections for such fiscal year and \$800M.

Proposed law provides that unexpended and unencumbered monies in the fund at the end of the fiscal year remain in the fund.

Proposed law (bill Section 6) directs the state treasurer to transfer monies from the Revenue Stabilization Fund to the Budget Stabilization Fund in an amount sufficient to bring the balance of the Budget Stabilization Fund equal to the 7.5% cap.

Proposed law (bill Section 4) directs the treasurer, notwithstanding any provision of present or proposed law to the contrary, to deposit the following monies into the Revenue Stabilization fund:

- (1) The amount of revenues in excess of \$600M received in fiscal year 2026-2027 from corporate income taxes as recognized by the Revenue Estimating Conference.

- (2) An amount equal to 70% of mineral revenues received in fiscal year 2026-2027 in excess of \$660M and less than \$950M. The remaining 30% shall be deposited into the state general fund.

Proposed law defines "mineral revenues" for the purposes of proposed law to include severance taxes, royalty payments, bonus payments, or rentals, with the following exceptions:

- (1) Revenues designated as nonrecurring, pursuant to Article VII, Section 10(B) of the Constitution of La.
- (2) Revenues received by the state as a result of grants or donations when the terms or conditions thereof require otherwise.
- (3) Revenues derived from any tax on the transportation of minerals.

Proposed law will be repealed on July 1, 2029. Upon repeal, proposed law directs the treasurer to transfer any remaining monies in the fund to the state general fund, which shall then be recognized as nonrecurring revenues.

Changes to fund uses contingent upon passage of House Bill Nos. 366 and 678

Proposed law retains the changes specified above with respect to enactments by House Bill No. 678. Proposed law further authorizes monies in the fund to be used in the following circumstances:

- (1) For a one-time payment to each parish that elects to irrevocably exempt business inventory from ad valorem tax prior to July 2, 2028. Establishes requirements for these payments.
- (2) If revenues from corporate income tax collections are projected to be below \$800M, proposed law allows the legislature to appropriate amounts that, in total, do not to exceed the difference between the projected corporate income tax collections for such fiscal year and \$800M.

Proposed law (bill Section 8) provides that these changes will become effective Jan. 1, 2027, if House Bill Nos. 366 and 678 of the 2025 R.S. become law. Specify that in the event of a conflict, the changes made in the event of passage of both of these instruments shall supercede any conflicting changes to the fund conditioned only on passage of House Bill No. 678.

Mineral Revenue Audit and Settlement Fund

Present law (R.S. 39:97) establishes the Mineral Revenue Audit and Settlement Fund in the state treasury and provides for the deposit of certain monies into the fund.

Present law prohibits monies deposited into the fund from being considered "mineral revenues" for the purposes of the Budget stabilization fund. Proposed law repeals present law.

Effectiveness

Except as otherwise noted, repealed provisions of law and all other sections of this bill become effective if and when the proposed amendment of Art. VII of the Constitution of La. that originated as House Bill No. 678 of the 2025 Regular Session of the Legislature is adopted at a statewide election and becomes effective.

(Amends R.S. 39:94(A) and (B), 97(B), 100.112, and 100.116(A)(intro. para.) and (B); Adds R.S. 39:94(D); Repeals R.S. 39:94(C)(5), 100.112 and 100.116(A)(12), (C), and (D))