

Regular Session, 2013

SENATE BILL NO. 229

BY SENATOR BROOME

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

FUNDS/FUNDING. Provides that the Louisiana Education Quality Trust Fund shall be known as the "Kevin P. Reilly, Sr. Louisiana Education Quality Trust Fund." (gov sig)

1 AN ACT

2 To amend and reenact R.S. 17: 3801(A)(1), 3802(C)(4), 3803(B)(1)(d), (h), (i), and (E)(1),

3 and 3804(B), R.S. 39:99(C)(2) and (D)(1)(b), R.S. 46:2691(C)(2) and R.S.

4 49:308.4(C) and 329(A), relative to certain Louisiana education funds; to provide

5 that the Louisiana Education Quality Trust Fund shall be known as the "Kevin P.

6 Reilly, Sr. Louisiana Education Quality Trust Fund"; to provide for an effective date;

7 and to provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 17:3801(A)(1), 3802(C)(4), 3803(B)(1)(d), (h), (i) and (E)(1) , and

10 3804(B) are hereby amended and reenacted to read as follows:

11 PART I. LOUISIANA EDUCATION QUALITY TRUST FUND, **hereinafter also**

12 **known as the "KEVIN P. REILLY, SR. LOUISIANA EDUCATION QUALITY**

13 **TRUST FUND"**

14 §3801. Louisiana Education Quality Trust Fund, **hereinafter also known as the**

15 **"Kevin P. Reilly, Sr. Louisiana Education Quality Trust Fund"**

16 A.(1) There shall be established in the state treasury as a special permanent

17 trust fund the Louisiana Education Quality Trust Fund, **which shall** hereinafter **also**

1 **be known as the "Kevin P. Reilly, Sr. Louisiana Education Quality Trust**
2 **Fund"**, henceforth referred to as the "Permanent Trust Fund". After allocation of
3 money to the Bond Security and Redemption Fund as provided in Article VII,
4 Section 9(B) of the constitution, and notwithstanding Article XIV, Section 10 of the
5 constitution, the treasurer shall deposit in and credit to the Permanent Trust Fund all
6 money which is received from the federal government under Section 1337(g) of Title
7 43 of the United States Code which is attributable to mineral production activity or
8 leasing activity on the Outer Continental Shelf which has been held in escrow
9 pending a settlement between the United States and the state of Louisiana, except the
10 first one hundred million dollars so received; twenty-five percent of the recurring
11 revenues received under Section 1337(g) of Title 43 of the United States Code which
12 are attributable to mineral production activity or leasing activity on the Outer
13 Continental Shelf; twenty-five percent of the interest income earned on investment
14 of monies in the Permanent Trust Fund; and seventy-five percent of realized capital
15 gains and twenty-five percent of dividend income earned on investment of the
16 Permanent Trust Fund. No appropriation shall be made from the Permanent Trust
17 Fund.

* * *

19 §3802. Appropriations; procedure; limitation; administration

* * *

21 C.

* * *

23 (4) Costs attributable to the state treasurer exercising responsibility for the
24 custody, investment, and disbursement of the monies in the Louisiana Education
25 Quality Trust Fund, **hereinafter also known as the "Kevin P. Reilly, Sr. Louisiana**
26 **Education Quality Trust Fund"**, and the Support Fund are administrative costs
27 properly paid out of Support Fund monies, and shall be paid by appropriation from
28 the Support Fund. Such costs include costs attributable to fees charged by any
29 financial institution for providing custodial services not to exceed two percent of

1 amounts managed costs incurred for outside investment managers for the investment
 2 and management of the Permanent Trust Fund not to exceed two percent of amounts
 3 managed and other direct costs incurred by the treasurer. Other costs related to these
 4 funds shall be paid by appropriation from the state general fund. All appropriations
 5 made to, or upon the request of, the state treasurer, related to the management of
 6 either the Louisiana Education Quality Trust Fund, **hereinafter also known as the**
 7 **"Kevin P. Reilly, Sr. Louisiana Education Quality Trust Fund"**, or the Support
 8 Fund shall be subject to review of the education funds committee.

* * *

10 §3803. Investment authority; treasurer

* * *

12 B. Grant of authority.

13 (1) The state treasurer is hereby authorized and directed to invest offshore
 14 revenues which are deposited into any fund created pursuant to the constitution or
 15 statutes of the state which are determined by the state treasurer to be available for
 16 investment in the following permitted investments:

* * *

18 (d) Stocks of any corporation listed on the New York Stock Exchange, the
 19 American Stock Exchange, the National Association of Securities Dealers
 20 Automated Quotations System, or other such stock exchange domiciled in the United
 21 States and registered with the United States Securities and Exchange Commission,
 22 provided that the total investment in such stocks at any one time shall not exceed
 23 thirty-five percent of the market value of all funds held by the treasurer in the
 24 Louisiana Education Quality Trust Fund, **hereinafter also known as the "Kevin P.**
 25 **Reilly, Sr. Louisiana Education Quality Trust Fund"**.

* * *

27 (h) Tax exempt bonds and other taxable governmental bonds. In addition to
 28 all other investment authority related to the Louisiana Education Quality Trust Fund,
 29 **hereinafter also known as the "Kevin P. Reilly, Sr. Louisiana Education Quality**

* * *

B. The purpose of the education funds committee is to oversee the operation of the Louisiana ~~Educational~~ **Education** Quality Trust Fund, **hereinafter also known as the "Kevin P. Reilly, Sr. Louisiana Education Quality Trust Fund"**, and the Louisiana Quality Education Support Fund. The education funds committee may recommend revisions in the program and budget of either board. The education funds committee shall forward its recommendations to the appropriate board.

* * *

Section 2. R.S. 39:99(C)(2) and (D)(1)(b) are hereby amended and reenacted to read as follows:

§99. Investment contracts; definitions; obligations of state treasurer; obligations of participating school boards; contractual requirements

* * *

C. Each contract entered into pursuant to this Section shall contain:

* * *

(2) The authority necessary for the treasurer to invest any money entrusted to his investment pursuant to this Section with the same authority and limitations applicable to his investment of the monies in the Louisiana Education Quality Trust Fund, **hereinafter also known as the "Kevin P. Reilly, Sr. Louisiana Education Quality Trust Fund"**.

* * *

D. Each local school board which wishes to enter into such a contract shall agree to:

(1) Withdraw and expend monies from its account only as provided in this Paragraph and in the following order of priority:

* * *

(b) If, after withdrawing earnings pursuant to Subparagraph (a) of this Paragraph, any earnings remain, withdraw and expend earnings to provide or enhance the provision of age-appropriate early childhood education for four-year-old

1 children at least equal to that provided pursuant to the early childhood education
 2 program requirements in the 2001-2002 school year of the program funded with
 3 Louisiana Education Quality Trust Fund, **hereinafter also known as the "Kevin P.**
 4 **Reilly, Sr. Louisiana Education Quality Trust Fund"**, money who would be
 5 eligible to attend kindergarten in a school over which the board has jurisdiction who
 6 are at risk of academic failure until all such children are provided such services.

7 * * *

8 Section 3. R.S. 46:2691(C)(2) is hereby amended and reenacted to read as follows:

9 §2691. Medicaid Trust Fund for the Elderly

10 * * *

11 C.

12 * * *

13 (2) The state treasurer is hereby authorized and directed to invest the monies
 14 deposited in and credited to the fund that are available for investment in the
 15 investments permitted for the Louisiana Education Quality Trust Fund, **hereinafter**
 16 **also known as the "Kevin P. Reilly, Sr. Louisiana Education Quality Trust**
 17 **Fund"**, as set forth in R.S. 17:3803(B), (D), and (E). In establishing investment
 18 goals and policies for monies in the Medicaid Trust Fund for the Elderly, the state
 19 treasurer shall consult no less frequently than semiannually with the secretary of the
 20 Department of Health and Hospitals as to the anticipated cash withdrawals from the
 21 fund during the next twelve months.

22 * * *

23 Section 4. R.S. 49:308.4(C) and 329(A) are hereby amended and reenacted to read
 24 as follows:

25 §308.4. Use of funds on deposit; repayment to special funds

26 * * *

27 C. This Section shall not apply to or otherwise provide for the use of the
 28 money in the Louisiana Education Quality Trust Fund, **hereinafter also known as**
 29 **the "Kevin P. Reilly, Sr. Louisiana Education Quality Trust Fund"**,

1 (Constitution Article VII, Section 10.1) and the Transportation Trust Fund
2 (Constitution Article VII, Section 27).

3 * * *

4 §329. Nominee name for the Louisiana Education Quality Trust Fund, **hereinafter**
5 **also known as the "Kevin P. Reilly, Sr. Louisiana Education Quality Trust**
6 **Fund"**

7 A. The state treasurer may invest available funds and hold, purchase, sell,
8 assign, transfer, and dispose of any of the securities of the Louisiana Education
9 Quality Trust Fund, **hereinafter also known as the "Kevin P. Reilly, Sr. Louisiana**
10 **Education Quality Trust Fund"**, in its nominee name, "LEQTF & Co.".

11 * * *

12 Section 5.(A) The late Kevin P. Reilly, Sr. served as a member of the Louisiana
13 House of Representatives from 1972 to 1988. During that time, Representative Reilly was
14 Chairman of the House Committee on Appropriations for 14 of his 16 year term in the House
15 of Representatives.

16 (B) In 1985, as a member of the House of Representatives, Kevin P. Reilly,
17 Sr. pushed for and provided key leadership in the formation of the Louisiana
18 Education Quality Trust Fund, also known as the "8g Fund" or the "8g Trust Fund".
19 This trust fund earmarks certain oil and natural gas royalties for elementary,
20 secondary, and higher education funding purposes.

21 (C) Today, the Louisiana Education Quality Trust Fund, hereinafter also to
22 be known as the "Kevin P. Reilly, Sr. Louisiana Education Quality Trust Fund", has
23 a current balance of \$1.15 billion of which \$42.4 million is forecast to be available
24 for allocation to elementary, secondary, and higher education funding purposes this
25 fiscal year.

26 Section 6. This Act shall become effective upon signature by the governor or, if not
27 signed by the governor, upon expiration of the time for bills to become law without signature
28 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
29 vetoed by the governor and subsequently approved by the legislature, this Act shall become

1 effective on the day following such approval.

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Jay Lueckel.

DIGEST

Present law provides relative to the Louisiana Education Quality Trust Fund which was created as a special permanent trust fund in the state treasury with monies received from the federal government attributable to mineral production or leasing activity on the Outer Continental Shelf. Establishes a Support Fund which shall be available for appropriation for educational purposes, including funding for elementary, secondary, and higher education.

Proposed law provides that the Louisiana Education Quality Trust Fund shall hereinafter also be known as the "Kevin P. Reilly, Sr. Louisiana Education Quality Trust Fund". Proposed law makes name change, but retains all other provisions of present law. Proposed law makes similar name changes only throughout the various statutes where Louisiana Education Quality Trust Fund occurs.

Proposed law provides a brief history of the late Kevin P. Reilly, Sr. who served as a member of the Louisiana House of Representatives from 1972 to 1988, as Chairman of the House Committee on Appropriations for 14 of his 16 year term, and, in 1985, provided key leadership in the formation of the Louisiana Education Quality Trust Fund, also known as the "8g Fund" or the "8g Trust Fund". Today, the fund has a current balance of \$1.15 billion of which \$42.4 million is forecast to be available for allocation to elementary, secondary, and higher education funding purposes this fiscal year.

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

(Amends R.S. 17: 3801(A)(1), 3802(C)(4), 3803(B)(1)(d), (h), (i), and (E)(1), and 3804(B), R.S. 39:99(C)(2) and (D)(1)(b), R.S. 46:2691(C)(2) and R.S. 49:308.4(C) and 329(A))