

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 22** SLS 14RS 283

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: March 18, 2014 11:35 AM	Author: GUILLORY, E
Dept./Agy.: State Retirement Systems	Analyst: Matthew LaBruyere
Subject: Unfunded Accrued Liability Payments	

RETIREMENT SYSTEMS OR SEE FISC NOTE SD RV Page 1 of 1

Dedicates certain revenue to fund the unfunded accrued liabilities of and post-retirement benefit increases for the four state systems. (6/30/14)

Proposed law dedicates 5% of revenue generated by taxes, fees, and assessments related to the legalization of marijuana to the four state retirement systems. Provides for allocation of this revenue among the systems. Provides for 80% of each system's allocation to be applied to the system's unfunded accrued liability (UAL) and 20% to be applied to funding cost-of-living adjustments or COLAs.

Effective June 30, 2014.

EXPENDITURES	2014-15	2015-16	2016-17	2017-18	2018-19	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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						

REVENUES	2014-15	2015-16	2016-17	2017-18	2018-19	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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						

EXPENDITURE EXPLANATION

Creating a new statutory dedication within the state treasury will result in a marginal additional workload for the agency, which can be absorbed with existing resources. However, to the extent other legislative instruments create new statutory dedications, there may be material additional costs associated with the aggregate effort to administer these funds.

The proposed legislation may result in a potential increase in statutory dedicated expenses as a result of the legalization of marijuana. Currently, marijuana is an illegal substance in the state of Louisiana and classified as a controlled dangerous substance. To the extent marijuana is legalized, it will be a taxable product and 5% of the taxes, assessments, and fees associated with legalized marijuana will be deposited in the fund to pay the UAL for state retirement systems and cost-of-living adjustments for retirees. The amount of funds deposited each fiscal year will be appropriated to the state retirement systems as follows:

- LASERS: 37.0%
- TRSL: 56.7%
- LSERS: 4.5%
- STPOL: 1.8%

REVENUE EXPLANATION

The proposed legislation establishes the State Retirement Fund in the State Treasury and provides for the deposit of 5% of taxes, assessments, and fees related to the legalization of marijuana. Currently, marijuana is an illegal substance in the state of Louisiana and classified as a controlled dangerous substance. To the extent marijuana is legalized, it will be a taxable product and 5% of the tax, assessment, and fee associated with legalized marijuana will be deposited in the fund to pay the UAL for state retirement systems and cost-of-living adjustments for retirees. By depositing 5% of taxes, assessment, and fees related to legalized marijuana into the State Retirement Fund, less funds will flow to the state general fund or any other special funds that may be associated with legalized marijuana. Any estimate of the potential revenue from the legalization of marijuana would be highly speculative.

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| Senate | <u>Dual Referral Rules</u> | House | <input checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | | | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 State Rev. Reduc. {H & S} |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | | | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |

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