

2023 Regular Session

HOUSE BILL NO. 170

BY REPRESENTATIVE TURNER

FUNDS/FUNDING: Dedicates portion of 0.45% state sales tax to payment of the Teachers' Retirement System of La. initial unfunded accrued liability

1 AN ACT

2 To amend and reenact R.S. 47:321.1(G), relative to state sales and use tax; to dedicate the  
3 avails of certain taxes to payment of certain liabilities of the Teachers' Retirement  
4 System of Louisiana; to provide exceptions; to provide requirements; to provide for  
5 an effective date; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 47:321.1(G) is hereby amended and reenacted to read as follows:

8 §321.1. Imposition of tax

9 \* \* \*

10 G.(1) ~~The~~ Through June 30, 2023, the avails of the tax collected under this  
11 Section shall be deposited immediately into the state treasury, and, after compliance  
12 with the requirements of Article VII, Section 9(B) of the Constitution of Louisiana,  
13 the state treasurer shall pay the remainder of the monies into the state general fund.

14 (2) The Teachers' Retirement Initial Unfunded Accrued Liability Fund,  
15 hereafter referred to in this Section as the "fund", is hereby established in the state  
16 treasury as a special fund. On and after July 1, 2023, after allocation to the Bond  
17 Security and Redemption Fund as provided in Article VII, Section 9(B) of the  
18 Constitution of Louisiana, the treasurer is authorized and directed to deposit into the  
19 fund the avails of the tax collected pursuant to this Section with the exception of any  
20 avails dedicated pursuant to R.S. 48:77. Unexpended and unencumbered monies in

1        the fund at the end of the fiscal year shall remain in the fund. Subject to  
 2        appropriation, monies in the fund shall be drawn on a monthly basis by the Teachers'  
 3        Retirement System of Louisiana for application to the system's original amortization  
 4        base as defined in R.S. 11:102.2. Monies drawn from the fund pursuant to the  
 5        provisions of this Section shall be in addition to and shall in no way supplant  
 6        payments otherwise made pursuant to the Constitution of Louisiana or Title 11 of the  
 7        Louisiana Revised Statutes of 1950. Monies drawn from the fund pursuant to the  
 8        provisions of this Section shall not be used, directly or indirectly, to fund cost-of-  
 9        living increases for the Teachers' Retirement System of Louisiana.

10                                        \*        \*        \*

11        Section 2.(A) Notwithstanding any provision of law or this Act to the contrary, no  
 12        draws from the Teachers' Retirement IUAL Fund shall be approved until the Revenue  
 13        Estimating Conference has adopted an official forecast with a projected balance for the fund.  
 14        If such a forecast is adopted after July 1, 2023, the first draw shall be for the accumulated  
 15        balance with monthly draws in accordance with the provisions of this Act to commence  
 16        thereafter.

17        (B) Notwithstanding any provision of this Act to the contrary, draws may only be  
 18        made on the account until the original amortization base, as defined in R.S. 11:102.2, is  
 19        liquidated. The director of the Teachers' Retirement System of Louisiana shall notify the  
 20        state treasurer immediately if the system's original amortization base is liquidated prior to  
 21        expiration of the tax levied pursuant to R.S. 47:321.1. In such case, deposits into the  
 22        Teachers' Retirement IUAL Fund shall cease and the monies that otherwise would have been  
 23        deposited into such fund shall be deposited into the state general fund. Upon notification  
 24        by the director of the Teachers' Retirement System of Louisiana of liquidation of the original  
 25        amortization base, the treasurer is hereby authorized and directed to transfer any remaining  
 26        balances in the Teachers' Retirement IUAL Fund to the state general fund.

27        Section 3. This Act shall become effective upon signature by the governor or, if not  
 28        signed by the governor, upon expiration of the time for bills to become law without signature  
 29        by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If

- 1 vetoed by the governor and subsequently approved by the legislature, this Act shall become  
2 effective on the day following such approval.
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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 170 Original

2023 Regular Session

Turner

**Abstract:** Dedicates to the payment of Initial Unfunded Accrued Liability (IUAL) at the Teachers' Retirement System of La. (TRSL) the avails of the 0.45% state sales and use tax that are not otherwise dedicated to the Transportation Trust Fund and the Megaprojects Leverage Fund pursuant to present law.

Present law (R.S. 47:321.1) levies a temporary 0.45% state sales and use tax on the sale, use, consumption, storage, or lease of tangible personal property and certain services in La. The imposition of this tax expires on June 30, 2025. Present law further provides various exemptions from such levy. Proposed law retains present law.

Present law (R.S. 48:77) dedicates a portion of the 0.45% state sales and use tax avails to the Transportation Trust Fund and the Megaprojects Leverage Fund. Proposed law retains present law.

Proposed law dedicates the remainder of the 0.45% state sales and use tax avails to payment of the IUAL at TRSL. Beginning July 1, 2023, proposed law requires deposit of the remaining 0.45% tax avails into the Teachers' Retirement IUAL Fund. Provides that unexpended and unencumbered monies in the fund at the end of the fiscal year shall remain in the fund. Requires TRSL, subject to appropriation, to draw from the fund monthly and to apply the money to the system's IUAL as defined in present law. Proposed law further provides that monies drawn from the fund pursuant to proposed law shall in no way supplant payments otherwise made pursuant to present law and present constitution. Further prohibits any monies from the fund from being used, directly or indirectly, to fund cost-of-living increases for such systems.

Proposed law further provides that, notwithstanding any provision of law or proposed law to the contrary, no draws from the Teachers' Retirement IUAL Fund shall be approved until the Revenue Estimating Conference has adopted an official forecast with a projected balance for the fund. If such forecast is adopted after July 1, 2023, the first draw shall be for the accumulated balance and monthly draws in accordance with the provisions of proposed law shall commence thereafter.

Proposed law provides that draws may only be made on the account until the IUAL is liquidated. Requires the director of the TRSL to notify the state treasurer immediately if the system's IUAL is liquidated prior to expiration of the 0.45% state sales and use tax levy. If the IUAL is liquidated, requires deposits into the Teachers' Retirement IUAL Fund to cease and the monies that otherwise would have been deposited into the fund to be deposited into the state general fund. Upon notification by the director of TRSL of liquidation of the IUAL, proposed law directs the treasurer to transfer any remaining balances in the fund to the state general fund.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 47:321.1(G))