

2016 Regular Session

HOUSE BILL NO. 504

BY REPRESENTATIVE IVEY

FUNDS/FUNDING: (Constitutional Amendment) Provides for the dedication of mineral revenues

A JOINT RESOLUTION

Proposing to amend Article VII, Sections 10.2(A), (B), and (C) and 10.3(A)(2) of the Constitution of Louisiana and to add Article VII, Section 10.15 of the Constitution of Louisiana; to provide for the dedication of a portion of mineral revenues; to provide for submission of the proposed amendment to the electors; to provide for an effective date; 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, Sections 10.2(A), (B), and (C) and 10.3(A)(2) and to add Article VII, Section 10.15 of the Constitution of Louisiana, to read as follows:

§10.2. Coastal Protection and Restoration Fund

Section 10.2(A) There shall be established in the state treasury the Coastal Protection and Restoration Fund to provide a dedicated, recurring source of revenues for the development and implementation of a program to protect and restore Louisiana's coastal area.

~~Of revenues received in each fiscal year by the state as a result of the production of or exploration for minerals, hereinafter referred to as mineral revenues from severance taxes, royalty payments, bonus payments, or rentals, and excluding such revenues received by the state as a result of grants or donations when the terms~~

1       ~~or conditions thereof require otherwise, the treasurer shall make the following~~  
2       ~~allocations:~~

3               ~~(1) To the Bond Security and Redemption Fund as provided in Article VII,~~  
4       ~~Section 9(B) of this constitution.~~

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

7               ~~(3) As provided by the requirements of Article VII, Sections 10-A and 10.1~~  
8       ~~of this constitution.~~

9               ~~(B)(1) After making the allocations provided for in Paragraph (A), the~~ The  
10       ~~treasurer shall then deposit in and credit to the Coastal Protection and Restoration~~  
11       ~~Fund any amount of mineral revenues that may be necessary to insure that a total of~~  
12       ~~five million dollars is deposited into such fund for the fiscal year from this source;~~  
13       ~~provided that the balance of the fund which consists of mineral revenues from~~  
14       ~~severance taxes, royalty payments, bonus payments, or rentals shall not exceed an~~  
15       ~~amount provided by law, but in no event shall the amount provided by law be less~~  
16       ~~than five hundred million dollars.~~ deposited into the fund as provided in Article VII,  
17       Section 10.15 of this constitution.

18               ~~(2) After making the allocations and deposits provided for in Paragraphs (A)~~  
19       ~~and (B)(1) of this Section, the treasurer shall deposit in and credit to the Coastal~~  
20       ~~Protection and Restoration Fund as follows:~~

21               ~~(a) Ten million dollars of the mineral revenues in excess of six hundred~~  
22       ~~million dollars which remain after the allocations provided for in Paragraph (A) are~~  
23       ~~made by the treasurer.~~

24               ~~(b) Ten million dollars of the mineral revenues in excess of six hundred fifty~~  
25       ~~million dollars which remain after the allocations provided in Paragraph (A) are~~  
26       ~~made by the treasurer.~~

27               ~~However, the balance of the fund which consists of mineral revenues from~~  
28       ~~severance taxes, royalty payments, bonus payments, or rentals shall not exceed an~~

1 amount provided by law, but in no event shall the amount provided by law be less  
2 than five hundred million dollars.

3 (C) The money in the fund shall be invested as provided by law and any earnings  
4 realized on investment of money in the fund shall be deposited in and credited to the fund.  
5 Money from other sources, such as donations, appropriations, or dedications, may be  
6 deposited in and credited to the fund; ~~however, the balance of the fund which consists of~~  
7 ~~mineral revenues from severance taxes, royalty payments, bonus payments, or rentals shall~~  
8 ~~not exceed an amount provided by law, but in no event shall the amount provided by law be~~  
9 ~~less than five hundred million dollars.~~ Any unexpended money remaining in the fund at the  
10 end of the fiscal year shall be retained in the fund.

11 \* \* \*

12 §10.3. Budget Stabilization Fund

13 Section 10.3.(A) There is hereby established in the state treasury a Budget  
14 Stabilization Fund hereinafter referred to as the fund. Money shall be deposited in  
15 the fund as follows:

16 \* \* \*

17 (2)(a) ~~All Mineral revenues received in each fiscal year by the state~~  
18 ~~deposited into and credited to the fund pursuant to Article VII, Section 10.15 of this~~  
19 ~~constitution. in excess of seven hundred fifty million dollars, hereinafter referred to~~  
20 ~~as the base, as a result of the production of or exploration for minerals, hereinafter~~  
21 ~~referred to as mineral revenues, including severance taxes, royalty payments, bonus~~  
22 ~~payments, or rentals, and excluding such revenues designated as nonrecurring~~  
23 ~~pursuant to Article VII, Section 10(B) of the constitution, any such revenues received~~  
24 ~~by the state as a result of grants or donations when the terms or conditions thereof~~  
25 ~~require otherwise, and revenues derived from any tax on the transportation of~~  
26 ~~minerals, shall be deposited in the fund after the following allocations of said~~  
27 ~~mineral revenues have been made:~~

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

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

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

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

9   \*           \*           \*

10          §10.15. Dedications of Mineral Revenues

11                         Section 10.15.(A) All revenues received in each fiscal year by the state as  
12                         a result of the production of or exploration for minerals, hereinafter referred to as  
13                         mineral revenues, and as further defined by Paragraph (C) of this Section, shall be  
14                         allocated as provided in Paragraph (B) of this Section after the following allocations  
15                         of said mineral revenues have been made:

16                         (1) To the Bond Security and Redemption Fund as provided by Article VII,  
17                         Section 9 (B) of this constitution.

18                         (2) To the political subdivisions of the state as provided in Article VII,  
19                         Sections 4 (D) and (E) of this constitution.

20                         (3) To the Louisiana Wildlife and Fisheries Conservation Fund as provided  
21                         by the requirements of Article VII, Section 10-A of this constitution.

22                         (4) To the Louisiana Education Quality Trust Fund and the Louisiana  
23                         Education Quality Support Fund as provided in Article VII, Section 10.1 of this  
24                         constitution.

25                         (5) To the Coastal Protection and Restoration Fund as provided in Article  
26                         VII, Section 10.2 of this constitution.

27                         (6) To the Mineral Revenue and Audit Settlement Fund as provided in  
28                         Article VII, Section 10.5 of this constitution.

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored are additions.

1           (B) Allocation of Mineral Revenues. All mineral revenues remaining after  
2           the allocations provided in Subparagraphs (1) through (6) of Paragraph (A) of this  
3           Section shall be annually distributed in the following order:

4           (1) The treasurer shall deposit in and credit to the Coastal Protection and  
5           Restoration Fund any such remaining revenues, not to exceed five million dollars per  
6           year.

7           (2) The treasurer shall then deposit in and credit to the Transportation Trust  
8           Fund any remaining revenues, not to exceed fifty million dollars per year. Mineral  
9           revenues deposited into the Transportation Trust Fund pursuant to this Subparagraph  
10          shall only be used for the following:

11          (a) The first twenty-five million dollars of the total monies deposited into the  
12          Transportation Trust Fund pursuant to this Subparagraph shall be used exclusively  
13          for state highway pavement and bridge sustainability projects.

14          (b) The next ten million shall be used exclusively for highway priority  
15          program projects classified as capacity projects.

16          (c) The next ten million dollars shall be used exclusively for port  
17          construction and development priority program projects.

18          (d) The next five million shall be available for use by a state transportation  
19          infrastructure bank and may be transferred to a fund created for such purpose.

20          (3) The legislature shall appropriate any remaining revenues, not to exceed  
21          five hundred million dollars per year, to the state retirement systems. Such money  
22          shall be allocated to each state retirement system for the payment of unfunded  
23          accrued liabilities in proportion to the balance of unfunded accrued liabilities of each  
24          such system. For each system, such allocation shall be applied to the oldest  
25          outstanding liability as defined by law. Any allocations provided under this  
26          Subparagraph shall not be used, directly or indirectly, to fund cost-of-living increases  
27          for such systems.

28          (4) The legislature shall appropriate any remaining revenues, not to exceed  
29          forty million dollars per year, to the state retirement systems to provide for cost-of-

1 living adjustments. Such money shall be allocated to each system in proportion to  
2 the total annual benefits paid to retirees and beneficiaries by that system.

3 (5) The treasurer shall then deposit in and credit to the Coastal Protection  
4 and Restoration Fund any remaining revenues, not to exceed ten million dollars per  
5 year.

6 (6) The legislature shall appropriate any remaining revenues, not to exceed  
7 forty million dollars per year, to the state retirement systems to provide for cost-of-  
8 living adjustments. Such money shall be allocated to each system in proportion to  
9 the total annual benefits paid to retirees and beneficiaries by that system.

10 (7) The treasurer shall then deposit in and credit to the Coastal Protection  
11 and Restoration Fund any remaining revenues, not to exceed ten million dollar per  
12 year.

13 (8) The treasurer shall then deposit in and credit to the Transportation Trust  
14 Fund any remaining revenues, not to exceed forty million dollars per year. Mineral  
15 revenues deposited into the Transportation Trust Fund pursuant to this Subparagraph  
16 shall only be used for the following:

17 (a) The first twenty million dollars of the total monies deposited into the  
18 Transportation Trust Fund pursuant to this Subparagraph shall be used exclusively  
19 for state highway pavement and bridge sustainability projects.

20 (b) The next eight million shall be used exclusively for highway priority  
21 program projects classified as capacity projects.

22 (c) The next eight million dollars shall be used exclusively for port  
23 construction and development priority program projects.

24 (d) The next four million shall be available for use by a state transportation  
25 infrastructure bank and may be transferred to a fund created for such purpose.

26 (9) The legislature shall appropriate any remaining revenues, not to exceed  
27 forty-five million dollars per year, to the state retirement systems. Such money shall  
28 be allocated to each state retirement system for the payment of unfunded accrued  
29 liabilities in proportion to the balance of unfunded accrued liabilities of each such

1 system. For each system, such allocation shall be applied to the oldest outstanding  
2 liability as defined by law. Any allocations provided under this Subparagraph shall  
3 not be used, directly or indirectly, to fund cost-of-living increases for such systems.

4 (10) The treasurer shall then deposit in and credit to the Transportation Trust  
5 Fund any remaining revenues, not to exceed fifty million dollars per year. Mineral  
6 revenues deposited into the Transportation Trust Fund pursuant to this Subparagraph  
7 shall only be used for the following:

8 (a) The first twenty-five million dollars of the total monies deposited into the  
9 Transportation Trust Fund pursuant to this Subparagraph shall be used exclusively  
10 for state highway pavement and bridge sustainability projects.

11 (b) The next ten million shall be used exclusively for highway priority  
12 program projects classified as capacity projects.

13 (c) The next ten million dollars shall be used exclusively for port  
14 construction and development priority program projects.

15 (d) The next five million shall be available for use by a state transportation  
16 infrastructure bank and may be transferred to a fund created for such purpose.

17 (11) The treasurer shall then deposit in and credit to the Budget Stabilization  
18 Fund any remaining revenues, subject to the limitations of Article VII, Section  
19 10.3(C)(4) of this constitution.

20 (12) The treasurer shall then deposit in and credit to the Transportation Trust  
21 Fund any remaining revenues, not to exceed one hundred million dollars per year.  
22 Mineral revenues deposited into the Transportation Trust Fund pursuant to this  
23 Subparagraph shall only be used for the following:

24 (a) The first fifty million dollars of the total monies deposited into the  
25 Transportation Trust Fund pursuant to this Subparagraph shall be used exclusively  
26 for state highway pavement and bridge sustainability projects.

27 (b) The next twenty million shall be used exclusively for highway priority  
28 program projects classified as capacity projects.

1           (c) The next twenty million dollars shall be used exclusively for port  
2           construction and development priority program projects.

3           (d) The next ten million shall be available for use by a state transportation  
4           infrastructure bank and may be transferred to a fund created for such purpose.

5           (13) The legislature shall appropriate any remaining revenues, not to exceed  
6           three hundred million dollars per year, to the state retirement systems. Such money  
7           shall be allocated to each state retirement system for the payment of unfunded  
8           accrued liabilities in proportion to the balance of unfunded accrued liabilities of each  
9           such system. For each system, such allocation shall be applied to the oldest  
10          outstanding liability as defined by law. Any allocations provided under this  
11          Subparagraph shall not be used, directly or indirectly, to fund cost-of-living increases  
12          for such systems.

13          (14) The treasurer shall then deposit in and credit to the Transportation Trust  
14          Fund any remaining revenues.

15          (C) For purposes of this Section, mineral revenues shall include severance  
16          taxes, royalty payments, bonus payments, or rentals, with the following exceptions:  
17          (1) revenues designated as nonrecurring pursuant to Article VII, Section 10(B) of the  
18          constitution, (2) revenues received by the state as a result of grants or donations  
19          when the terms or conditions thereof require otherwise, and (3) revenues derived  
20          from any tax on the transportation of minerals.

21          Section 2. Be it further resolved that the provisions of this amendment shall become  
22          effective on July 1, 2017.

23          Section 3. Be it further resolved that this proposed amendment shall be submitted  
24          to the electors of the state of Louisiana at the statewide election to be held on November 8,  
25          2016.

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



1 Do you support an amendment to dedicate all mineral revenues for specific  
 2 purposes, including transportation, retirement, the Budget Stabilization Fund,  
 3 and coastal protection? (Effective July 1, 2017) (Amends Article VII,  
 4 Sections 10.2(A), (B), and (C) and 10.3(A)(2); Adds Article VII, Section  
 5 10.15)

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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 504 Original

2016 Regular Session

Ivey

**Abstract:** Requires mineral revenues not already dedicated to certain funds to be dedicated towards transportation, retirement, the Budget Stabilization Fund, and coastal protection.

Present constitution (Art. VII, §10.2(A), (B), and (C) and 10.3(A)(2)) dedicates a portion of the state mineral revenues, after allocations to the Bond Security and Redemption Fund, allocations of severance tax and royalties to political subdivisions of the state, the Conservation Fund, the Louisiana Education Quality Permanent Trust Fund, and the Louisiana Education Quality Support Fund. The Coastal Protection and Restoration Fund receives allocations of \$5 million, an additional \$10 million of the mineral revenues in excess of \$600 million, and an additional \$10 million of mineral revenues in excess of \$650 million. The Budget Stabilization Fund receives allocations in excess of a base amount, which may be adjusted by law. The current base amount by law is \$950 million.

Proposed constitutional amendment deletes the allocations of state mineral revenues to the Coastal Protection and Restoration Fund and the Budget Stabilization Fund and requires mineral revenues, including severance taxes, royalty payments, bonus payments, or rentals, and excluding such revenues designated as nonrecurring, revenues received by the state as a result of grants or donations when the terms or conditions thereof require otherwise, and revenues derived from any tax on the transportation of minerals, shall be available only for payments toward retirement liabilities after the following allocations of said mineral revenues have been made:

- (1) To the Bond Security and Redemption Fund.
- (2) The severance tax and royalties allocated to the political subdivisions of the state.
- (3) Deposits required into the Conservation Fund and the Louisiana Education Quality Trust Fund and Louisiana Education Quality Support Fund.
- (4) Deposits into the Coastal Protection and Restoration Fund.
- (5) Deposits into the Mineral Revenue and Audit Settlement Fund.

Proposed constitutional amendment requires deposits and allocations in the following order:

- (1) Up to \$5 million to the Coastal Protection and Restoration Fund.
- (2) Up to \$50 million to the Transportation Trust Fund, to be used as follows:

- (a) The first \$25 million for state highway pavement and bridge sustainability projects.
  - (b) The next \$10 million for highway priority program projects classified as capacity projects.
  - (c) The next \$10 million for port construction and development priority program projects.
  - (d) The next \$5 million for use by a state transportation infrastructure bank.
- (3) Up to \$500 million to the state retirement systems. Such money shall be allocated to each state retirement system in proportion to the balance of unfunded accrued liabilities of each such system. For each system, such allocation shall be applied to the oldest outstanding liability as defined by law. Such allocation shall not be used, directly or indirectly, to fund cost-of-living increases for such systems.
- (4) Up to \$40 million per year to the state retirement systems to provide for cost-of-living adjustments. Such money shall be allocated to each system in proportion to the total annual benefits paid to retirees and beneficiaries by that system.
- (5) Up to \$10 million per year to the Coastal Protection and Restoration Fund.
- (6) Up to \$40 million per year to the state retirement systems to provide for cost-of-living adjustments. Such money shall be allocated to each system in proportion to the total annual benefits paid to retirees and beneficiaries by that system.
- (7) Up to \$10 million per year to the Coastal Protection and Restoration Fund.
- (8) Up to \$40 million to the Transportation Trust Fund, to be used as follows:
  - (a) The first \$20 million for state highway pavement and bridge sustainability projects.
  - (b) The next \$8 million for highway priority program projects classified as capacity projects.
  - (c) The next \$8 million for port construction and development priority program projects.
  - (d) The next \$4 million for use by a state transportation infrastructure bank.
- (9) Up to \$45 million to the state retirement systems. Such money shall be allocated to each state retirement system in proportion to the balance of unfunded accrued liabilities of each such system. For each system, such allocation shall be applied to the oldest outstanding liability as defined by law. Such allocation shall not be used, directly or indirectly, to fund cost-of-living increases for such systems.
- (10) Up to \$50 million to the Transportation Trust Fund, to be used as follows:
  - (a) The first \$25 million for state highway pavement and bridge sustainability projects.
  - (b) The next \$10 million for highway priority program projects classified as capacity projects.
  - (c) The next \$10 million for port construction and development priority program projects.
  - (d) The next \$5 million for use by a state transportation infrastructure bank.
- (11) To the Budget Stabilization Fund, until it reaches its capacity.
- (12) Up to \$100 million to the Transportation Trust Fund, to be used as follows:
  - (a) The first \$50 million for state highway pavement and bridge sustainability projects.

- (b) The next \$20 million for highway priority program projects classified as capacity projects.
  - (c) The next \$20 million for port construction and development priority program projects.
  - (d) The next \$10 million for use by a state transportation infrastructure bank.
- (13) Up to \$300 million per year, to the state retirement systems. Such money shall be allocated to each state retirement system in proportion to the balance of unfunded accrued liabilities of each such system. For each system, such allocation shall be applied to the oldest outstanding liability as defined by law. Any allocations provided under this Subparagraph shall not be used, directly or indirectly, to fund cost-of-living increases for such systems.
- (14) Any remaining money, to be deposited into the Transportation Trust Fund.

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

Effective on July 1, 2017.

(Amends Const. Art. VII, §§10.2(A), (B), and (C) and 10.3(A)(2); Adds Const. Art. VII, §10.15)