

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 29** HLS 22RS 207

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action: **w/ HSE FLOOR AMD**

Proposed Amd.:

Sub. Bill For.:

Date: May 20, 2022	9:56 AM	Author: NELSON
Dept./Agy.: State retirement systems		Analyst: Tanesha Morgan
Subject: Unfunded accrued liability		

APPROPRIATIONS REF SEE FISC NOTE GF EX See Note Page 1 of 1

(Constitutional Amendment) To require the legislature to appropriate no less than fifty percent of nonrecurring state revenues for application to certain state retirement system unfunded accrued liability

Present constitution provides that an allowable use of non-recurring revenue is extra payments toward UAL. Present constitution further requires that for FY 14 and 15 the legislature appropriate no less than 5% of non-recurring state revenues to the UAL of the LASERS and TRSL that existed on 6/30/88 (IUAL). Proposed constitution repeals present constitution.

Present constitution further requires that for FY 16 and beyond, the legislature appropriate a minimum of 10% of non-recurring state revenue to the IUAL of LASERS and TRSL. Proposed constitution terminates this required 10% minimum appropriation after FY 23. Proposed constitution requires that, beginning FY 24, the legislature must appropriate a minimum of 25% of non-recurring revenue to the UAL of the four state retirement systems. Authorizes the legislature to provide by law for distribution of non-recurring monies appropriated pursuant to the provisions of proposed constitution.

Provides for submission of the proposed amendment to the voters at the statewide election to be held November 8, 2022.

EXPENDITURES	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
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	\$0					\$0

REVENUES	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
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	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

Application of a larger portion of nonrecurring revenue to the unfunded accrued liabilities (UAL) of the four state retirement systems will result in fewer dollars available for remaining authorized purposes as provided in La. Const. Art. VII, § 10(2) such as the defeasance of bonds and funding capital outlay, coastal protection, and certain highway construction projects.

UAL as of June 30, 2021 for the four state retirement systems is detailed below:

- \$ 9,317,243,930 Teachers' Retirement System of Louisiana
- \$ 6,872,857,541 Louisiana State Employees Retirement System
- \$ 660,505,117 Louisiana School Employees Retirement System
- \$ 295,150,724 Louisiana State Police Retirement System
- \$17,145,757,312 Total UAL as of 6/30/21

The Secretary of State budgets constitutional amendments for statewide elections as regular practice and any costs associated with this proposed constitutional amendment will be absorbed within the agency's budget.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Evan Brasseaux

Evan Brasseaux
Interim Deputy Fiscal Officer