

2023 Regular Session

HOUSE BILL NO. 170

BY REPRESENTATIVE TURNER

FUNDS/FUNDING: Dedicates a portion of the 0.45% state sales tax to payment of the Teachers' Retirement System of La. initial unfunded accrued liability and to highway and bridge preservation projects

1 AN ACT

2 To amend and reenact R.S. 47:321.1(G), relative to state sales and use tax; to dedicate a
3 portion of the avails of certain taxes to payment of certain liabilities of the Teachers'
4 Retirement System of Louisiana; to dedicate a portion of the avails of certain taxes
5 to highway preservation projects; to provide exceptions; to provide requirements; to
6 provide for an effective date; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 47:321.1(G) is hereby amended and reenacted to read as follows:

9 §321.1. Imposition of tax

10 * * *

11 G.(1) ~~The~~ Through June 30, 2023, the avails of the tax collected under this
12 Section shall be deposited immediately into the state treasury, and, after compliance
13 with the requirements of Article VII, Section 9(B) of the Constitution of Louisiana,
14 the state treasurer shall pay the remainder of the monies into the state general fund.

15 (2) The Louisiana Preservation Fund, hereafter referred to in this Section as
16 the "fund", is hereby established in the state treasury as a special fund. On and after
17 July 1, 2023, after allocation to the Bond Security and Redemption Fund as provided
18 in Article VII, Section 9(B) of the Constitution of Louisiana, the treasurer is
19 authorized and directed to deposit into the fund the avails of the tax collected

1 pursuant to this Section with the exception of any avails dedicated pursuant to R.S.
2 48:77. Unexpended and unencumbered monies in the fund at the end of the fiscal
3 year shall remain in the fund. Subject to appropriation, monies in the fund shall be
4 used in accordance with the provisions of this Section.

5 (3) In fiscal year 2023-2024:

6 (a) Each month an amount equal to one-twelfth of the amount required
7 pursuant to R.S. 11:102 and 102.2 for that fiscal year's payment necessary to
8 amortize the system's original amortization base shall be drawn from the fund and
9 applied to the original amortization base. Notwithstanding any provision of law to
10 the contrary, the application of such amount toward the original amortization base
11 shall be in lieu of any equivalent payments toward such debt that otherwise would
12 have been made through employer contributions.

13 (b) After all draws required pursuant to Subparagraph (a) of this Paragraph
14 are made, the balance in the fund, less eighteen million dollars, shall be drawn by the
15 system prior to the end of the fiscal year and applied to the system's original
16 amortization base. Such payment shall be in addition to and shall in no way supplant
17 any payment toward such base otherwise required by law.

18 (4) In fiscal year 2024-2025:

19 (a) An amount equal to the first twenty-five percent of each deposit into the
20 fund shall be deposited into the Highway Subfund, hereby established within the
21 fund, and shall be used by the Department of Transportation and Development for
22 highway and bridge preservation projects.

23 (b) The remainder shall be deposited into the IUAL Subfund, hereby
24 established within the fund to be used as follows:

25 (i) Each month an amount equal to one-twelfth of the amount required
26 pursuant to R.S. 11:102 and 102.2 for that fiscal year's payment necessary to
27 amortize the system's original amortization base shall be drawn from the fund and
28 applied to the original amortization base. Notwithstanding any provision of law to
29 the contrary, the application of such amount toward the original amortization base

1 R.S. 47:321.1(G)(4)(a) as enacted by this Act is made, the treasurer is hereby authorized and
2 directed to transfer any remaining balances in the IUAL Subfund to the state general fund.

3 Section 3. Notwithstanding any provision of law to the contrary, as soon as
4 practicable after the effective date of this Act and no later than June 30, 2023, the Public
5 Retirement Systems Actuarial Committee shall meet to establish a new employer
6 contribution rate for the Teachers' Retirement System of Louisiana for Fiscal Year 2023-
7 2024 that accounts for payments made pursuant to the provisions of R.S. 47:321.1(G)(3)(a)
8 as enacted by this Act.

9 Section 4. This Act shall become effective upon signature by the governor or, if not
10 signed by the governor, upon expiration of the time for bills to become law without signature
11 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
12 vetoed by the governor and subsequently approved by the legislature, this Act shall become
13 effective on the day following such approval.

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 170 Engrossed

2023 Regular Session

Turner

Abstract: Dedicates to the payment of Initial Unfunded Accrued Liability (IUAL) at the Teachers' Retirement System of La. (TRSL) and to highway and bridge preservation projects the avails of the 0.45% state sales and use tax that are not otherwise dedicated to the Transportation Trust Fund and the Megaprojects Leverage Fund pursuant to present law.

Present law (R.S. 47:321.1) levies a temporary 0.45% state sales and use tax on the sale, use, consumption, storage, or lease of tangible personal property and certain services in La. The imposition of this tax expires on June 30, 2025. Present law further provides various exemptions from such levy. Proposed law retains present law.

Present law (R.S. 48:77) dedicates a portion of the 0.45% state sales and use tax avails to the Transportation Trust Fund and the Megaprojects Leverage Fund. Proposed law retains present law.

Proposed law dedicates the remainder of the 0.45% state sales and use tax avails to payment of the IUAL at TRSL and to highway and bridge preservation projects. Beginning July 1, 2023, proposed law requires deposit of the remaining 0.45% tax avails into the La. Preservation Fund. Provides that unexpended and unencumbered monies in the fund at the end of the fiscal year shall remain in the fund. Further provides that, subject to appropriation, monies in the fund shall be used as provided in proposed law.

In FY 2023-2024, monies in the fund are to be applied to the TRSL IUAL debt as follows:

- (1) Each month an amount equal to one-twelfth of the amount required pursuant to present law necessary to make that fiscal year's amortization payment on the IUAL debt shall be drawn from the fund and applied to the original amortization base. Provides that the application of such amount toward the original amortization base shall be in lieu of any equivalent payments toward such debt that otherwise would have been made through employer contributions.
- (2) After all draws required pursuant to Paragraph (1), above, are made, the balance in the fund, less \$18M, shall be drawn by the system prior to the end of the fiscal year and applied to the system's original amortization base. Provides that such payment shall be in addition to and shall in no way supplant any payment toward such base otherwise required by law.

In FY 2024-2025, monies in the fund are to be split between two subfunds established with in the fund and used for TRSL IUAL debt and road and bridge preservation projects as follows:

- (1) An amount equal to the first 25% of each deposit into the fund shall be deposited into the Highway Subfund, established within the fund, and shall be used by the Dept. of Transportation and Development for highway and bridge preservation projects.
- (2) The remainder shall be deposited into the IUAL Subfund, established within the fund to be used as follows:
 - (a) Each month an amount equal to one-twelfth of the amount required pursuant to present law necessary to make that fiscal year's amortization payment on the IUAL debt shall be drawn from the fund and applied to the original amortization base. Provides that the application of such amount toward the original amortization base shall be in lieu of any equivalent payments toward such debt that otherwise would have been made through employer contributions.
 - (b) After all draws required pursuant to Paragraph (1), above, are made, the balance in the fund, less eighteen million dollars, shall be drawn by the system prior to the end of the fiscal year and applied to the system's original amortization base. Provides that such payment shall be in addition to and shall in no way supplant any payment toward such base otherwise required by law.

Proposed law provides that the term "original amortization base" shall have the same meaning as in present law (R.S. 11:102.2) and the term "system" shall mean TRSL.

Proposed law further provides that, notwithstanding any provision of law or proposed law to the contrary, no draws from the any subfund shall be approved until the Revenue Estimating Conference has adopted an official forecast with a projected balance for the applicable subfund. If such a forecast is adopted after July 1, 2023, the first draw by the TRSL shall be for an amount sufficient to cover all missed monthly draws to date plus the current month's draw, with monthly draws in accordance with the provisions of this Act to commence thereafter.

Proposed law further provides that draws may only be made on the IUAL Subfund until the IUAL is liquidated. Requires the director of the TRSL to notify the state treasurer immediately if the system's IUAL is liquidated prior to expiration of the 0.45% state sales and use tax levy. If the IUAL is liquidated, requires deposits into the IUAL Subfund to cease and the monies that otherwise would have been deposited into the subfund to be deposited into the state general fund. Upon notification by the director of TRSL of liquidation of the

IUAL, proposed law directs the treasurer to transfer any remaining balances in the fund to the state general fund.

Proposed law requires the Public Retirement Systems Actuarial Committee to meet as soon as practicable after the effective date of proposed law and no later than June 30, 2023, to establish a new employer contribution rate for TRSL for FY 2023-2024 that accounts for payments made pursuant to the provisions of proposed law.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 47:321.1(G))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Appropriations to the original bill:

1. Change the name of the fund from the Teachers' Retirement Initial Unfunded Accrued Liability Fund to the Louisiana Preservation Fund.
2. Change the use of monies in the fund from exclusive use for extra payments toward TRSL IUAL to use for payments toward the system's IUAL on behalf of employers, extra payments towards the IUAL, and highway and bridge preservation projects.
3. Establish subfunds within the fund for the highway and bridge preservation projects and the IUAL payments.
4. Prohibit withdrawals from a subfund until the Revenue Estimating Conference has adopted a forecast for that subfund.
5. Prohibit deposits into the IUAL Subfund once the debt is fully paid off.
6. Requires the Public Retirement Systems Actuarial Committee to meet as soon as practicable after the effective date of proposed law and prior to June 30, 2023, to adopt a new FY 23-24 employer contribution rate for TRSL in conformity with the provisions of proposed law.