

Regular Session, 2014

HOUSE BILL NO. 88

BY REPRESENTATIVE BARROW

FUNDS/FUNDING: (Constitutional Amendment) Establishes the Seniors' Supplement Fund for the provision of occasional supplemental payments to certain retirees and beneficiaries of state retirement systems

A JOINT RESOLUTION

1

2 Proposing to add Article VII, Sections 10(D)(2)(b)(iv) and 10.13 of the Constitution of

3 Louisiana, relative to state funds; to establish the Seniors' Supplement Fund; to

4 provide for the deposit of certain nonrecurring revenues into the fund; to provide for

5 the use and investment of monies deposited in the fund; to provide with respect to

6 occasional supplemental payments to eligible retirees and other beneficiaries of the

7 state retirement systems; to provide with respect to implementation; to provide for

8 effectiveness; to provide for submission of the proposed amendment to the electors;

9 and to provide for related matters.

10 Notice of intention to introduce this Act has been published

11 as provided by Article X, Section 29(C) of the Constitution

12 of Louisiana.

13 Section 1. Be it resolved by the Legislature of Louisiana, two-thirds of the members

14 elected to each house concurring, that there shall be submitted to the electors of the state of

15 Louisiana, for their approval or rejection in the manner provided by law, a proposal to add

16 Article VII, Sections 10(D)(2)(b)(iv) and 10.13 of the Constitution of Louisiana, to read as

17 follows:

1 §10. Expenditure of State Funds

2 Section 10.

3 \* \* \*

4 (D) Appropriations.

5 \* \* \*

6 (2) Except as otherwise provided in this constitution, the appropriation or  
7 allocation of any money designated in the official forecast as nonrecurring shall be  
8 made only for the following purposes:

9 \* \* \*

10 (b)

11 \* \* \*

12 (iv) From each fiscal year's total amount of nonrecurring revenues which  
13 remain after satisfaction of the requirements of Article VII, Section 9(B) of this  
14 constitution for the Bond Security and Redemption Fund, the state treasurer shall  
15 deposit into the Seniors' Supplement Fund an amount equal to ten percent of that  
16 total.

17 \* \* \*

18 §10.13. Seniors' Supplement Fund; occasional supplemental payments to retirees  
19 and beneficiaries of state retirement systems

20 Section 10.13. Seniors' Supplement Fund

21 (A) The Seniors' Supplement Fund is hereby established as a special treasury  
22 fund, hereinafter referred to as the "fund", consisting of monies deposited pursuant  
23 to Article VII, Section 10(D)(2)(b)(iv) of this constitution, appropriations, and any  
24 other source of revenue. Monies in the fund shall be invested in the same manner  
25 as those in the state general fund, and any earnings thereon shall be deposited into  
26 the fund. All unexpended and unencumbered monies in the fund at the end of a  
27 fiscal year shall remain in the fund.

28 (B) The fund shall be used to accumulate monies sufficient to provide for  
29 occasional supplemental payments to retirees and beneficiaries of the Louisiana State

1        Employees' Retirement System, the Teachers' Retirement System of Louisiana, the  
2        School Employees' Retirement System, and the State Police Retirement System.  
3        Notwithstanding any other provision of this constitution to the contrary, the  
4        supplemental payment shall not be interpreted or construed to constitute a retirement  
5        benefit. Appropriations from the fund are authorized solely for the making of  
6        occasional supplemental payments in any amount equal to or in excess of the  
7        minimum established by law, and administrative expenses related thereto.  
8        Withdrawals, transfers, or appropriations from the fund for any other purpose shall  
9        be prohibited.

10            (C) When the balance in the fund reaches an amount sufficient to provide for  
11        a supplemental payment to eligible retirees and beneficiaries in all four retirement  
12        systems, the legislature shall appropriate monies sufficient to provide for the  
13        payment during the next regular session. The minimum supplemental payment  
14        amount, procedures for the estimation of amounts necessary and available for the  
15        making of a supplemental payment, and other matters relating to the provision of an  
16        occasional supplemental payment shall be provided by law. Any law establishing  
17        the minimum amount for a supplemental payment or eligibility requirements for a  
18        retiree or beneficiary to receive a payment, once enacted, shall not be changed except  
19        by specific legislative instrument which receives a favorable vote of two-thirds of  
20        the elected members of each house of the legislature. Notwithstanding the  
21        provisions of Article III, Section 2 of this constitution, such law may be introduced  
22        and considered in any regular session of the legislature.

23        Section 2. Be it further resolved that this proposed amendment shall be submitted  
24        to the electors of the state of Louisiana at the statewide election to be held on November 4,  
25        2014.

1           Section 3. Be it further resolved that on the official ballot to be used at the election,  
2 there shall be printed a proposition, upon which the electors of the state shall be permitted  
3 to vote YES or NO, to amend the Constitution of Louisiana, which proposition shall read as  
4 follows:

5           Do you support an amendment to establish the Seniors' Supplement Fund as  
6 a special treasury fund into which ten percent of each year's nonrecurring  
7 revenues shall be deposited for the purposes of granting occasional  
8 supplemental payments to eligible retirees and beneficiaries of the state  
9 retirement systems? (Adds Article VII, Sections 10(D)(2)(b)(iv) and 10.13)

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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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Barrow

HB No. 88

**Abstract:** Establishes the Seniors' Supplement Fund through the dedication of certain nonrecurring revenues for the making of occasional supplemental payments to eligible retirees and beneficiaries of the state retirement systems.

Present constitution requires the Revenue Estimating Conference to adopt official forecasts of revenues available for appropriation. The conference must designate within the official forecast those specific revenues which are nonrecurring in nature.

Present constitution limits the appropriation or use of any money designated in the official forecast as nonrecurring to 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 of the public retirement systems which are in addition to any payments required for the annual amortization of the unfunded accrued liability of the public retirement systems.
- (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. Const. Art. 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 revenue receipts.
- (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 for capital outlay funding.

- (7) For FY 2013-2014 and 2014-2015, a minimum of 5% of any money designated in the official forecast as nonrecurring must 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. For FY 2015-2016 and every fiscal year thereafter, the minimum amount applied toward payment of the balances of unfunded accrued liabilities is 10%.

Proposed constitutional amendment retains present constitution and requires that from each fiscal year's total amount of nonrecurring revenues which remain after satisfaction of the requirements of Const. Art. VII, Section 9(B) for the Bond Security and Redemption Fund, the state treasurer deposit into the Seniors' Supplement Fund an amount equal to 10% of that total.

Proposed constitutional amendment establishes the Seniors' Supplement Fund ("fund") as a special treasury fund for the purpose of accumulating monies for the provision of occasional supplemental payments to eligible retirees and beneficiaries of the Louisiana State Employees' Retirement System, the Teachers' Retirement System of Louisiana, the School Employees' Retirement System, and the State Police Retirement System ("state systems").

Proposed constitutional amendment prohibits supplemental payment from being interpreted or construed to constitute a retirement benefit.

Proposed constitutional amendment provides that the fund shall consist of nonrecurring monies deposited pursuant to proposed constitutional amendment, appropriations, and revenues from any other source. Monies in the fund shall be invested in the same manner as those in the state general fund, and any earnings thereon shall be deposited into the fund. All unexpended and unencumbered monies in the fund at the end of a fiscal year shall remain in the fund.

Proposed constitutional amendment requires appropriations from the fund when the fund balance reaches an amount sufficient to provide for a supplemental payment to the eligible retirees and beneficiaries of the state systems. Appropriations from the fund are authorized solely for the making of occasional supplemental payments in any amount equal to or in excess of the minimum established by law and administrative expenses. Withdrawals, transfers, or appropriations from the fund for any other purpose shall be prohibited.

Proposed law requires that the legislature provide by law for the minimum supplemental payment amount, procedures for the estimation of amounts necessary and available for the making of a supplemental payment, and other matters relating to the provision of a supplemental payment. Further, any law establishing the minimum amount for a supplemental payment or eligibility requirements for a retiree or beneficiary to receive a payment, once enacted, shall not be changed except by specific legislative instrument which receives a favorable vote of two-thirds of the elected members of each house of the legislature. Notwithstanding the provisions of Const. Art. III, Section 2, such law may be introduced and considered in any regular session of the legislature.

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

(Adds Const. Art. VII, Sec. 10(D)(2)(b)(iv) and 10.13)