
DIGEST

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Jones

HB No. 26

Abstract: Provides for at least 2.5% of funds recognized as nonrecurring to be applied toward payment of the balance of the oldest outstanding unfunded accrued liabilities of the La. School Employees' Retirement System and the State Police Retirement System.

Present constitution 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 that existed as of June 30, 1988, of the public retirement systems, which are in addition to any payments required by present constitution for the annual amortization of such unfunded accrued liability.

Requires that for FY 2013-2014 and 2014-2015 a minimum of 5% of any money designated in the official forecast as nonrecurring shall 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.

Further requires that for FY 2015-2016 and thereafter the minimum amount applied toward payment of the balance of the unfunded accrued liabilities shall increase to 10%.

- (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 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.

Proposed constitutional amendment retains present constitution.

Proposed constitutional amendment provides for payments from nonrecurring revenue to be made against the general unfunded accrued liability of the La. School Employees' Retirement System and the State Police Retirement System.

Proposed constitutional amendment provides that for FY 2015-2016 and every fiscal year thereafter a minimum of 2.5% of any money designated in the official forecast as nonrecurring shall be applied toward payment of the balance of the oldest outstanding unfunded accrued liability of the La. School Employees' Retirement System and the State Police Retirement System in proportion to the balance of such unfunded accrued liability of each system. Upon complete liquidation of the oldest outstanding debt of the system, any remaining funds from an appropriation pursuant to proposed constitutional amendment shall be applied to the next oldest outstanding debt of such system until all such appropriated funds are exhausted. Further prohibits reamortization of the debt when the proposed funds are applied toward it.

Proposed constitutional amendment prohibits the direct and indirect use of any such dedicated funds to fund a cost-of-living increase.

Provides for submission of the proposed amendment to the voters at the statewide election to be held Nov. 4, 2014.

(Amends Const. Article VII, §10(D)(2)(c)-(f); Adds Const. Article VII, §10(D) (2)(g))