
DIGEST

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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.