
DIGEST

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HB 473 Original

2025 Regular Session

Emerson

Abstract: Repeals certain funds in the state treasury and applies the monies from those funds to the Unfunded Accrued Liability (UAL) of the Teachers' Retirement System of La. (TRSL).

LA. EDUCATION QUALITY TRUST FUND (LEQTF)

Present constitution (Art. VII, §10.1) establishes the LEQTF. Requires certain portions of monies received by the state from a settlement with the federal government regarding mineral production activity or leasing activity on the Outer Continental Shelf be deposited into the LEQTF and held as part of a permanent trust fund. Further requires deposit into the permanent trust fund of 25% of the interest income earned on investment of monies in the permanent trust fund, 75% of the realized capital gains on permanent trust fund monies, and 25% of dividend income earned on permanent trust fund monies. Prohibits appropriation from the permanent trust fund.

Within the LEQTF, present constitution also establishes the "Support Fund" and requires deposit of 75% of the recurring revenues received pursuant to federal law (43 U.S.C. 1337(g)) which are attributable to mineral production activity or leasing activity. Further requires deposit of the percent remaining of the realized capital gains and interest income and dividend income earned on investment of the permanent trust fund.

Requires deposits in conformity with allocations described above until the balance in the permanent trust fund reached \$2 B. Thereafter requires all interest earnings and all recurring revenues be credited to the Support Fund.

Requires monies in the permanent trust fund to be invested by the treasurer and authorizes up to 35% to be invested in stock. Authorizes monies in the Support Fund to be available to pay expenses incurred in the investment and management of the permanent trust fund and for educational purposes as provided in present constitution.

Present constitution requires the State Board of Elementary and Secondary Education (BESE) and the Board of Regents to submit annual reports to the legislature regarding proposed programs and budgets for monies in the Support Fund.

Present constitution authorizes appropriation from the Support Fund only for investment and management expenses and for educational purposes. Requires available monies to be appropriated equally between higher education and elementary and secondary education purposes. Requires appropriation of monies for educational purposes be made to the Board of Regents and BESE.

Present constitution prohibits monies appropriated from the Support Fund from displacing, replacing, or supplanting appropriations from the general fund for other educational purposes. With certain exceptions, prohibits appropriation of monies for any fiscal year from the Support Fund for any purpose for which a general fund appropriation was made in the previous year.

Present constitution provides a list of eligible purposes for monies appropriated to the Board of Regents from the Support Fund, including the endowment of chairs for eminent scholars and enhancing the quality of academic, research, or agricultural departments or unites within an institution. Provides a list of eligible purposes for monies appropriated to BESE from the Support Fund, including compensation to professional instructional employees, insuring adequate supply of instructional materials, and funding school remediation programs.

Proposed constitutional amendment repeals present constitution.

MILLENNIUM TRUST

Present constitution (Art. VII, §10.8) establishes the Millennium Trust as a special permanent trust in the state treasury. Requires deposit of certain monies received by the state as a result of settling litigation against certain tobacco product manufacturers.

Present constitution establishes three funds within the Millennium Trust: the Health Excellence Fund, the Education Excellence Fund, and the TOPS Fund. As further explained below, proposed constitutional amendment makes structural changes to the Health Excellence and TOPS Funds and repeals the Education Excellence Fund in its entirety.

Present constitution requires deposit into the Millennium Trust of 75% of the total monies received each year. Present constitution requires that, beginning after the balance in the Millennium Trust reaches a total of \$1.38 B monies deposited into the trust shall be allocated to the various funds within the trust in accordance with present constitution.

(a) Health Excellence Fund

Present constitution requires the treasurer to credit to the Health Excellence Fund one-third of all investment earnings on the investment of monies in the trust. Further requires deposit into the Health Excellence Fund of the revenues derived from the 4/20 of one cent per cigarette tax levied pursuant to present law (R.S. 47:841(B)(3)). Requires the treasurer to report annually to the legislature as to the amount of investment earnings credited to the Health Excellence Fund. Proposed constitutional amendment increases the amount of investment earnings that must be deposited in the account from one-third to one-half. Otherwise retains present constitution.

Present constitution limits appropriations from the Health Excellence Fund to an annual amount not to exceed the estimated aggregate annual earnings from interest, dividends, and realized capital gains on investment of the trust credited to the Health Excellence Fund and the amount of proceeds

credited to the fund from the cigarette tax avails (R.S. 47:841(B)(3)).

Present constitution restricts use of monies from the Health Excellence Fund to certain enumerated purposes, including initiatives to ensure the optimal development of La.'s children through the provision of appropriate health care and initiatives to benefit the citizens of La. with respect to health care.

Proposed constitutional amendment retains present constitution.

(b) Education Excellence Fund

Present constitution requires the treasurer to credit to the Education Excellence Fund 1/3 of all investment earnings on the investment of monies in the trust.

Present constitution limits appropriations from the Education Excellence Fund to an annual amount not to exceed the estimated aggregate annual earnings from interest, dividends, and realized capital gains on investment of the trust allocated as provided in present constitution. Limits appropriation to those aggregate investment earnings which were in excess of an inflation factor as determined by the Revenue Estimating Conference. Limits the amount of realized capital gains on investment which could be included in the aggregate earnings available for appropriation from exceeding the aggregate of earnings from interest and dividends for that year.

Present constitution restricts use of monies from the Education Excellence Fund to certain enumerated purposes, including to the La. Educational Television Authority and certain special schools, for independent public schools approved by BESE, and for distribution to each city, parish, and other local school system on a pro rata basis based on a prescribed student population ratio. Further restricts expenditures to pre-kindergarten through twelfth grade instructional enhancement for students. Specifically prohibits expenditures for maintenance or renovation of buildings, capital improvements, and increases in employee salaries. Requires each recipient entity to annually prepare and submit to the state Dept. of Education a plan for expenditure of Education Excellence funds. Prohibits amounts appropriated pursuant to present constitution from displacing, replacing, or supplanting appropriations from the general fund for elementary and secondary education, including implementing the Minimum Foundation Program. Requires the treasurer to maintain a record of the amounts appropriated that remained in the state treasury. Any such amounts, and investment earnings attributable to such amounts remain to the credit of each recipient entity at the close of each fiscal year.

Proposed constitutional amendment repeals present constitution.

(c) TOPS Fund

Present constitution requires the treasurer to credit to the TOPS Fund 100% of the settlement agreement proceeds deposited into the Millennium Trust. Present constitution allocates 1/3 of all

investment earnings on the investment of trust monies to the TOPS Fund. Requires the treasurer to report annually to the legislature as to the amount of investment earnings credited to the TOPS Fund. Proposed constitutional amendment increases the amount of investment earnings deposited into the TOPS Fund from one-third to one-half. Otherwise retains present constitution.

Present constitution limits appropriations from the TOPS Fund to the amount of annual settlement agreement proceeds credited to the fund and an annual amount not to exceed the estimated aggregate annual earnings from interest, dividends, and realized capital gains on investment of the trust. Further limits appropriation to those aggregate investment earnings which are in excess of an inflation factor as determined by the Revenue Estimating Conference.

Present constitution restricts use of monies from the TOPS Fund to the support of state programs for financial assistance for students attending La. institutions of postsecondary education.

Proposed constitutional amendment retains present constitution.

RETIREMENT DEBT PAYMENT

Proposed constitutional amendment (Art. VII, §10.17) requires the treasurer to transfer to the Teachers' Retirement System of La. no later than April 1, 2027, the liquidated fair market value of each of the following funds:

- (1) The Education Excellence Fund.
- (2) LEQTF.
- (3) The La. Quality Education Support Fund.

Proposed constitutional amendment requires the Teachers' Retirement System of La. to apply such monies to its oldest debt. Provides that if such monies are insufficient to fully liquidate a debt schedule, the system shall reamortize the remaining debt for that schedule with annual level-dollar payments over the remainder of the original amortization period.

Proposed constitutional amendment further provides that a participating employer's net savings attributable to the payments made pursuant to proposed constitutional amendment shall be used as provided by law.

MONIES HELD IN FUNDS TO BE REPEALED

Proposed constitutional amendment (Sections 3 & 4 of this Act) establish timelines and protocols for withdrawal of monies held in the Education Support Fund and the Education Excellence Fund to the credit of certain entities. Require certified balances owed to be transferred by the treasurer to the Overcollections Fund. Provides restrictions on use of monies held in the Overcollections Fund pursuant to proposed constitutional amendment

Proposed constitutional amendment (Section 5 of this Act) retains certain sums in the following accounts for satisfaction of monies held to the credit of certain entities and fiscal year 2026-2027 appropriations from such funds:

- (1) LEQTF.
- (2) La. Quality Education Support Fund.
- (3) Education Excellence Fund.

Further provides that, notwithstanding any provision of proposed constitutional amendment to the contrary, transfers from such funds to the Teachers' Retirement System of La. are net of such amounts.

After the effective date of proposed constitutional amendment (Section 6 of this Act) deposits into the following funds are prohibited:

- (1) LEQTF.
- (2) La. Quality Education Support Fund.
- (3) Education Excellence Fund.

Proposed constitutional amendment further directs the treasurer, until directed otherwise by law, to deposit monies that would have been deposited into such fund into the state general fund.

TECHNICAL CHANGES

Present constitution (Art. VII, §10) exempts certain funds and allocations from deficit avoidance procedures. Proposed constitutional amendment repeals exemption for LEQTF.

Proposed constitutional amendment makes technical and conforming changes throughout.

Effective Jan. 1, 2027.

Provides for submission of the proposed amendment to the voters at the statewide election to be held November 3, 2026.

(Amends Art. VII, §10.8(A)(1), (2), and (4) and (C)(1); Adds Art. VII, §10.17; Repeals Art. VII, §§10(F)(4)(d), 10.1, and 10.8(A)(3) and (C)(3))