
DIGEST

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Barrow

HB No. 88

Abstract: Establishes the Seniors' Supplement Fund through the dedication of certain nonrecurring revenues for the making of occasional supplemental payments to eligible retirees and beneficiaries of the state retirement systems.

Present constitution requires the Revenue Estimating Conference to adopt official forecasts of revenues available for appropriation. The conference must designate within the official forecast those specific revenues which are nonrecurring in nature.

Present constitution limits the appropriation or use of any money designated in the official forecast as nonrecurring to the following purposes:

- (1) Retiring or defeasance of bonds in advance of and in addition to the existing amortization requirements of the state.
- (2) Providing for payments against the unfunded accrued liability of the public retirement systems which are in addition to any payments required for the annual amortization of the unfunded accrued liability of the public retirement systems.
- (3) Providing funding for capital outlay projects in the comprehensive state budget.
- (4) Providing for allocation or appropriation for deposit into the Budget Stabilization Fund. Const. Art. VII, §10.3(A)(3) and (C)(4) requires 25% of nonrecurring revenues be deposited into the Budget Stabilization Fund unless the fund balance exceeds 4% of the previous fiscal year's total state revenue receipts.
- (5) Providing for allocation or appropriation for deposit into the Coastal Protection and Restoration Fund.
- (6) Providing for new highway construction for which federal matching funds are available, without excluding highway projects otherwise eligible for capital outlay funding.
- (7) For FY 2013-2014 and 2014-2015, a minimum of 5% of any money designated in the official forecast as nonrecurring must be applied toward payment of the balance of the unfunded accrued liabilities for those liabilities which existed as of June 30, 1988, for the La. State Employees' Retirement System and the Teachers Retirement System of La. in proportion to the balance of such unfunded accrued liability of each system. For FY

2015-2016 and every fiscal year thereafter, the minimum amount applied toward payment of the balances of unfunded accrued liabilities is 10%.

Proposed constitutional amendment retains present constitution and requires that from each fiscal year's total amount of nonrecurring revenues which remain after satisfaction of the requirements of Const. Art. VII, Section 9(B) for the Bond Security and Redemption Fund, the state treasurer deposit into the Seniors' Supplement Fund an amount equal to 10% of that total.

Proposed constitutional amendment establishes the Seniors' Supplement Fund ("fund") as a special treasury fund for the purpose of accumulating monies for the provision of occasional supplemental payments to eligible retirees and beneficiaries of the Louisiana State Employees' Retirement System, the Teachers' Retirement System of Louisiana, the School Employees' Retirement System, and the State Police Retirement System ("state systems").

Proposed constitutional amendment prohibits supplemental payment from being interpreted or construed to constitute a retirement benefit.

Proposed constitutional amendment provides that the fund shall consist of nonrecurring monies deposited pursuant to proposed constitutional amendment, appropriations, and revenues from any other source. Monies in the fund shall be invested in the same manner as those in the state general fund, and any earnings thereon shall be deposited into the fund. All unexpended and unencumbered monies in the fund at the end of a fiscal year shall remain in the fund.

Proposed constitutional amendment requires appropriations from the fund when the fund balance reaches an amount sufficient to provide for a supplemental payment to the eligible retirees and beneficiaries of the state systems. Appropriations from the fund are authorized solely for the making of occasional supplemental payments in any amount equal to or in excess of the minimum established by law and administrative expenses. Withdrawals, transfers, or appropriations from the fund for any other purpose shall be prohibited.

Proposed law requires that the legislature provide by law for the minimum supplemental payment amount, procedures for the estimation of amounts necessary and available for the making of a supplemental payment, and other matters relating to the provision of a supplemental payment. Further, any law establishing the minimum amount for a supplemental payment or eligibility requirements for a retiree or beneficiary to receive a payment, once enacted, shall not be changed except by specific legislative instrument which receives a favorable vote of two-thirds of the elected members of each house of the legislature. Notwithstanding the provisions of Const. Art. III, Section 2, such law may be introduced and considered in any regular session of the legislature.

Provides for submission of the proposed amendment to the voters at the statewide election to be held November 4, 2014.

(Adds Const. Art. VII, Sec. 10(D)(2)(b)(iv) and 10.13)