

2022 Regular Session

HOUSE BILL NO. 29

BY REPRESENTATIVE NELSON

APPROPRIATIONS: (Constitutional Amendment) To require the legislature to appropriate no less than fifty percent of nonrecurring state revenues for application to certain state retirement system unfunded accrued liability

A JOINT RESOLUTION

Proposing to amend Article VII, Section 10(D)(2)(b)(ii) and (iii) of the Constitution of Louisiana, to provide relative to payment of certain state retirement system unfunded accrued liability; to provide for the amount of nonrecurring state revenue that must be appropriated to such debt; to repeal provisions relative to the amount and distribution of such payments required in prior fiscal years; to provide for submission of the proposed amendment to the electors; and to provide for related matters.

Notice of intention to introduce this Act has been published as provided by Article X, Section 29(C) of the Constitution of Louisiana.

Section 1. Be it resolved by the Legislature of Louisiana, two-thirds of the members elected to each house concurring, that there shall be submitted to the electors of the state of Louisiana, for their approval or rejection in the manner provided by law, a proposal to amend Article VII, Section 10(D)(2)(b)(ii) and (iii) of the Constitution of Louisiana, to read as follows:

§10. Expenditure of State Funds

* * *

1 (D)

2 * * *

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

6 * * *

7 (b)(i)

8 * * *

9 ~~(ii) For Fiscal Years 2013-2014 and 2014-2015 the legislature shall~~
10 ~~appropriate no less than five percent of any money designated in the official forecast~~
11 ~~as nonrecurring to the Louisiana State Employees' Retirement System and the~~
12 ~~Teachers' Retirement System of Louisiana for application to the balance of the~~
13 ~~unfunded accrued liability of such systems existing as of June 30, 1988, in~~
14 ~~proportion to the balance of such unfunded accrued liability of each such system.~~
15 ~~Any such payments to the public retirement systems shall not be used, directly or~~
16 ~~indirectly, to fund cost-of-living increases for such systems.~~

17 (iii) For Fiscal Year 2015-2016 ~~and every fiscal year thereafter~~ through
18 Fiscal Year 2022-2023, the legislature shall appropriate no less than ten percent of
19 any money designated in the official forecast as nonrecurring to the Louisiana State
20 Employees' Retirement System and the Teachers' Retirement System of Louisiana
21 for application to the balance of the unfunded accrued liability of such systems
22 existing as of June 30, 1988, in proportion to the balance of such unfunded accrued
23 liability of each such system. Any such payments to the public retirement systems
24 shall not be used, directly or indirectly, to fund cost-of-living increases for such
25 systems.

26 (iii) For Fiscal Year 2023-2024 and each fiscal year thereafter, the legislature
27 shall appropriate no less than fifty percent of any money designated in the official
28 forecast as nonrecurring to the state retirement systems for application to their
29 unfunded accrued liability. Money appropriated pursuant to this Item shall be

1 applied by the receiving system to its outstanding positive amortization bases in the
2 order in which they were created, from oldest to newest. The legislature may
3 provide by law for a formula to distribute the nonrecurring money between those
4 state retirement systems that have unfunded accrued liability. If the legislature has
5 not provided by law for a distribution formula, nonrecurring money shall be
6 appropriated pursuant to this Item to each system in the proportion that the system's
7 total unfunded accrued liability bears to the total of all state system unfunded
8 accrued liability, using the most recent system valuations adopted by the Public
9 Retirement Systems' Actuarial Committee or its successor. Any payment to a state
10 retirement system made pursuant to the provisions of this Item shall not be used,
11 directly or indirectly, to fund cost-of-living increases for such system.

* * *

13 Section 2. Be it further resolved that this proposed amendment shall be submitted
14 to the electors of the state of Louisiana at the statewide election to be held on November 8,
15 2022.

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

20 Do you support an amendment to require that a minimum of fifty percent of
21 money designated in the official forecast as nonrecurring be applied to
22 paying off the unfunded accrued liability of state retirement systems?
23 (Amends Article VII, Section 10(D)(2)(b)(ii) and (iii))

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 29 Original

2022 Regular Session

Nelson

Abstract: Requires a minimum of 50% of all nonrecurring state revenues be applied to the Unfunded Accrued Liability (UAL) of certain state retirement systems.

Present constitution limits the ability of the legislature to spend state nonrecurring revenue to six particular items. Proposed constitution retains present constitution.

Present constitution provides that one allowable use of nonrecurring revenue is extra payments toward the UAL of public retirement systems, above payments otherwise required by present constitution. Prohibits use of such funds to directly or indirectly finance a cost-of-living adjustments. Proposed constitution retains present constitution.

Present constitution further requires that for FY 13-14 and 14-15 the legislature appropriate no less than 5% of nonrecurring state revenues to the UAL of the Louisiana State Employees' Retirement System (LASERS) and the Teachers' Retirement System of Louisiana (TRSL) that existed on June 30, 1988 (IUAL). Proposed constitution repeals present constitution.

Present constitution further requires that for FY 2015-2016 and beyond, the legislature appropriate a minimum of 10% of nonrecurring state revenue to the IUAL of LASERS and TRSL. Proposed constitution terminates this required 10% minimum appropriation after FY 2022-23.

Proposed constitution requires that, beginning FY 2023-2024 and continuing each fiscal year thereafter, the legislature must appropriate a minimum of 50% of nonrecurring revenue to the UAL of the four state retirement systems: LASERS, TRSL, the Louisiana School Employees' Retirement System (LSERS) and the Louisiana State Police Retirement System (STPOL). Authorizes the legislature to provide by law for distribution of nonrecurring monies appropriated pursuant to the provisions of proposed constitution. Further provides that if the legislature has not provided for an alternative distribution formula, nonrecurring money shall be appropriated to each system in the proportion that the system's total unfunded accrued liability bears to the total of all state system unfunded accrued liability, using the most recent system valuations adopted by the Public Retirement Systems' Actuarial Committee or its successor. Further prohibits these extra debt payments from being used directly or indirectly to fund cost-of-living increases for such systems.

Provides for submission of the proposed amendment to the voters at the statewide election to be held November 8, 2022.

(Amends Art. VII, §10(D)(2)(b)(ii) and (iii))