

2016 Regular Session

HOUSE BILL NO. 577

BY REPRESENTATIVE HODGES

FUNDS/FUNDING: (Constitutional Amendment) Allows for the use of a portion of the Louisiana Education Quality Trust Fund when there is a projected deficit

1 A JOINT RESOLUTION

2 Proposing to amend Article VII, Sections 10(F)(4)(d) and 10.1(A)(1) and to add Article VII,
3 Section 10.1(E) of the Constitution of Louisiana, relative to special treasury funds;
4 to allow the use of a portion of the Louisiana Education Quality Trust Fund for
5 specific purposes when there is a projected deficit; to provide for submission of the
6 proposed amendment to the electors; and to provide for related matters.

7 Section 1. Be it resolved by the Legislature of Louisiana, two-thirds of the members
8 elected to each house concurring, that there shall be submitted to the electors of the state of
9 Louisiana, for their approval or rejection in the manner provided by law, a proposal to
10 amend Article VII, Sections 10(F)(4)(d) and 10.1(A)(1) and to add Article VII, Section
11 10.1(E) of the Constitution of Louisiana, to read as follows:

12 §10. Expenditure of State Funds

13 Section 10.

14 * * *

15 (F) Projected Deficit.

16 * * *

17 (4) The provisions of Subparagraphs (1) and (2) of this Paragraph shall not
18 be applicable to, nor affect:

19 * * *

1 (d) The Louisiana Education Quality Trust Fund as defined in Article VII,
2 Section 10.1(A)(1) of this constitution, except as provided in Article VII, Section
3 10.1(E) of this constitution.

4 * * *

5 §10.1. Quality Trust Fund; Education

6 Section 10.1.(A) Louisiana Education Quality Trust Fund. (1) Effective
7 January 1, 1987, there shall be established in the state treasury as a special permanent
8 trust fund the Louisiana Education Quality Trust Fund, hereinafter referred to as the
9 "Permanent Trust Fund." After allocation of money to the Bond Security and
10 Redemption Fund as provided in Article VII, Section 9(B) of this constitution, and
11 notwithstanding Article XIV, Section 10 of this constitution, the treasurer shall
12 deposit in and credit to the Permanent Trust Fund all money which is received after
13 the first one hundred million dollars from the federal government under Section
14 1337(g) of Title 43 of the United States Code which is attributable to mineral
15 production activity or leasing activity on the Outer Continental Shelf which has been
16 held in escrow pending a settlement between the United States and the state of
17 Louisiana; twenty-five percent of the recurring revenues received under Section
18 1337(g) of Title 43 of the United States Code which are attributable to mineral
19 production activity or leasing activity on the Outer Continental Shelf; twenty-five
20 percent of the interest income earned on investment of monies in the Permanent
21 Trust Fund; seventy-five percent of the realized capital gains on investment of the
22 Permanent Trust Fund, unless such percentage is changed by law enacted by two-
23 thirds of the elected members of each house of the legislature; and twenty-five
24 percent of the dividend income earned on investment of the Permanent Trust Fund.
25 ~~No~~ Except as authorized under Paragraph (E) of this Section, no appropriation shall
26 be made from the Permanent Trust Fund. If any such money has been received prior
27 to the effective date of this Section, the treasurer shall transfer from the state general
28 fund to the Permanent Trust Fund on the effective date of this Section an amount of
29 money which shall make the Permanent Trust Fund balance equal to the amount of

1 such money previously received, except for the first one hundred million dollars.
2 After six hundred million dollars has been credited to the Permanent Trust Fund, the
3 sum of fifty million dollars shall be credited to the Coastal Environment Protection
4 Trust Fund, as established in R.S. 30:313, from those monies received from the
5 federal government under Section 1337(g) of Title 43 of the United States Code
6 which is attributable to mineral production activity or leasing activity on the Outer
7 Continental Shelf and which has been held in escrow pending a settlement between
8 the United States and the state of Louisiana; all funds in excess of seven hundred
9 fifty million dollars shall be credited to the Permanent Trust Fund.

10 * * *

11 (E) Disbursement; Projected Deficit. The money in the Permanent Trust
12 Fund shall not be available for appropriation or use except under the following
13 conditions:

14 (1) If the official forecast of recurring money for the next fiscal year is less
15 than the official forecast of recurring money for the current fiscal year, the
16 difference, not to exceed ten percent of the interest income, realized capital gains,
17 and dividend income deposited in and credited to the Permanent Trust Fund in the
18 current fiscal year, shall be incorporated into the next year's official forecast only
19 after the consent of two-thirds of the elected members of each house of the
20 legislature. If the legislature is not in session, the two-thirds requirement may be
21 satisfied upon obtaining the written consent of two-thirds of the elected members of
22 each house of the legislature in a manner provided by law. Money out of the
23 Permanent Trust Fund shall only be appropriated to replace decreases in
24 appropriations for elementary and secondary education purposes and higher
25 education purposes from the current fiscal year appropriations.

26 (2) If a deficit for the current fiscal year is projected due to a decrease in the
27 official forecast, an amount equal to ten percent of the interest income, realized
28 capital gains, and dividend income deposited in and credited to the Permanent Trust
29 Fund in the current fiscal year not to exceed the projected deficit may be

1 appropriated after the consent of two-thirds of the elected members of each house of
2 the legislature. Between sessions of the legislature, the appropriation may be made
3 only after the written consent of two-thirds of the elected members of each house of
4 the legislature. Money from the Permanent Trust Fund shall only be appropriated
5 to replace allocations or appropriations of expenditures for elementary and secondary
6 education purposes and higher education purposes.

7 (3) In no event shall the amount included in the official forecast for the next
8 fiscal year plus the amount appropriated in the current fiscal year exceed ten percent
9 of the interest income, realized capital gains, and dividend income deposited in and
10 credited to the Permanent Trust Fund in the current fiscal year.

11 Section 2. Be it further resolved that this proposed amendment shall be submitted
12 to the electors of the state of Louisiana at the statewide election to be held on November 8,
13 2016.

14 Section 3. Be it further resolved that on the official ballot to be used at the election,
15 there shall be printed a proposition, upon which the electors of the state shall be permitted
16 to vote YES or NO, to amend the Constitution of Louisiana, which proposition shall read as
17 follows:

18 Do you support an amendment to authorize the use of up to ten percent of the
19 annual investment income deposited into the Louisiana Education Quality
20 Trust Fund, subject to approval of two-thirds of the elected members of each
21 house of the legislature, to offset reductions to education if there is a
22 projected deficit? (Amends Article VII, Sections 10(F)(4)(d) and 10.1(A)(1);
23 Adds Article VII, Section 10.1(E))

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 577 Engrossed

2016 Regular Session

Hodges

Abstract: Authorizes the use of up to 10% of the annual investment income in Louisiana Education Quality Trust Fund, subject to 2/3 approval of each house of the legislature, towards solving a projected deficit.

Present constitution establishes the Louisiana Education Quality Trust Fund the "Permanent Trust Fund" and deposits certain mineral revenue from the Outer Continental Shelf owed to the state from the US government, known as "8(g) monies". Requires a portion of recurring revenues, 25% of interest and dividend income, and 75% of capital gains to be deposited into the fund.

Present constitution prohibits any appropriation out of the Permanent Trust Fund.

Present constitution (Art. VII, Sect. 10(F)) authorize up to 5% of constitutionally mandated allocations or appropriations to be transferred to any fund in order to eliminate a projected deficit in the current or next fiscal year. However, present constitution is not applicable to the Permanent Trust Fund.

Proposed constitutional amendment authorizes the use of up to 10% of the interest income, realized capital gains, and dividend income deposited in and credited to the Permanent Trust Fund in the current fiscal year if there is a deficit in the current fiscal year due to a decrease in the official forecast. Also authorizes the use of up to 10% of the interest income, realized capital gains, and dividend income deposited in and credited to the Permanent Trust Fund in the current fiscal year if the official forecast of recurring money for the next fiscal year is less than the official forecast of recurring money for the current fiscal year. Limits the use of money from the fund to offset reductions to elementary and secondary education and higher education.

Proposed constitutional amendment requires consent of two-thirds of the elected members of each house of the legislature prior to use of the Permanent Trust Fund and limits the amount of the fund that can be used in the current and next fiscal year to 10% of the interest income, realized capital gains, and dividend income deposited in and credited to the Permanent Trust Fund in the current fiscal year. Additionally limits the use of money from the fund to offset reductions to elementary and secondary education and higher education.

Provides for submission of the proposed amendment to the voters at the statewide election to be held November 8, 2016.

(Amends Art. VII, §§10.(F)(4)(d) and 10.1(A)(1); Adds Art. VII, §10.1(E))

Summary of Amendments Adopted by House

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

1. Change the amount that may be used out of the Permanent Trust Fund from 10% of the fund to 10% of interest and dividend income and capital gains deposited in and credited to the fund in the current fiscal year.