

2016 Regular Session

HOUSE BILL NO. 706

BY REPRESENTATIVE HODGES

FUNDS/FUNDING: Allows for a use of a portion of the Louisiana Education Quality Trust Fund when there is a projected deficit

1 AN ACT

2 To amend and reenact R.S. 17:3801(A)(1) and to enact R.S. 17:3801(G), relative to the
3 Kevin P. Reilly, Sr. Louisiana Education Quality Trust Fund; to authorize the use of
4 a portion of the monies in the fund for specific purposes when there is a projected
5 deficit; to provide for effectiveness; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 17:3801(A)(1) is hereby amended and reenacted and R.S.
8 17:3801(G) is hereby enacted to read as follows:

9 §3801. Louisiana Education Quality Trust Fund, hereinafter referred to in this Part
10 as the "Kevin P. Reilly, Sr. Louisiana Education Quality Trust Fund"

11 A.(1) There shall be established in the state treasury as a special permanent
12 trust fund, the "Kevin P. Reilly, Sr. Louisiana Education Quality Trust Fund",
13 henceforth referred to as the "Permanent Trust Fund". After allocation of money to
14 the Bond Security and Redemption Fund as provided in Article VII, Section 9(B) of
15 the constitution, and notwithstanding Article XIV, Section 10 of the constitution, the
16 treasurer shall deposit in and credit to the Permanent Trust Fund all money which is
17 received from the federal government under Section 1337(g) of Title 43 of the
18 United States Code which is attributable to mineral production activity or leasing
19 activity on the Outer Continental Shelf which has been held in escrow pending a
20 settlement between the United States and the state of Louisiana, except the first one

1 hundred million dollars so received; twenty-five percent of the recurring revenues
 2 received under Section 1337(g) of Title 43 of the United States Code which are
 3 attributable to mineral production activity or leasing activity on the Outer
 4 Continental Shelf; twenty-five percent of the interest income earned on investment
 5 of monies in the Permanent Trust Fund; and seventy-five percent of realized capital
 6 gains and twenty-five percent of dividend income earned on investment of the
 7 Permanent Trust Fund. ~~No~~Except as provided in Subsection G of this Section, no
 8 appropriation shall be made from the Permanent Trust Fund.

9 * * *

10 G. The money in the Permanent Trust Fund shall not be available for
 11 appropriation except under the following conditions:

12 (1)(a) If the official forecast of recurring money for the ensuing fiscal year
 13 is less than the official forecast of recurring money for the current fiscal year, the
 14 Revenue Estimating Conference shall incorporate a specified amount of the
 15 Permanent Trust Fund into the official forecast for the ensuing year pursuant to a
 16 concurrent resolution adopted by a favorable vote of two-thirds of the elected
 17 members of each house.

18 (b) If the legislature is not in session, the two-thirds consent requirement
 19 shall be obtained as provided in R.S. 39:87.

20 (c) The amount of the Permanent Trust Fund that may be incorporated into
 21 the official forecast for the ensuing fiscal year shall not exceed either of the
 22 following:

23 (i) The difference between the official forecast of recurring money for the
 24 ensuing fiscal year and the official forecast of recurring money for the current fiscal
 25 year.

26 (ii) Ten percent of the interest income, realized capital gains, and dividend
 27 income deposited in and credited to the Permanent Trust Fund in the current fiscal
 28 year.

1 (d) Money from the Permanent Trust Fund shall be appropriated only to
2 replace decreases in appropriations for elementary and secondary education purposes
3 and higher education purposes from the current fiscal year appropriations.

4 (2)(a) If a deficit for the current fiscal year is projected due to a decrease in
5 the official forecast of recurring money, the Revenue Estimating Conference shall
6 incorporate a specified amount of the Permanent Trust Fund into the official forecast
7 for the current fiscal year pursuant to a concurrent resolution adopted by a favorable
8 vote of two-thirds of the elected members of each house.

9 (b) If the legislature is not in session, the two-thirds consent requirement
10 shall be obtained as provided in R.S. 39:87.

11 (c) The amount of the fund that may be incorporated into the official forecast
12 for the current fiscal year shall not exceed either of the following:

13 (i) The amount of the projected deficit.

14 (ii) Ten percent of the interest income, realized capital gains, and dividend
15 income deposited in and credited to the Permanent Trust Fund in the current fiscal
16 year.

17 (d) Money from the Permanent Trust Fund shall be appropriated only to
18 replace allocations or appropriations of expenditures for elementary and secondary
19 education purposes and higher education purposes.

20 (3) In no event shall the amount included in the official forecast for the
21 ensuing fiscal year pursuant to Paragraph (1) of this Subsection plus the amount
22 included in the official forecast in the current fiscal year pursuant to Paragraph (2)
23 of this Subsection exceed ten percent of the interest income, realized capital gains,
24 and dividend income deposited in and credited to the Permanent Trust Fund in the
25 current fiscal year.

26 Section 2. This Act shall take effect and become operative if and when the proposed
27 amendment of Article VII of the Constitution of Louisiana contained in the Act which
28 originated as House Bill No. 577 of this 2016 Regular Session of the Legislature is adopted
29 at a statewide election and becomes effective.

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)]

HB 706 Engrossed

2016 Regular Session

Hodges

Abstract: Authorizes the use of up to 10% of the annual investment income of Louisiana Education Quality Trust Fund, subject to 2/3 approval of each house of the legislature, towards solving a projected deficit.

Present law establishes the Louisiana Education Quality Trust Fund (the "Permanent Trust Fund") and deposits certain mineral revenue from the Outer Continental Shelf owed to the state from the US government, known as "8(g) monies". Requires 25% of recurring mineral revenue, 25% of interest and dividend income, and 75% of capital gains be deposited into the fund.

Present law prohibits any appropriation out of the Permanent Trust Fund.

Proposed law authorizes the use of up to 10% of the interest income, realized capital gains, and dividend income deposited in and credited to the Permanent Trust Fund in the current fiscal year if there is a deficit in the current fiscal year due to a decrease in the official forecast. Also authorizes the use of up to 10% of the interest income, realized capital gains, and dividend income deposited in and credited to the Permanent Trust Fund in the current fiscal year if the official forecast of recurring money for the next fiscal year is less than the official forecast of recurring money for the current fiscal year. Limits the use of the fund to offset any reductions in expenditures for elementary and secondary education and higher education purposes.

Proposed law requires consent of two-thirds of the elected members of each house of the legislature prior to use of the Permanent Trust Fund and limits the amount of the fund that can be used in the current and next fiscal year to 10% of the interest income, realized capital gains, and dividend income deposited into the fund in the current fiscal year. Provides that consent shall be by concurrent resolution if the legislature is in session and by mail ballot if the legislature is not in session.

Effective if and when the proposed amendment of Article VII of the Constitution of La. contained in the Act which originated as House Bill No. 577 of this 2016 R.S. of the Legislature is adopted at a statewide election and becomes effective.

(Amends R.S. 17:3801(A)(1); Adds R.S. 17:3801(G))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Appropriations to the original bill:

1. Change the amount that may be used out of the Permanent Trust Fund from 10% of the fund to 10% of interest and dividend income and capital gains deposited in and credited to the fund in the current fiscal year.