



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 47** HLS 23RS 344
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

| | |
|--|--------------------------------|
| Date: March 31, 2023 9:58 AM | Author: NELSON |
| Dept./Agy.: State retirement system | |
| Subject: unfunded accrued liability | Analyst: Tanesha Morgan |

APPROPRIATIONS OR SEE FISC NOTE GF EX Page 1 of 1

(Constitutional Amendment) To require the legislature to appropriate no less than twenty-five percent of nonrecurring state revenues for application to certain state retirement system unfunded accrued liability
Present constitution requires that the legislature appropriate a minimum of 10% of non-recurring state revenue to the IUAL of LASERS and TRSL. Proposed constitution terminates this required 10% minimum appropriation after FY 24 and requires that, beginning FY 25, the legislature must appropriate a minimum of 25% of non-recurring revenue to the UAL of the four state retirement systems.

To be submitted to the electors at the statewide election to be held on October 14, 2023.

| EXPENDITURES | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 5 -YEAR TOTAL |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd. | \$0 | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | \$0 |
| Agy. Self-Gen. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Ded./Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | \$0 |
| Annual Total | \$0 | | | | | \$0 |

| REVENUES | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 5 -YEAR TOTAL |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Agy. Self-Gen. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Ded./Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | \$0 |
| Annual Total | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

EXPENDITURE EXPLANATION

The proposed constitutional amendment increases the percent of non-recurring state revenue appropriated to UAL from 10% to 25%.

Application of a larger portion of nonrecurring revenue to the unfunded accrued liabilities (UAL) of the four state retirement systems will result in fewer dollars available for remaining authorized purposes as provided in La. Const. Art. VII, § 10(2) such as the defeasance of bonds and funding capital outlay, coastal protection, and certain highway construction projects.

UAL as of June 30, 2022 for the four state retirement systems is detailed below:

\$ 9,089,700,550 Teachers' Retirement System of Louisiana
 \$ 6,974,009,198 Louisiana State Employees Retirement System
 \$ 686,968,204 Louisiana School Employees Retirement System
 \$ 302,965,699 Louisiana State Police Retirement System
 \$17,053,643,651 Total UAL as of 6/30/22

The Secretary of State budgets constitutional amendments for statewide elections as regular practice and any costs associated with this proposed constitutional amendment will be absorbed within the agency's budget.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Evan Brasseaux

Evan Brasseaux
 Interim Deputy Fiscal Officer