HLS 11RS-500 ENGROSSED

Regular Session, 2011

HOUSE BILL NO. 384

1

BY REPRESENTATIVE PEARSON AND SENATOR GAUTREAUX

RETIREMENT/FUNDING: (Constitutional Amendment) Provides for a minimum of 10% of nonrecurring revenue be applied toward reducing the balance of the unfunded accrued liability of the state retirement systems

A JOINT RESOLUTION

2	Proposing to amend Article VII, Section 10(D)(2)(b) of the Constitution of Louisiana, to
3	provide for allowable uses of nonrecurring revenue; to provide for the payment of
4	unfunded accrued liabilities; to provide for submission of the proposed amendment
5	to the electors; and to provide for related matters.
6	Notice of intention to introduce this Act has been published
7	as provided by Article X, Section 29(C) of the Constitution
8	of Louisiana.
9	Section 1. Be it resolved by the Legislature of Louisiana, two-thirds of the members
10	elected to each house concurring, that there shall be submitted to the electors of the state of
11	Louisiana, for their approval or rejection in the manner provided by law, a proposal to
12	amend Article VII, Section 10(D)(2)(b) of the Constitution of Louisiana, to read as follows:
13	§10. Expenditure of State Funds
14	Section 10.
15	* * *
16	(D) Appropriations.
17	* * *

1	(2) Except as otherwise provided in this constitution, the appropriation or
2	allocation of any money designated in the official forecast as nonrecurring shall be
3	made only for the following purposes:
4	* * *
5	(b)(i) Providing for payments against the unfunded accrued liability of the
6	public retirement systems which are in addition to any payments required for the
7	annual amortization of the unfunded accrued liability of the public retirement
8	systems, as required by Article X, Section 29(E)(2)(c) of this constitution; however,
9	any such payments to the public retirement systems shall not be used, directly or
10	indirectly, to fund cost-of-living increases for such systems.
11	(ii) For Fiscal Years 2013-2014 and 2014-2015 the legislature shall
12	appropriate no less than five percent of any money designated in the official forecast
13	as nonrecurring to the Louisiana State Employees' Retirement System and the
14	Teachers' Retirement System of Louisiana for application to the balance of the
15	unfunded accrued liability of such systems existing as of June 30, 1988, in
16	proportion to the balance of such unfunded accrued liability of each such system.
17	Any such payments to the public retirement systems shall not be used, directly or
18	indirectly, to fund cost-of-living increases for such systems.
19	(iii) For Fiscal Year 2015-2016 and every fiscal year thereafter the
20	legislature shall appropriate no less than ten percent of any money designated in the
21	official forecast as nonrecurring to the Louisiana State Employees' Retirement
22	System and the Teachers' Retirement System of Louisiana for application to the
23	balance of the unfunded accrued liability of such systems existing as of June 30,
24	1988, in proportion to the balance of such unfunded accrued liability of each such
25	system. 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	* * *

1 Section 2. 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 October 22, 3 2011. 4 Section 3. Be it further resolved that on the official ballot to be used at said election 5 there shall be printed a proposition, upon which the electors of the state shall be permitted 6 to vote FOR or AGAINST, to amend the Constitution of Louisiana, which proposition shall 7 read as follows: 8 To require in Fiscal Years 2013-2014 and 2014-2015 that five percent of 9 money designated in the official forecast as nonrecurring be applied toward 10 the balance of the unfunded accrued liability which existed as of June 30, 11 1988, for the Louisiana State Employees' Retirement System and the 12 Teachers Retirement System of Louisiana. To further require that in Fiscal Year 2015-2016 and every fiscal year thereafter that ten percent of such 13 14 nonrecurring revenue be applied to such purposes. (Amends Article VII, 15 Section 10(D)(2)(b)

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)]

Pearson HB No. 384

Abstract: Provides for a minimum amount of funds recognized as nonrecurring be applied toward payment of the balance of the unfunded accrued liabilities which existed as of June 30, 1988, for the La. State Employees' Retirement System and the Teachers Retirement System of La.

<u>Present constitution</u> provides that any money designated in the official forecast as nonrecurring shall be appropriated for 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. Article VII, §10.3(A)(3) and (C)(4) requires 25% of nonrecurring revenues

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CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

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be deposited into the Budget Stabilization Fund unless the fund balance exceeds 4% of the previous fiscal year's total state receipt.

- (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 as capital projects under other provisions of law.

<u>Proposed constitutional amendment</u> retains <u>present constitution</u> and further provides that for FY 2013-2014 and 2014-2015 a minimum of 5% of any money designated in the official forecast as nonrecurring 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.

<u>Proposed constitutional amendment</u> further provides that for FY 2015-2016 and every fiscal year thereafter the minimum amount applied toward payment of the balance of the unfunded accrued liabilities shall increase to 10%.

Provides for submission of the proposed amendment to the voters at the statewide election to be held Oct. 22, 2011.

(Amends Const. Article VII, §10(D)(2)(b))

Summary of Amendments Adopted by House

Committee Amendments Proposed by <u>House Committee on Appropriations</u> to the original bill.

- 1. Added that for FY 2013-2014 and 2014-2015 a minimum of 5% of any money designated in the official forecast as nonrecurring 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.
- 2. Increased the minimum amount to 10% for FY 2015-2016 and every fiscal year thereafter.