

2025 Regular Session

HOUSE BILL NO. 579

BY REPRESENTATIVE EMERSON

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

FUNDS/FUNDING: Provides for the transfer, deposit, and use of monies among state funds

1 AN ACT

2 To amend and reenact R.S. 17:3801(A) and (C) and 3802(A)(1), R.S. 39:98.1, 98.2(A) and
3 (E), 98.3(A) and (C)(introductory paragraph), and 100.161(B)(3), to enact R.S.
4 39:98.2(F) and 100.161(E), and to repeal R.S. 17:3801 through 3805 and R.S.
5 39:98.3(C) and (E) and 100.116(A)(9), relative to certain treasury funds; to provide
6 for the transfer, deposit, and use, as specified, of monies in certain treasury funds and
7 accounts; to provide for the investment of certain treasury funds and accounts; to
8 repeal certain treasury funds and accounts; to provide with respect to the authority
9 of the Louisiana State Law Institute; to provide for effectiveness; and to provide for
10 related matters.

11 Be it enacted by the Legislature of Louisiana:

12 Section 1. R.S. 17:3801(A) and (C) and 3802(A)(1) are hereby amended and
13 reenacted to read as follows:

14 §3801. Louisiana Education Quality Trust Fund, hereinafter referred to in this Part
15 as the "Kevin P. Reilly, Sr. Louisiana Education Quality Trust Fund"

16 A.(1) There shall be established in the state treasury as a special ~~permanent~~
17 trust fund, the "Kevin P. Reilly, Sr. Louisiana Education Quality Trust Fund",
18 henceforth referred to as the "Permanent Trust Fund". ~~After allocation of money to~~
19 ~~the Bond Security and Redemption Fund as provided in Article VII, Section 9(B) of~~
20 ~~the constitution, and notwithstanding Article XIV, Section 10 of the constitution, the~~

1 ~~treasurer shall deposit in and credit to the Permanent Trust Fund all money which is~~
2 ~~received from the federal government under Section 1337(g) of Title 43 of the~~
3 ~~United States Code which is attributable to mineral production activity or leasing~~
4 ~~activity on the Outer Continental Shelf which has been held in escrow pending a~~
5 ~~settlement between the United States and the state of Louisiana, except the first one~~
6 ~~hundred million dollars so received; twenty-five percent of the recurring revenues~~
7 ~~received under Section 1337(g) of Title 43 of the United States Code which are~~
8 ~~attributable to mineral production activity or leasing activity on the Outer~~
9 ~~Continental Shelf; twenty-five percent of the interest income earned on investment~~
10 ~~of monies in the Permanent Trust Fund; and seventy-five percent of realized capital~~
11 ~~gains and twenty-five percent of dividend income earned on investment of the~~
12 ~~Permanent Trust Fund. No appropriation shall be made from the Permanent Trust~~
13 ~~Fund.~~

14 (2) ~~After six hundred million dollars has been credited to the Permanent~~
15 ~~Trust Fund from those monies received from the federal government under Section~~
16 ~~1337(g) of Title 43 of the United States Code which are attributable to mineral~~
17 ~~production activity or leasing activity on the Outer Continental Shelf which has been~~
18 ~~held in escrow pending a settlement between the United States and the state of~~
19 ~~Louisiana, the sum of fifty million dollars shall be credited from such monies to the~~
20 ~~Coastal Environment Protection Trust Fund, as established in R.S. 30:313; all such~~
21 ~~funds in excess of seven hundred fifty million dollars shall be credited to the~~
22 ~~Permanent Trust Fund.~~

23 (3) ~~After allocation of money to the Bond Security and Redemption Fund as~~
24 ~~provided in Article VII, Section 9(B) of the constitution, and notwithstanding Article~~
25 ~~XIV, Section 10 of the constitution, seventy-five percent of the recurring revenues~~
26 ~~received under Section 1337(g) of Title 43 of the United States Code which are~~
27 ~~attributable to mineral production activity or leasing activity, seventy-five percent~~
28 ~~of the interest income earned on investment of the Permanent Trust Fund, and~~
29 ~~twenty-five percent of realized capital gains and seventy-five percent of the dividend~~

1 ~~income earned on investment of the Permanent Trust Fund shall be deposited and~~
 2 ~~credited to a~~ There is hereby created a special fund ~~which is hereby created~~ in the
 3 state treasury, ~~and~~ which shall be known as the Louisiana Quality Education Support
 4 Fund, ~~hereinafter~~ hereafter referred to in this Section as the "Support Fund".
 5 ~~Beginning July 1, 2001, and only as to and in the accounting of earnings after that~~
 6 ~~date, the treasurer shall account for earnings from the Permanent Fund in a manner~~
 7 ~~which allocates the earnings between the Permanent Fund and the Support Fund in~~
 8 ~~the proportions as herein provided as such earnings are realized. Beginning July 1,~~
 9 ~~2001, and only as to and in the accounting of earnings after that date, the treasurer~~
 10 ~~shall account for earnings attributable to Support Fund balances due the boards of~~
 11 ~~education separately and allocate such earnings to the credit of each board~~
 12 ~~respectively.~~

13 (4) ~~All recurring revenues and interest earnings shall be credited to the~~
 14 ~~respective funds as provided in Paragraphs (1) and (2) above until the balance in the~~
 15 ~~Permanent Trust Fund equals two billion dollars. After the Permanent Trust Fund~~
 16 ~~reaches a balance of two billion dollars, all interest earnings on the Permanent Trust~~
 17 ~~Fund shall be credited to the Support Fund and all recurring revenues shall be~~
 18 ~~credited to the State General Fund.~~

19 * * *

20 C.(1) The amounts in the Support Fund shall be available for appropriation
 21 to pay expenses incurred for outside investment managers for the investment and
 22 management of the ~~Permanent~~ Trust Fund and for other custody, investment, and
 23 disbursement costs directly attributable to the ~~Permanent~~ Trust Fund, and for
 24 educational purposes only as provided in these Sections.

25 (2) ~~The State Board of Elementary and Secondary Education and the Board~~
 26 ~~of Regents each shall annually submit to the legislature and the governor not less~~
 27 ~~than sixty days prior to the beginning of each regular session of the legislature a~~
 28 ~~proposed program and budget for the expenditure of the monies in the Support Fund.~~
 29 ~~Proposals for such expenditures shall be designed to improve the quality of~~

1 ~~education. Except for monies appropriated to pay expenses incurred in investment~~
2 ~~and management of the Permanent Trust Fund, monies appropriated from the~~
3 ~~Support Fund by the legislature shall be disbursed to the Board of Regents and the~~
4 ~~State Board of Elementary and Secondary Education to be allocated by them as~~
5 ~~provided by law or the constitution to the programs as previously approved by the~~
6 ~~legislature.~~

7 ~~(3)~~ The treasurer shall disburse not more than fifty percent of the monies in
8 the Support Fund as that money is appropriated by the legislature and allocated by
9 the Board of Regents for any or all of the following higher educational purposes to
10 enhance economic development:

11 (a) The carefully defined research efforts of public and private universities
12 in Louisiana.

13 (b) The endowment of chairs for eminent scholars.

14 (c) The enhancement of the quality of academic, research, or agricultural
15 departments or units within a community college, college, or university. These funds
16 shall not be used for athletic purposes or programs.

17 (d) The recruitment of superior graduate students.

18 ~~(4)~~ (3) The treasurer shall disburse not more than fifty percent of the monies
19 in the Support Fund as that money is appropriated by the legislature and allocated by
20 the State Board of Elementary and Secondary Education for any or all of the
21 following elementary and secondary educational purposes:

22 (a) To provide compensation to city or parish school board professional
23 instructional employees.

24 (b) To insure an adequate supply of superior textbooks, library books,
25 equipment, and other instructional materials.

26 (c) To fund exemplary programs in elementary, secondary, or vocational-
27 technical schools designed to improve elementary and secondary student academic
28 achievement, or vocational-technical skill.

1 (d) To fund carefully defined research efforts, including pilot programs,
2 designed to improve elementary and secondary student academic achievement.

3 (e) To fund summer school remediation programs and preschool programs.

4 (f) To fund the teaching of foreign languages in elementary and secondary
5 schools.

6 (g) To fund an adequate supply of teachers by providing scholarships or
7 stipends to prospective teachers in academic areas where there is a critical teacher
8 shortage.

9 * * *

10 §3802. Appropriations; procedure; limitation; administration

11 A.(1) ~~Consistent with the provisions of the Constitution of Louisiana, the~~
12 The legislature shall appropriate the total amount of the funds in the Louisiana
13 Quality Education Support Fund, hereinafter referred to as the "support fund",
14 intended for higher educational purposes to the Board of Regents and the total
15 amount intended for elementary and secondary educational purposes to the State
16 Board of Elementary and Secondary Education itemized by program or other
17 recipient purpose. Such itemization shall occur in both the executive budget and in
18 the general appropriation bill and, except as otherwise provided by the constitution,
19 budget and appropriation functions shall be conducted as provided by law. Passage
20 of the general appropriation bill shall constitute legislative approval of the programs
21 or purposes to which money is appropriated.

22 * * *

23 Section 2. R.S. 39:98.1, 98.2(A) and (E), 98.3(A) and (C)(introductory paragraph),
24 and 100.161(B)(3) are hereby amended and reenacted and R.S. 39:98.2(F) and 100.161(E)
25 are hereby enacted to read as follows:

26 §98.1. Creation of Funds; Millennium Trust

27 A. There shall be established in the state treasury ~~as~~ a special permanent trust
28 fund known as the Millennium Trust. After allocation of money to the Bond
29 Security and Redemption Fund as provided in Article VII, Section 9(B) of the

1 Constitution of Louisiana, the treasurer shall deposit in and credit to the Millennium
 2 Trust certain monies received as a result of the Master Settlement Agreement,
 3 hereinafter the "Settlement Agreement", executed November 23, 1998, and approved
 4 by Consent Decree and Final Judgment entered in the case "Richard P. Ieyoub,
 5 Attorney General, ex rel. State of Louisiana v. Philip Morris, Incorporated, et al.",
 6 bearing Number 98-6473 on the docket of the Fourteenth Judicial District for the
 7 parish of Calcasieu, state of Louisiana; and all dividend and interest income and all
 8 realized capital gains on investment of monies in the Millennium Trust. The
 9 treasurer shall deposit in and credit to the Millennium Trust ~~the following amounts~~
 10 ~~of monies received as a result of the Settlement Agreement:~~

11 ~~(1) Fiscal Year 2000-2001, forty-five percent of the total monies received~~
 12 ~~that year:~~

13 ~~(2) Fiscal Year 2001-2002, sixty percent of the total monies received that~~
 14 ~~year:~~

15 ~~(3) Fiscal Year 2002-2003 and each fiscal year thereafter, seventy-five~~
 16 ~~percent of the total monies received that year: each fiscal year as a result of the~~
 17 ~~Settlement Agreement. However, beginning in Fiscal Year 2011-2012 after the~~
 18 ~~balance in the Millennium Trust reaches a total of one billion three hundred eighty~~
 19 ~~million dollars, the The monies deposited in and credited to the Millennium Trust,~~
 20 ~~received by the state as a result of the Settlement Agreement, shall be allocated to~~
 21 ~~the various funds within the Millennium Trust as provided in Subsections B, C, and~~
 22 ~~D of this Section TOPS Fund.~~

23 ~~(4) For Fiscal Year 2000-2001, Fiscal Year 2001-2002, and Fiscal Year~~
 24 ~~2002-2003, ten percent of the total monies received in each of those years for credit~~
 25 ~~to the Education Excellence Fund which, notwithstanding the provisions of R.S.~~
 26 ~~39:98.3(A), shall be appropriated for the purposes provided in R.S. 39:98.3(C)(4).~~

27 B.(1) The Health Excellence Fund shall be established as a special fund
 28 within the Millennium Trust. The treasurer shall credit to the Health Excellence Fund
 29 ~~one-third of the Settlement Agreement proceeds deposited each year into the~~

1 ~~Millennium Trust and one-third~~ one-half of all dividend and interest income and all
2 realized capital gains on investment of monies in the Millennium Trust. The
3 treasurer shall report annually to the legislature as to the amount of Millennium Trust
4 investment earnings credited to the Health Excellence Fund.

5 (2) ~~Beginning Fiscal Year 2011-2012, and each fiscal year thereafter, the~~
6 ~~treasurer shall credit to the Health Excellence Fund one-third of all dividend and~~
7 ~~interest income and all realized capital gains on investment of monies in the~~
8 ~~Millennium Trust.~~

9 (3) ~~Beginning July 1, 2012, after~~ After allocation of money to the Bond
10 Security and Redemption Fund as provided in Article VII, Section 9(B) of the
11 Constitution of Louisiana, the treasurer shall deposit in and credit to the Health
12 Excellence Fund the revenues derived from the tax imposed by R.S. 47:841(B)(3).

13 C.(1) ~~The Education Excellence Fund shall be established in the state~~
14 ~~treasury as a special fund within the Millennium Trust. The treasurer shall credit to~~
15 ~~the Education Excellence Fund one-third of the Settlement Agreement proceeds~~
16 ~~deposited into the Millennium Trust and one-third of all dividend and interest~~
17 ~~income and all realized capital gains on investment of monies in the Millennium~~
18 ~~Trust.~~

19 (2) ~~Beginning Fiscal Year 2011-2012, and each fiscal year thereafter, the~~
20 ~~treasurer shall credit to the Education Excellence Fund one-third of all dividend and~~
21 ~~interest income and all realized capital gains on investment of monies in the~~
22 ~~Millennium Trust.~~

23 D.(1) The TOPS Fund shall be established in the state treasury as a special
24 fund within the Millennium Trust. The treasurer shall credit to the TOPS Fund ~~one-~~
25 ~~third of the Settlement Agreement proceeds deposited into the Millennium Trust and~~
26 ~~one-third of all dividend and interest income and all realized capital gains on~~
27 ~~investment of monies in the Millennium Trust.~~

28 (2) ~~Beginning Fiscal Year 2011-2012, and each fiscal year thereafter, the~~
29 ~~treasurer shall credit to the TOPS Fund one hundred percent of the Settlement~~

1 Agreement proceeds deposited into the Millennium Trust and ~~one-third~~ one-half of
2 all dividend and interest income and all realized capital gains on investment of
3 monies in the Millennium Trust. The treasurer shall report annually to the legislature
4 as to the amount of Millennium Trust settlement agreement proceeds investment
5 earnings credited to the TOPS Fund.

6 (3) ~~Upon the effective date of this Section, the state treasurer shall deposit,~~
7 ~~transfer, or otherwise credit funds in an amount equal to such Settlement Agreement~~
8 ~~proceeds deposited in and credited to the Millennium Trust received by the state~~
9 ~~between April 1, 2011, and the effective date of this Section to the TOPS Fund.~~

10 D. Monies credited to the Millennium Trust pursuant to Subsection A of this
11 Section shall be invested by the treasurer. A portion of the monies, not to exceed
12 thirty-five percent, may be invested in stock. However, the portion of monies in the
13 Millennium Trust which may be invested in stock may be increased to no more than
14 fifty percent by a specific legislative instrument which receives a favorable vote of
15 two-thirds of the elected members of each house of the legislature. The legislature
16 shall provide for procedures for the investment of such monies as provided in R.S.
17 39:98.2. The treasurer may contract, subject to the approval of the State Bond
18 Commission, for the management of such investments and, if a contract is entered
19 into, amounts necessary to pay the costs of the contract shall be appropriated from
20 the Millennium Trust.

21 §98.2. Investment of Millennium Trust

22 A. The treasurer is authorized and directed to invest monies in the
23 Millennium Trust which are available for investment in ~~the investments permitted~~
24 ~~for the Louisiana Education Quality Trust Fund, also known as the Kevin P. Reilly~~
25 ~~Sr. Louisiana Education Quality Trust Fund, as set forth in R.S. 17:3803(B), (D), and~~
26 ~~(E).~~ any of the following:

27 (1) Time certificates of deposit of any bank domiciled or having a branch
28 office in the state of Louisiana, savings accounts or shares of savings and loan
29 associations and savings banks, as defined by R.S. 6:703(16) and (17), or share

1 accounts and share certificate accounts of federally or state-chartered credit unions
2 issuing time certificates of deposit, issued for the state treasurer under this authority.
3 For those funds determined under prudent judgment of the state treasurer to be made
4 available for investment in time certificates of deposit, the rate of interest paid by the
5 banks shall be determined by rules and regulations adopted and promulgated by the
6 state treasurer. Competitive bidding may be used to establish the rate of interest on
7 fifty percent or less of the amount determined to be available as of that date for
8 investment in time certificates of deposit. Those financial institutions bidding on
9 time certificates of deposit shall meet the financial criteria established by rules and
10 regulations adopted and promulgated by the state treasurer. At the time of
11 investment, the interest rate under the provisions of this Subsection shall be a rate not
12 less than the prevailing market interest rate on direct obligations of the United States
13 Treasury with a similar length of maturity. The funds so invested shall not exceed
14 at any time the amount insured by the Federal Deposit Insurance Corporation (FDIC)
15 in any one bank, savings bank, or savings and loan association and shall not exceed
16 at any time the amount insured by the National Credit Union Administration, or other
17 deposit insurance corporation, in any one credit union, unless the uninsured portion
18 is collateralized by the pledge of securities in the manner provided by R.S. 49:321.

19 (2) Direct obligations of the United States government, a United States
20 government agency, a United States government instrumentality, or a United States
21 government-sponsored enterprise, the timely payment of the principal and interest
22 of which is fully and explicitly guaranteed by the full faith and credit of the
23 government of the United States of America, and contained in a list promulgated by
24 the state treasurer.

25 (3) Direct obligations of a United States government agency, United States
26 government instrumentality, or United States government-sponsored enterprise, the
27 timely payment of principal and interest of which is fully guaranteed by the issuing
28 entity, but are not explicitly guaranteed by the full faith and credit of the government
29 of the United States, and contained in a list promulgated by the state treasurer.

1 (4) Stocks of any corporation listed on the New York Stock Exchange, the
2 American Stock Exchange, the National Association of Securities Dealers
3 Automated Quotations System, or other such stock exchange domiciled in the United
4 States and registered with the United States Securities and Exchange Commission,
5 provided that the total investment in such stocks at any one time shall not exceed the
6 percentage authorized for the Millennium Trust for investment in stocks.

7 (5)(a) Investment grade commercial paper issued in the United States, traded
8 in the United States markets, denominated in United States dollars, with a short-term
9 rating of at least A-1 by Standard & Poor's Financial Services LLC or P-1 by
10 Moody's Investor Service, Inc. or the equivalent rating by a nationally recognized
11 statistical rating organization.

12 (b) Investment grade corporate notes and bonds issued in the United States,
13 traded in United States markets, denominated in United States dollars, rated BAA or
14 better by Moody's Investor Service, Inc., or BBB or better by Standard & Poor's
15 Financial Services LLC, and the trades of which are settled through The Depository
16 Trust & Clearing Corporation, a national clearinghouse in the United States for the
17 settlement of securities trades.

18 (6) Money market funds consisting solely of securities otherwise eligible for
19 investment by the treasurer pursuant to this Section.

20 (7) Open-end mutual funds, closed-end mutual funds, and unit investment
21 trusts consisting solely of securities otherwise eligible for investment by the state
22 treasurer.

23 (8)(a) Tax exempt bonds and other taxable governmental bonds. In addition
24 to all other investment authority related to the Millennium Trust, the state treasurer
25 may invest in tax exempt bonds as defined in R.S. 49:342(C) and in taxable bonds
26 issued by any state or a political subdivision or public corporation of any state,
27 provided that such taxable bonds are rated at the time the investment is made by a
28 nationally recognized rating agency in one of the three highest rating categories of
29 that rating agency.

1 (b) Bonds, debentures, notes, or other similar obligations issued in the
2 United States market, denominated in United States dollars and which are the direct
3 legal obligations of a foreign nation which the International Monetary Fund lists as
4 an industrial country, for which investments in and/or business transactions with are
5 not prohibited or restricted by any law, regulation, or rule of the United States or the
6 state of Louisiana, and for which the full faith and credit of such nation has been
7 pledged for the payment of principal and interest; provided that any such security
8 shall be rated at least A- or better by Standard & Poor's Corporation or A3 or better
9 by Moody's, Inc., or an equivalent investment grade by a securities ratings
10 organization accepted by the National Association of Insurance Commissioners; and,
11 provided further that the total investment in such foreign securities at any one time
12 shall not exceed five percent of the market value of all investments held by the
13 treasurer in the Millennium Trust, or any other fund or investment of funds subject
14 to this investment authority.

15 (9) Any investment managers hired on a contract basis to advise the treasurer
16 regarding such investments shall be selected by the treasurer, subject to the approval
17 of the State Bond Commission, in accordance with a request for proposal process
18 using strict selection criteria based on sound industry principles. The contract, as
19 approved by the State Bond Commission, shall be on a fee, together with minimum
20 exchange fee, basis or on a commission basis only. The state treasurer shall adopt
21 and promulgate rules and regulations for such investments and for the selection of
22 outside investment managers.

23 (10) Open-end mutual funds, closed-end mutual funds, exchange-traded
24 funds, and unit investment trusts consisting solely of international securities
25 constructed to match or track the components of a market index provided by globally
26 recognized index providers, including but not limited to MSCI, FTSE, Dow Jones,
27 Standard & Poor's, Barclays, Citigroup, or any of their affiliates or successors and
28 assigns; however, the total investment in any and all such index funds at any one
29 time shall not exceed ten percent of the market value of all funds held by the

1 treasurer in the Millennium Trust. Nothing in this Paragraph shall be construed to
2 allow the state treasurer to invest directly in the common stock of foreign companies
3 known to do business with nations that support terrorism.

4 * * *

5 E.(1) In addition to all other investment authority granted for the Millennium
6 Trust, and notwithstanding any provision of law to the contrary, the state treasurer
7 may enter into direct security repurchase agreements, reverse security repurchase
8 agreements, and securities lending contracts in order to generate passive income.

9 (2) For the purposes of this Subsection, the terms "direct security repurchase
10 agreement" and "reverse security repurchase agreement" shall have the same
11 meaning as in R.S. 49:327(B) and the term "securities lending" shall have the same
12 meaning as in R.S. 49:321.1.

13 F. On or before December first of each year, the treasurer shall prepare and
14 submit a report on the performance of the Millennium Trust to the Joint Legislative
15 Committee on the Budget and the commissioner of administration for their review.
16 ~~With respect to the Education Excellence Fund, the report shall also be provided to~~
17 ~~the state superintendent of education.~~

18 * * *

19 §98.3. Appropriations from the Health Excellence Fund, ~~the Education Excellence~~
20 ~~Fund,~~ and the TOPS Fund

21 ~~A.(1) Appropriations from the Education Excellence Fund shall be limited~~
22 ~~to an annual amount not to exceed the estimated aggregate annual earnings from~~
23 ~~interest, dividends, and realized capital gains on investment of the Millennium Trust~~
24 ~~allocated as provided by R.S. 39:98.1(B) and (C) as recognized by the Revenue~~
25 ~~Estimating Conference. Amounts determined to be available for appropriation shall~~
26 ~~be those aggregate investment earnings which are in excess of an inflation factor as~~
27 ~~determined by the Revenue Estimating Conference. The amount of estimated~~
28 ~~aggregate investment earnings available for appropriation shall be determined by~~
29 ~~subtracting the product of the inflation factor multiplied by the amount of aggregate~~

1 investment earnings for the previous fiscal year from the amount of such estimated
2 aggregate investment earnings. The amount of realized capital gains on investment
3 which may be included in the aggregate earnings available for appropriation from the
4 Millennium Trust in any fiscal year shall not exceed the aggregate of earnings from
5 interest and dividends for that year.

6 (2)(a) For Fiscal Year 2011-2012 appropriations from the Health Excellence
7 Fund shall be limited to an annual amount not to exceed the estimated aggregate
8 annual earnings from interest, dividends, and realized capital gains on investment of
9 the trust and credited to the Health Excellence Fund as provided by R.S.
10 39:98.1(B)(2) and as recognized by the Revenue Estimating Conference.

11 (b) ~~For Fiscal Year 2012-2013, and~~ For each fiscal year thereafter,
12 appropriations from the Health Excellence Fund shall be limited to an annual amount
13 not to exceed the estimated aggregate annual earnings from interest, dividends, and
14 realized capital gains on investment of the trust and credited to the Health Excellence
15 Fund as provided by ~~R.S. 39:98.1(B)(2)~~ R.S. 39:98.1(B)(1) and as recognized by the
16 Revenue Estimating Conference and the amount of proceeds credited to and
17 deposited into the Health Excellence Fund as provided by ~~R.S. 39:98.1(B)(3)~~ R.S.
18 39:98.1(B)(2).

19 (3)(a) For Fiscal Year 2011-2012, appropriations from the TOPS Fund shall
20 be limited to the amount of Settlement Agreement proceeds credited to and deposited
21 into the TOPS Fund as provided by ~~R.S. 39:98.1(D)(2) and (3), and an annual~~
22 ~~amount not to exceed the estimated aggregate annual earnings from interest,~~
23 ~~dividends, and realized capital gains on investment of the trust and credited to the~~
24 ~~TOPS Fund as provided by R.S. 39:98.1(D)(2) and as recognized by the Revenue~~
25 ~~Estimating Conference.~~

26 (b) ~~(2)(a)~~ For Fiscal Year 2012-2013, and each fiscal year thereafter,
27 appropriations from the TOPS Fund shall be limited to the amount of annual
28 Settlement Agreement proceeds credited to and deposited into the TOPS Fund as
29 provided in ~~R.S. 39:98.1(D)(2)~~ R.S. 39:98.1(C), and an annual amount not to exceed

1 the estimated aggregate annual earnings from interest, dividends, and realized capital
2 gains on investment of the trust and credited to the TOPS Fund as provided in ~~R.S.~~
3 ~~39:98.1(D)(2)~~ R.S. 39:98.1(C) and as recognized by the Revenue Estimating
4 Conference.

5 ~~(c) For Fiscal Year 2011-2012, and each fiscal year thereafter, (b) The~~
6 amounts determined to be available for appropriation from the TOPS Fund from
7 interest earnings shall be those aggregate investment earnings which are in excess
8 of an inflation factor as determined by the Revenue Estimating Conference. The
9 amount of realized capital gains on investment which may be included in the
10 aggregate earnings available for appropriation in any year shall not exceed the
11 aggregate of earnings from interest and dividends for that year.

12 ~~(4)~~ (3) Actual earnings from interest, dividends, and capital gains during the
13 fiscal year in excess of the amounts estimated as available for appropriation shall be
14 credited to the appropriate fund and available for appropriation in subsequent years.
15 Appropriations from the Health Excellence Fund, ~~the Education Excellence Fund,~~
16 and the TOPS Fund shall include performance expectations to ensure accountability
17 in the expenditure of such monies.

18 * * *

19 C. The Education Excellence Fund shall be established in the state treasury
20 as a special fund within the Millennium Trust. Appropriations from the Education
21 Excellence Fund shall be restricted as follows:

22 * * *

23 §100.161. Louisiana Unclaimed Property Permanent Trust Fund

24 * * *

25 B.

26 * * *

27 (3) Subject to the limitations provided in this Subsection, the state treasurer
28 may invest the monies deposited in and credited to the UCP Permanent Trust Fund

1 ~~in the same manner as authorized for the Louisiana Education Quality Trust Fund as~~
2 ~~set forth in R.S. 17:3803:~~ any of the following:

3 (i) Time certificates of deposit of any bank domiciled or having a branch
4 office in the state of Louisiana, savings accounts or shares of savings and loan
5 associations and savings banks, as defined by R.S. 6:703(16) and (17), or share
6 accounts and share certificate accounts of federally or state-chartered credit unions
7 issuing time certificates of deposit, issued for the state treasurer under this authority.
8 For those funds determined under prudent judgment of the state treasurer to be made
9 available for investment in time certificates of deposit, the rate of interest paid by the
10 banks shall be determined by rules and regulations adopted and promulgated by the
11 state treasurer. Competitive bidding may be used to establish the rate of interest on
12 fifty percent or less of the amount determined to be available as of that date for
13 investment in time certificates of deposit. Those financial institutions bidding on
14 time certificates of deposit shall meet the financial criteria established by rules and
15 regulations adopted and promulgated by the state treasurer. At the time of
16 investment, the interest rate under the provisions of this Subsection shall be a rate not
17 less than the prevailing market interest rate on direct obligations of the United States
18 Treasury with a similar length of maturity. The funds so invested shall not exceed
19 at any time the amount insured by the Federal Deposit Insurance Corporation (FDIC)
20 in any one bank, savings bank, or savings and loan association and shall not exceed
21 at any time the amount insured by the National Credit Union Administration, or other
22 deposit insurance corporation, in any one credit union, unless the uninsured portion
23 is collateralized by the pledge of securities in the manner provided by R.S. 49:321.

24 (ii) Direct obligations of the United States government, a United States
25 government agency, a United States government instrumentality, or a United States
26 government-sponsored enterprise, the timely payment of the principal and interest
27 of which is fully and explicitly guaranteed by the full faith and credit of the
28 government of the United States of America, and contained in a list promulgated by
29 the state treasurer.

1 (iii) Direct obligations of a United States government agency, United States
2 government instrumentality, or United States government-sponsored enterprise, the
3 timely payment of principal and interest of which is fully guaranteed by the issuing
4 entity, but are not explicitly guaranteed by the full faith and credit of the government
5 of the United States, and contained in a list promulgated by the state treasurer.

6 (iv) Stocks of any corporation listed on the New York Stock Exchange, the
7 American Stock Exchange, the National Association of Securities Dealers
8 Automated Quotations System, or other such stock exchange domiciled in the United
9 States and registered with the United States Securities and Exchange Commission,
10 provided that the total investment in such stocks at any one time shall not exceed
11 thirty-five percent of the market value of all funds held by the treasurer in the UCP
12 Permanent Trust Fund.

13 (v)(aa) Investment grade commercial paper issued in the United States,
14 traded in the United States markets, denominated in United States dollars, with a
15 short-term rating of at least A-1 by Standard & Poor's Financial Services LLC or P-1
16 by Moody's Investor Service, Inc., or the equivalent rating by a nationally recognized
17 statistical rating organization.

18 (bb) Investment grade corporate notes and bonds issued in the United States,
19 traded in United States markets, denominated in United States dollars, rated BAA or
20 better by Moody's Investor Service, Inc., or BBB or better by Standard & Poor's
21 Financial Services LLC, and the trades of which are settled through The Depository
22 Trust & Clearing Corporation, a national clearinghouse in the United States for the
23 settlement of securities trades.

24 (vi) Money market funds consisting solely of securities otherwise eligible
25 for investment by the treasurer pursuant to this Section.

26 (vii) Open-end mutual funds, closed-end mutual funds, and unit investment
27 trusts consisting solely of securities otherwise eligible for investment by the state
28 treasurer.

1 (viii) Tax exempt bonds and other taxable governmental bonds. In addition
2 to all other investment authority related to the UCP Permanent Trust Fund, the state
3 treasurer may invest in tax exempt bonds as defined in R.S. 49:342(C), and in
4 taxable bonds issued by any state or a political subdivision or public corporation of
5 any state, provided that such taxable bonds are rated at the time the investment is
6 made by a nationally recognized rating agency in one of the three highest rating
7 categories of that rating agency.

8 (ix) Bonds, debentures, notes, or other similar obligations issued in the
9 United States market, denominated in United States dollars and are the direct legal
10 obligations of a foreign nation which the International Monetary Fund lists as an
11 industrial country, for which investments in and/or business transactions with are not
12 prohibited or restricted by any law, regulation, or rule of the United States or the
13 state of Louisiana, and for which the full faith and credit of such nation has been
14 pledged for the payment of principal and interest; provided that any such security
15 shall be rated at least A- or better by Standard & Poor's Corporation or A3 or better
16 by Moody's, Inc., or an equivalent investment grade by a securities ratings
17 organization accepted by the National Association of Insurance Commissioners; and,
18 provided further that the total investment in such foreign securities at any one time
19 shall not exceed five percent of the market value of all investments held by the
20 treasurer in the UCP Permanent Trust Fund, or any other fund or investment of funds
21 subject to this investment authority.

22 (x) Any investment managers hired on a contract basis to advise the treasurer
23 regarding such investments shall be selected by the treasurer, subject to the approval
24 of the State Bond Commission, in accordance with a request for proposal process
25 using strict selection criteria based on sound industry principles. The contract, as
26 approved by the State Bond Commission, shall be on a fee, together with minimum
27 exchange fee, basis or on a commission basis only. The state treasurer shall adopt
28 and promulgate rules and regulations for such investments and for the selection of
29 outside investment managers.

1 authorized and directed to change references in these provisions of law to reflect the
2 authorization in this Section.

3 (B) The Louisiana State Law Institute is further authorized and directed to change
4 the citations to R.S. 17:3803(B) contained in R.S. 49:321.1 to R.S. 39:98.2.

5 Section 6. The provisions of Section 4 of this Act shall take effect and become
6 operative on July 1, 2027, if and when the proposed amendment of Article VII of the
7 Constitution of Louisiana contained in the Act which originated as House Bill No. 473 of
8 this 2025 Regular Session of the Legislature is adopted at a statewide election and becomes
9 effective.

10 Section 7. The provisions of Sections 1, 2, 3, and 5 of this Act shall take effect and
11 become operative if and when the proposed amendment of Article VII of the Constitution
12 of Louisiana contained in the Act which originated as House Bill No. 473 of this 2025
13 Regular Session of the Legislature is adopted at a statewide election and becomes effective.

14 Section 8. This Section and Sections 6 and 7 of this Act shall become effective upon
15 signature by the governor or, if not signed by the governor, upon expiration of the time for
16 bills to become law without signature by the governor, as provided by Article III, Section
17 18 of the Constitution of Louisiana. If vetoed by the governor and subsequently approved
18 by the legislature, this Act shall become effective on the day following such approval.

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 579 Engrossed

2025 Regular Session

Emerson

Abstract Provides for the transfer, deposit, and use of monies among state funds.

**Louisiana Education Quality Trust Fund (LEQTF)
and the Louisiana Quality Education Support Fund (Support Fund)**

Present law provides for allocations to the LEQTF and the Support Fund and appropriations from these funds.

Proposed law repeals provisions related to the allocations made to the LEQTF and the Support Fund. Retains provisions related to appropriations from the funds. Proposed law repeals all provisions related to both funds effective July 1, 2027.

Millennium Trust

Present law creates a special fund in the state treasury called the Millennium Trust. Provides for deposits into the fund from monies received as a result of the tobacco settlement, as well as any interest income and realized capital gains on investment of monies in the fund. Provides for 75% of the tobacco settlement funds to be deposited into the Millennium Trust. Creates three special subfunds within the Millennium Trust: (1) the Health Excellence Fund; (2) the Education Excellence Fund; and (3) the TOPS Fund.

Present law provides that beginning in FY 2012, deposits shall be made as follows: (1) 1/3 of all dividend and interest income and all realized capital gains on investments of monies in the fund to the Health Excellence Fund; (2) 1/3 of all dividend and interest income and all realized capital gains on investments of monies into the Education Excellence Fund; and (3) 100% (of the 75%) of the tobacco settlement proceeds deposited into the Millennium Trust Fund and 1/3 of all dividend and interest income and all realized capital gains of monies invested into the TOPS Fund. Requires the treasurer to report annually to the legislature the amount of investment earnings credited to the TOPS fund.

Proposed law retains the Millennium Trust as a special fund within the state treasury. Retains the Health Excellence Fund and the TOPS Fund, but repeals the Education Excellence Fund. Provides for deposits as follows: (1) 1/2 of all dividend and interest income and all realized capital gains of monies invested to the Health Excellence Fund; and (2) 100% (of the 75%) of the tobacco settlement proceeds deposited into the Millennium Trust and 1/2 of all dividend and interest income and all realized capital gains of monies invested into the TOPS fund. Repeals language regarding deposit and the distribution of monies in the fund for prior fiscal years.

Present law provides for the investment of monies in the Millennium Trust. Directs the treasurer to invest monies in the trust in the same investments permitted for the LEQTF. Provides for investment maturity and interest rates on certificates of deposit. Authorizes the treasurer to enter into direct security repurchase agreements, reverse security repurchase agreements, and securities lending contracts in order to generate passive income. Provides definitions for direct security repurchase agreements, reverse security repurchase agreements, and securities lending contracts. Requires the treasurer to annually submit a report on the performance of the trust to the Joint Legislative Committee on the Budget and the commissioner of administration. Requires the treasurer to annually submit a report on the performance of the Education Excellence Fund to the state superintendent of education.

Proposed law retains present law relative to investment of monies in the Millennium Trust; however, proposed law provides an enumerated list of the types of investments allowable for monies in the fund, mirroring the types of investments allowable for monies in the LEQTF. Requires any investment managers hired on a contract basis to advise the treasurer to be selected by the treasurer and approved by the state bond commission. Removes the provision in present law that requires submission of the annual report regarding the performance of the Education Excellence Fund to the state superintendent of education. Retains all other provisions in present law.

Present law provides for appropriations from the subfunds within the Millennium Trust: (1) the Education Excellence Fund; (2) the Health Excellence Fund; and (3) the TOPS fund. Provides limitations to the amounts appropriated from the Education Excellence Fund, the Health Excellence Fund, and the TOPS fund. Provides for specific purposes for monies appropriated from the Health Excellence Fund, the Education Excellence Fund, and the TOPS fund.

Proposed law retains provisions in present law regarding appropriations from the Health Excellence Fund and the TOPS fund. Proposed law repeals prior year limitations on amounts that may be appropriated from the funds.

Proposed law repeals provisions related to the allocations made to the Education Excellence Fund and retains the provisions in present law regarding appropriations from the fund. Proposed law repeals all provisions of the Education Excellence Fund effective July 1, 2027.

Louisiana Unclaimed Property Permanent Trust Fund

Present law creates a special fund in the state treasury called the Louisiana Unclaimed Property Permanent Trust Fund. Prohibits appropriations from the fund. Provides for the fund to ensure a source of payment for claims made by owners of unclaimed property. Deposits into the fund derive from the amount of all monies received as a result of the Uniform Unclaimed Property Act of 1997. Provides for realized capital gains, dividend income, and interest income earned on the investments in the fund to be deposited into the state general fund. Proposed law retains present law.

Present law directs the treasurer to invest monies in the trust in the same manner as investments for the LEQTF. Proposed law provides an enumerated list of the types of investments allowable for monies in the fund, mirroring the types of investments allowable for monies in the LEQTF. Further allows for contractors selected by the treasurer and approved by the bond commission to manage fund assets.

Proposed law authorizes the treasurer to enter into direct security repurchase agreements, reverse security repurchase agreements, and securities lending contracts in order to generate passive income.

Certain ancillary funds

Present law with respect to the Medicaid Trust Fund for the Elderly, the Rockefeller Wildlife Refuge Trust and Protection Fund, and the Russell Sage or Marsh Island Refuge Fund authorizes investment of certain portions of these funds in investments authorized for the LEQTF. Proposed law updates these authorizations to investments permitted for the Millennium Trust. Further directs the La. State Law Institute to change references in present law for these funds to reflect the new authorization provided in proposed law.

Securities lending

Present law authorizes the treasury to execute securities lending contracts in certain circumstances. Restricts collateral for such lending agreements in part to securities authorized for investment by the treasurer pursuant to the LEQTF. Proposed law directs the La. State Law Institute to change this reference from LEQTF to Millennium Trust.

Present law further restricts in part investment of any cash collateral pledged for a securities lending contract to investments authorized for the LEQTF. Proposed law directs the La. State Law Institute to change this reference from LEQTF to Millennium Trust.

Effectiveness

Generally effective if and when the proposed amendment of Art. 7 of the Constitution of La. contained in the Act which originated as House Bill No. 473 of the 2025 Regular Session of the Legislature is adopted at a statewide election and becomes effective.

(Amends R.S. 17:3801(A) and (C), 3802(A)(1), R.S. 39:98.1, 98.2(A) and (E), 98.3(A) and (C)(introductory paragraph), and 100.161(B)(3); Adds R.S. 39:98.2(F) and 100.161(E); Repeals R.S. 17:3801-3805 and R.S. 39:98.3(C) and (E) and 100.116(A)(9))

Summary of Amendments Adopted by House

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

1. Align language in Millennium Trust investment statute regarding authorized investment in stocks with language in constitution authorizing the standard 35% investment ratio to be increased to no more than 50% by an Act of the legislature.
2. Add language to Millennium Trust and Unclaimed Property Permanent Trust Fund authorizing the state treasurer to enter into direct security repurchase agreements, reverse security repurchase agreements, and securities lending contracts for both of these trusts.
3. Repeal dedication of mineral revenue to the La. Education Quality Trust Fund.
4. Change language authorizing the state treasurer to invest monies in the Medicaid Trust Fund for the Elderly, Rockefeller Wildlife Refuge Trust and Protection Fund, and the Russell Sage or Marsh Island Refuge Fund in investments permitted for the LEQTF to investments permitted for the Millennium Trust.
5. Add language directing the La. State Law Institute to change certain references in present law to conform with proposed law.
6. Make technical and conforming changes.