
DIGEST

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HB 550 Reengrossed

2023 Regular Session

Zeringue

Abstract: Transfers state general fund monies to certain special funds and accounts in the state treasury and makes changes to the use of monies in the Hurricane Ida Recovery Fund.

Proposed law transfers 25% of the FY 2021-2022 surplus (\$181,630,129) to the Budget Stabilization Fund.

Proposed law transfers the following amounts from the state general fund in the current fiscal year:

- (1) \$340,000,000 to the Transportation Trust Fund.
- (2) \$74,610,107 from the state general fund to the LASERS Subfund of the 2024 IUAL Payment Fund established in proposed law.
- (3) \$68,048,578 to the Overcollections Fund.
- (4) \$30,500,000 to the Higher Education Initiatives Fund.
- (5) \$30,000,000 to the Power-Based Violence and Safety Fund as provided in proposed law.
- (6) \$24,904,474 to the State Emergency Response Fund.
- (7) \$20,000,000 to the Voting Technology Fund.
- (8) \$13,000,000 to the La. Early Childhood Education Fund.
- (9) \$10,000,000 to the Oyster Resource Management Account.
- (10) \$10,000,000 to the Health Care Employment Reinvestment Opportunity (HERO) Fund.
- (11) \$7,500,000 to the Insure La. Incentive Fund.
- (12) \$5,000,000 to the Law Enforcement Recruitment Incentive Fund, if House Bill No. 563 of the 2023 Regular Session becomes law.
- (13) \$5,000,000 to the Geaux Teach Fund.

- (14) \$5,000,000 to the La. Economic Development Fund.
- (15) \$5,000,000 to the Court Modernization and Technology Fund, as provided in proposed law.
- (16) \$4,000,000 to the Major Events Incentive Fund.
- (17) \$2,500,000 to the Reading Enrichment and Academic Deliverables (R.E.A.D.) Fund, as provided in proposed law.
- (18) \$2,500,000 to the Imagination Library of La. Fund, if House Bill No. 412 of the 2023 Regular Session becomes law.
- (19) \$1,500,000 to the Hazard Mitigation Revolving Loan Fund.

Proposed law transfers the following amounts in Fiscal Year 2023-2024:

- (1) \$110,584,611 to the LASERS Subfund of the 2024 IUAL Payment Fund established in proposed law.
- (2) \$10,000,000 to the to the La. Fortify Homes Program Fund from Fees and Self-generated Revenues of the Dept. of Insurance.
- (3) \$2,500,000 to the Insure La. Incentive Fund from Fees and Self-generated Revenues of the Dept. of Insurance.

Proposed law (R.S. 17:4033.1) establishes the R.E.A.D. Fund as a special fund in the treasury. Requires monies in the fund to be invested in the same manner as monies in the state general fund and that interest earned on investment of monies in the R.E.A.D. Fund are to be credited to the R.E.A.D. Fund. Provides that monies in the fund are to be used by the state Dept. of Education for administration and implementation of the R.E.A.D. Program (provided in present law).

Present law (R.S. 39:100.44.1) establishes the La. Main Street Recovery Rescue Plan Fund and provides for deposit of monies into the fund, to be used for: economic support grants for La. timber harvesting and timber hauling businesses; economic support grants for eligible movie theater owners, as provided in present law; and for the La. Agriculture Transportation Group Self-Insured Fund. Further requires that any remaining monies in the La. Rescue Plan Fund on June 30, 2023, are to be transferred to the La. Rescue Plan Fund. Proposed law extends until June 30, 2024, the date at which monies in the fund are to be transferred to the La. Rescue Plan Fund.

Present law (R.S. 39:100.101) establishes the Power-Based Fund and requires monies deposited into the fund to be used for Title IX offices at every public postsecondary institution in the state. Proposed law changes the Power-Based Fund to the Power-Based Violence and Safety Fund and provides that monies in the fund are to be used for power-based violence, Title IX, and safety initiatives at every public postsecondary institution in the state.

Present law (R.S. 39:100.171) establishes the Hurricane Ida Recovery Fund (fund) and provides for the administration and use of monies deposited into the fund. Proposed law retains present law. Further requires unexpended and unencumbered monies in the fund at the end of the fiscal year to remain in the fund.

Present law provides that monies in the fund shall be used to make full or partial payments to political subdivisions, including school boards, (eligible entities) that suffered property loss or damage caused by Hurricane Ida. Proposed law retains present law.

Present law requires any payment to an eligible entity made from the fund pursuant to the provisions of this Section to be applied by the governing authority of the eligible entity to the cost of repair or replacement of the damaged property. Proposed law retains present law and further authorizes monies received pursuant to proposed law to be applied toward the cost of an approved project replacing such damaged property. If federal assistance funds have been received for the damaged property and monies disbursed to the eligible entity pursuant to the provisions of proposed law remain after the eligible entity has satisfied its portion of any required local match for such damage, proposed law requires the eligible entity to apply any remaining monies received from the fund to one or more of the following for expenses incurred since Aug. 29, 2021:

- (1) A facility owned by an eligible entity that is open to the public for public use.
- (2) A public facility that an eligible entity owns or has legal responsibility for maintaining, including any:
 - (a) Flood control, navigation, irrigation, reclamation, public power, sewage treatment and collection, water supply and distribution, watershed development, or airport facility.
 - (b) Non-Federal-aid street, road, or highway.
 - (c) Other public building, structure, or system, including those used for educational, recreational, or cultural purposes.
 - (d) Park.
- (3) A facility owned by a private, nonprofit entity and used to provide services to the general public.
- (4) A mixed use facility provided that more than 50% of the physical space of the facility is used for a public purpose.
- (5) A facility that meets both of the following conditions:
 - (a) At least 50% of the total square footage of the facility was used by the owner for a public purpose before Hurricane Ida.

- (b) All or part of the facility was under repair or remodeling when Hurricane Ida struck the facility.
- (6) Debris Removal.
- (7) Emergency Protection Measures.

Present law (R.S. 39:100.201) establishes the Political Subdivision Federal Grant Assistance Fund and provides for deposit and use of monies in the fund. Requires monies in the fund to be appropriated to the division of administration via BA-7. Proposed law deletes the requirement that monies be appropriated by BA-7. Additionally adds the office of rural development within the office of the governor as an entity eligible to use monies in the fund. Present law requires monies in the fund be used for the administration of a program to assist political subdivisions with competitive federal grant opportunities made pursuant to the Infrastructure Investment and Jobs Act. Proposed law retains present law.

Proposed law establishes the Court Modernization and Technology Fund as a special fund in the state treasury. Provides that the Judicial Council of the Supreme Court shall administer the fund to provide technology upgrades in courts under the supervisory jurisdiction of the Supreme Court pursuant to Article V of the Constitution of La. Requires monies in the fund to be invested in the same manner as monies in the state general fund. Provides that interest earned on investment of monies in the fund shall be credited to the fund. Requires any unexpended or unencumbered monies in the fund at the end of the fiscal year to remain in the fund. Requires the Supreme Court to promulgate rules for the administration of the fund. Further sets forth requirements for the Judicial Council's administration of fund monies. Requires the council to submit a quarterly status report to the Joint Legislative Committee on the Budget beginning Oct. 1, 2023.

Proposed law establishes the 2024 IUAL Payment Fund as a special fund in the state treasury. Further establishes the LASERS Subfund and the TRSL Subfund within the fund and provides for deposit and use of monies into such subfunds, as more fully explained, below.

Proposed law provides that monies in the LASERS Subfund are to be drawn by the La. State Employees' Retirement System (LASERS) for application to the system's original amortization base. Defines "original amortization base" to mean the consolidated debt schedule amortizing the unfunded accrued liability of the system as of June 30, 1988. Further provides that any application of monies from the fund to such debt shall be in lieu of any equivalent payment toward such debt that otherwise would have been made through employer contributions in FY 2023-2024.

Present law (R.S. 48:77) dedicates a portion of avails of the 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. 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 levied pursuant to R.S. 47:321.1 to the Teachers' Retirement System of La. (TRSL) original amortization base.

Beginning July 1, 2023, proposed law requires deposit of the remaining 0.45% tax avails into the TRSL Subfund of the 2024 IUAL Payment Fund.

Proposed law provides that in FY 2023-2024, monies in the TRSL Subfund are to be applied to the TRSL original amortization base 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 original amortization base shall be drawn from the subfund and applied to such debt. After the application of such amount toward the original amortization base, proposed law requires the system to credit each employer with its proportionate share of such amount based on the employer's aggregate FY 2022-2023 payroll, as reported to the system.
- (2) After all draws required pursuant to Paragraph (1), above, are made, proposed law requires the balance in the fund, less \$18M, to be drawn by TRSL prior to the end of the fiscal year and applied to the system's original amortization base. Requires such payment to be in addition to and in no way supplant any payment toward such base otherwise required by law.

In FY 2024-2025, proposed law requires monies in the TRSL Subfund to be drawn and applied 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 original amortization base shall be drawn from the fund and applied to such debt. After the application of such amount toward the original amortization base, requires TRSL to credit each employer with its proportionate share of such amount based on the employer's aggregate FY 2023-2024 payroll, as reported to the system.
- (2) After all draws required pursuant to Paragraph (1), above, are made, proposed law requires the balance in the subfund to be drawn by the system prior to the end of the fiscal year and applied to the system's original amortization base. Requires such payment to be in addition to and in no way supplant any payment toward such base otherwise required by law.

Proposed law further provides that no draws from the TRSL or LASERS Subfunds shall be approved until the Revenue Estimating Conference has adopted an official forecast with a projected balance for the applicable subfund. Further provides that if such a forecast is adopted after July 1, 2023, the first draw by 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 proposed law to commence thereafter.

Proposed law further provides that draws may only be made on the TRSL Subfund until the original amortization base is liquidated. Requires the director of TRSL to notify the state treasurer immediately if the system's original amortization base is liquidated prior to expiration of the 0.45% state sales and use tax levy. If the original amortization base is liquidated, requires deposits into the TRSL 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 original amortization base, proposed law directs the treasurer to transfer any remaining balances in the subfund to the state general fund.

Proposed law establishes the Public Safety and Crime Prevention Fund in the state treasury. Provides that the fund may receive any monies appropriated by the legislature and that any unexpended and unencumbered funds in the fund at the end of the fiscal year shall remain in the fund. Requires monies in the fund to be invested by the treasurer in the same manner as monies in the state general fund and that any interest earned on such investment be deposited into the fund. Proposed law provides that, subject to appropriation, monies in the fund are to be used by the office of state police for public safety services, including patrol and law enforcement, in any parish having a population of not less than 280,000 persons and not more than 420,000 persons according to the latest federal decennial census.

Effective upon signature of governor or lapse of time for gubernatorial action, except that transfers for FY 2023-2024 are effective July 1, 2023.

(Amends R.S. 39:100.44.1(H)(3), the heading of Subpart P-3 of Part II-A of Chapter 1 of Subtitle I of Title 39, and 100.101, 100.171, and 100.201(B) through (D); Adds R.S. 17:4033.1(F) and R.S. 39:100.211, 100.221, and 100.231)

Summary of Amendments Adopted by House

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

1. Make various transfers from the state general fund in the current fiscal year.
2. Make various transfers from fees and self-generated revenues of the Dept. of Insurance in the next fiscal year.
3. Extend until June 30, 2024, the date for transfer of remaining balances in the La. Main Street Recovery Rescue Plan Fund, which supports assistance to loggers and movie theater owners, to the La. Rescue Plan Fund.
4. Authorize appropriation from the Political Subdivision Federal Grant Assistance Fund to the state office of rural development (within the office of the governor) for administration of a program to assist political subdivisions with competitive federal grant opportunities from the IJA.

5. Establish the Reading Enrichment and Academic Deliverables (R.E.A.D.) Fund to provide funding for the R.E.A.D. Program in present law to provide books and other reading materials to eligible children in pre-k through fifth grade.
6. Establish the Power-Based Violence and Safety Fund as a new version of the present law Power-Based Fund. Proposed law will provide funding for power-based violence, Title IX, and safety initiatives at every public postsecondary institution in the state.
7. Establish the Court Modernization and Technology Fund to provide funding for technology upgrades in courts under the supervisory jurisdiction of the Supreme Court.
8. Establish the 2024 LASERS IUAL Payment Fund to pay a portion of the 2024 employer contribution to LASERS.

9. Make technical changes.

The House Floor Amendments to the engrossed bill:

1. Decrease by \$2.5M the state general fund transfer into the Reading Enrichment and Academic Deliverables Fund.
2. Transfer \$2.5M of state general fund into the Imagination Library of La. Fund.
3. Decrease by \$6.3M the transfer into the Overcollections Fund.
4. Change fund name from 2024 LASERS IUAL Payment Fund to 2024 IUAL Payment Fund and create the LASERS Subfund and TRSL Subfund within this fund.
5. Require deposit of the 0.45% state sales and use tax proceeds that are not otherwise dedicated to the Transportation Trust Fund and the Megaprojects Leverage Fund to the TRSL Subfund. Establish requirements for TRSL use of monies in such subfund.
6. Establish the Public Safety and Crime Prevention Fund within the state treasury and provide for deposit and use of monies in the fund.
7. Make technical and conforming changes.