

2016 Regular Session

HOUSE BILL NO. 509

BY REPRESENTATIVE GREGORY MILLER

BUDGETARY CONTROLS: (Constitutional Amendment) Provides for allocations of mineral revenues and changes to the Budget Stabilization Fund

## A JOINT RESOLUTION

Proposing to amend Article VII, Section 10.3(A)(2) and (C)(4) and to add Article VII, Section 10.3(C)(5) and (D) of the Constitution of Louisiana relative to the dedication of mineral revenues; to provide for the base amount of mineral revenues used to determine the amount to be deposited into the Budget Stabilization Fund; to provide for the balance of the Budget Stabilization Fund; to provide for appropriations or deposits into the Budget Stabilization Fund; to provide for mineral revenues in excess of deposits into the Budget Stabilization Fund; to provide for an effective date; to provide for submission of the proposed amendment to the electors; and to provide for related matters.

Section 1. 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 amend Article VII, Section 10.3(A)(2) and (C)(4) and to add Article VII, Section 10.3(C)(5) and (D) of the Constitution of Louisiana, to read as follows:

## §10.3. Budget Stabilization Fund

## Section 10.3(A)

\* \* \*

(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

1 the production of or exploration for minerals, hereinafter referred to as mineral  
2 revenues, including severance taxes, royalty payments, bonus payments, or rentals,  
3 and excluding such revenues designated as nonrecurring pursuant to Article VII,  
4 Section 10(B) of the constitution, any such revenues received by the state as a result  
5 of grants or donations when the terms or conditions thereof require otherwise, and  
6 revenues derived from any tax on the transportation of minerals, shall be deposited  
7 in the fund after the following allocations of said mineral revenues have been made:

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

10 (ii) (b) To the political subdivisions of the state as provided in Article VII,  
11 Sections 4 (D) and (E) of this constitution.

12 (iii) (c) As provided by the requirements of Article VII, Section 10-A and  
13 10.1 of this constitution.

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

18 \* \* \*

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

21 \* \* \*

22 (4) (a) No Beginning in Fiscal Year 2017-2018, no appropriation or deposit  
23 to the fund shall be made if such appropriation or deposit would cause the balance  
24 in the fund to exceed four percent of total state revenue receipts for the previous  
25 fiscal year.

26 (b) Beginning in Fiscal Year 2018-2019, no appropriation or deposit to the  
27 fund shall be made if such appropriation or deposit would cause the balance in the  
28 fund to exceed six percent of total state revenue receipts for the previous fiscal year.

1           (c) Beginning in Fiscal Year 2019-2020 and for each fiscal year after, no  
2           appropriation or deposit to the fund shall be made if such appropriation or deposit  
3           would cause the balance in the fund to exceed ten percent of total state revenue  
4           receipts for the previous fiscal year.

5           (d) For the purposes of this Subparagraph, total state revenue receipts shall  
6           not include any monies received by the state from the Federal Emergency  
7           Management Agency or other sources providing disaster relief assistance.

8           (5)(a) Except pursuant to a specific appropriation by the legislature, the  
9           deposit of nonrecurring revenue required in Subparagraph (A)(3) of this Section of  
10          the constitution, or deposits of nonrecurring revenue provided by law, no  
11          appropriation or deposit shall be made into the fund in the same fiscal year as an  
12          appropriation, use, or withdrawal is made from the fund.

13          (b) Except pursuant to a specific appropriation by the legislature, the deposit  
14          of nonrecurring revenue required in Subparagraph (A)(3) of this Section of the  
15          constitution, or deposits of nonrecurring revenue provided by law, no appropriation  
16          or deposit shall be made into the fund in a fiscal year in which an appropriation, use,  
17          or withdrawal was made from the fund in the preceding fiscal year.

18          (D) Mineral revenues in excess of the base which would otherwise be  
19          deposited into the Budget Stabilization Fund under Subparagraph (A)(2) of this  
20          Section, but are prohibited from being deposited into the fund under Subparagraph  
21          (C)(4) of this Section, shall be used for payments against the unfunded accrued  
22          liability of the public retirement systems which are in addition to any payments  
23          required for the annual amortization of the unfunded accrued liability of the public  
24          retirement systems, as required by Article X, Section 29(E)(2)(c) of this constitution;  
25          however, any such payments to the public retirement systems shall not be used,  
26          directly or indirectly, to fund cost-of-living increases for such systems.

27          Section 2. Be it further resolved that this proposed amendment shall become effective  
28          on July 1, 2017.

1           Section 3. Be it further resolved that this proposed amendment shall be submitted  
2 to the electors of the state of Louisiana at the statewide election to be held on November 8,  
3 2016.

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

8                   Do you support an amendment to increase the cap on the Budget  
9                   Stabilization Fund; to lower the base amount of mineral revenues that is used  
10                  to determine the amount deposited into the fund and eliminate the ability to  
11                  increase the base amount every 10 years; to limit deposits into the fund in the  
12                  year money in the fund is used and in the year after money in the fund is  
13                  used; and to use mineral revenues in excess of those deposited into the fund  
14                  for payments toward retirement debt? (Effective July 1, 2017) (Amends  
15                  Article VII, Section 10.3(A)(2) and (C)(4); Adds Article VII, Section  
16                  10.3(C)(5) and (D))

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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 509 Original

2016 Regular Session

Gregory Miller

**Abstract:** Provides for changes to the Budget Stabilization Fund and allocations of mineral revenues.

Present constitution establishes the Budget Stabilization Fund and provides for various deposits into the fund including 25% of any nonrecurring revenues and 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 decreases the base amount used to determine the deposits into the fund from \$950 million to \$700 million and deletes the authority for the legislature to increase the base amount over which mineral revenues would be deposited into the fund.

Present constitution prohibits the appropriation or deposit of any money into the fund if the deposit would cause the balance of the fund to be more than 4% of the total state revenue receipts for the previous year. Proposed constitutional amendment increases the cap for deposits or appropriations into the fund from 4% of the total state revenue for the previous year to the following:

- (1) 6% beginning in Fiscal Year 2018-2019.
- (2) 10% beginning in Fiscal Year 2019-2020, and for each fiscal year after.

Proposed constitutional amendment further provides that total state revenue receipts shall not include money received from FEMA or other sources providing disaster relief assistance.

Proposed constitutional amendment requires that except pursuant to a specific appropriation by the legislature or deposit of nonrecurring revenues, no appropriation or deposit will be made into the fund in a year in which the fund is used. Further requires that no appropriation or deposit will be made into the fund in the year following the year when the fund was used.

Proposed constitutional amendment provides that mineral revenues that would otherwise be deposited into the fund, but can not because the fund has reached its cap, be appropriated against the unfunded accrued liability of the public retirement systems.

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

Effective July 1, 2017.

(Amends Art. VII, §10.3(A)(2) and (C)(4); Adds Art. VII, §10.3(C)(5) and (D))