2019 Regular Session

HOUSE BILL NO. 292

## BY REPRESENTATIVE BARRAS

FUNDS/FUNDING: Dedication of unclaimed property funds and creation of Louisiana Unclaimed Property Permanent Trust Fund and Louisiana Unclaimed Property Support Fund

1	AN ACT								
2	To amend and reenact R.S. 9:165(C)(3) and to enact Subpart T of Part II of Chapter 1 of								
3	Title 39 of the Louisiana Revised Statutes of 1950, to be comprised of R.S.								
4	39:100.147, relative to unclaimed property; to provide for the dedication and credit								
5	of unclaimed property monies; to provide for the creation of special funds; to provide								
6	for the investment and administration of the monies in the special funds; to provide								
7	for the use of monies in the special funds; to provide for the reporting requirements								
8	of the monies in the special funds; and to provide for related matters.								
9	Be it enacted by the Legislature of Louisiana:								
10	Section 1. R.S. $9:165(C)(3)$ is hereby amended and reenacted to read as follows:								
11	§165. Deposit of funds								
12	* * *								
13	С.								
14	* * *								
15	(3) All unexpended and unencumbered monies in the Unclaimed Property								
16	Leverage Fund, the I-49 North Account, and the I-49 South Account at the end of the								
17	fiscal year shall remain in the Unclaimed Property Leverage Fund, the I-49 North								
18	Account, and the I-49 South Account and interest earned on the investment of these								
19	monies shall be credited to the Unclaimed Property Leverage Fund, the I-49 North								

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CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

1	Account, and the I-49 South Account be credited into the Louisiana Unclaimed
2	Property Permanent Trust Fund by the state treasurer.
3	Section 2. Subpart T of Part II of Chapter 1 of Title 39 of the Louisiana Revised
4	Statutes of 1950, comprised of R.S. 39:100.147 is hereby enacted to read as follows:
5	SUBPART T. LOUISIANA UNCLAIMED PROPERTY TRUST FUND
6	§100.147. Louisiana Unclaimed Property Trust Fund
7	A. There shall be established in the state treasury as a special permanent trust
8	fund, the Louisiana Unclaimed Property Permanent Trust Fund, hereinafter referred
9	to as the "UCP Permanent Trust Fund", and a special fund, the Louisiana Unclaimed
10	Property Support Fund, hereinafter referred to as the "UCP Support Fund."
11	(1) The purpose of the UCP Permanent Trust Fund is to provide a source of
12	payment of claims made by owners of unclaimed property. Notwithstanding the
13	allocation of money to the Bond Security and Redemption Fund as provided in
14	Article VII, Section 9(B) of the constitution, the treasurer shall at least annually
15	deposit in and credit to the UCP Permanent Trust Fund, the net amount of all monies
16	received as a result of the Uniform Unclaimed Property Act as established in R.S.
17	9:151, et seq. No appropriation shall be made from the UCP Permanent Trust Fund.
18	(2) The purpose of the UCP Support Fund is to ensure a source of funds for
19	the state capital outlay revolving loan bank, established by law. Notwithstanding the
20	allocation of money to the Bond Security and Redemption Fund as provided in
21	Article VII, Section 9(B) of the constitution, the treasurer shall deposit in and credit
22	to the UCP Support Fund, the following:
23	(a) Interest income earned on investment of monies in the UCP Permanent
24	Trust Fund.
25	(b) Realized capital gains on investment of the UCP Permanent Trust Fund.
26	(c) Dividend income earned on investment of the UCP Permanent Trust
27	Fund.
28	(d) All monies received as repayment of loans made through the state capital
29	outlay revolving loan bank, as established by law.

1	(e) All proceeds from the sale of securities held by Unclaimed Property.
2	(3) All monies shall be credited to the respective funds as provided in
3	Paragraphs (1) and (2) of this Subsection until the balance in the UCP Permanent
4	Trust Fund equals the amount of the state's potential liability to unclaimed property
5	claimants as reported in the previous fiscal year by the state treasurer. All money
6	received above the state's potential liability to unclaimed property claimants as
7	reported by the state treasurer shall be deposited into the UCP Support Fund.
8	B. The money credited to the UCP Permanent Trust Fund pursuant to
9	Subsection A of this Section shall be permanently credited to the UCP Permanent
10	Trust Fund and shall be invested by the treasurer. Notwithstanding any provision of
11	the constitution or other law to the contrary, a portion of money in the UCP
12	Permanent Trust Fund, not to exceed fifty percent, may be invested in equities. The
13	amounts in the UCP Support Fund shall be available for appropriation to pay
14	expenses incurred in the investment and management of the UCP Permanent Trust
15	<u>Fund.</u>
16	(1) The monies deposited in and permanently credited to the UCP Permanent
17	Trust Fund pursuant to Subsection A of this Section shall be invested by the state
18	treasurer.
19	(2) The state treasurer is authorized and directed to invest the monies
20	deposited in and credited to the UCP Permanent Trust Fund that are available for
21	investment in the investments permitted for the Louisiana Education Quality Trust
22	Fund as set forth in R.S. 17:3803(B), (D), and (E).
23	(3) The state treasurer may contract, subject to the approval of the State
24	Bond Commission, for the management of such investments. The earnings on
25	investments from the fund shall be available to pay expenses incurred for outside
26	investment managers for the investment and management of the fund and for other
27	custody, investment, and disbursement costs directly attributable to the fund, and as
28	otherwise provided for in this Section.

1	(4) Expenses attributable to the state treasurer exercising responsibility for
2	the custody, investment, and disbursement of the monies in the fund are
3	administrative costs properly paid out of the earnings on investments from the fund
4	and shall be paid by appropriation from the earnings. Costs include those costs
5	attributable to fees charged by any financial institution for providing custodial
6	services, which shall not exceed two percent of the amount managed, cost incurred
7	for outside investment managers for the investment and management of the fund,
8	which shall not exceed two percent of the amount managed and other direct costs
9	incurred by the state treasurer.
10	C.(1) The state treasurer shall annually submit to the legislature and the
11	governor, not less than sixty days prior to the beginning of each regular session of
12	the legislature, a report of the following:
13	(a) The balance of the UCP Permanent Trust Fund and UCP Support Fund
14	as of the close of the prior fiscal year.
15	(b) The state's potential liability to unclaimed property claimants as of the
16	close of the prior fiscal year.
17	(2) If unclaimed property claims exceed receipts, the state treasurer shall
18	certify such and allocate sufficient funds from the UCP Permanent Trust Fund to pay
19	the amount that claims have exceeded receipts, and immediately notify the
20	legislature and governor of the amount transferred from the UCP Permanent Trust
21	Fund and amount remaining in the UCP Permanent Trust Fund.
22	D.(1) Property received by the state pursuant to the Uniform Unclaimed
23	Property Act as established in R.S. 9:151 et seq., and deposited into the UCP
24	Permanent Trust Fund is private property held in trust until a claim is made for it by
25	the owner.
26	(2) The legislature shall establish by law a state capital outlay revolving loan
27	bank, which shall administer a revolving loan program for the benefit of local
28	governmental subdivisions, political subdivisions, or municipalities as defined in
29	Article VI, Section 44 of the constitution.

1	(3) Money in the UCP Support Fund may be transferred by the state treasurer
2	for use by the state capital outlay revolving loan bank to make loans.
3	(4) The monies disbursed from the UCP Support Fund for use as revolving
4	loans shall not displace, replace, or supplant appropriations from the state general
5	fund (direct) or any other specific constitutional or statutory dedication to local
6	governmental subdivisions, political subdivisions, or municipalities in existence on
7	July 1, 2020.
8	Section 3. This Act shall take effect and become operative if and when the proposed
9	amendment of Article VII, Section 28 of the Constitution of Louisiana contained in the Act
10	which originated as House Bill No of this 2019 Regular Session of the Legislature is
11	adopted at a statewide election and becomes effective.

## 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 292 Origina	ıl	2019 Regular Session				lar Session			Barras
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Abstract: Creates the La. Unclaimed Property Permanent Trust Fund (UCP Permanent Trust Fund) to fund claims made by owners of unclaimed property, and the La. Unclaimed Property Support Fund (UCP Support Fund) to fund a revolving loan bank for local government infrastructure.

<u>Present law</u> credits all unexpended and unencumbered monies for I-49 and the interest earned on the investment of the monies to the Unclaimed Property Leverage Fund.

<u>Proposed law</u> changes <u>present law</u> by crediting all unexpended and unencumbered monies for I-49 into the Unclaimed Property Leverage Fund and at the end of the fiscal year credits all remaining monies into the *La*. *Unclaimed Property Permanent Trust Fund*.

<u>Present law</u> requires the treasurer to deposit all unclaimed property funds received into the Bond Security and Redemption Fund, minus \$500,000 in a separate trust fund to pay claims, and record the identification information for persons entitled to the property. Further, the treasurer may deduct monies for the cost for auditing and administration of the fund. The treasurer shall deposit \$15 million each fiscal year into the Unclaimed Property Leverage Fund for I-49 for usage of the funds.

<u>Proposed law</u> creates the UCP Permanent Trust Fund and credits all monies received as a result of the unclaimed property pursuant to <u>present law</u> and the Unclaimed Property Leverage Fund into the UCP Permanent Trust Fund after making deposits pursuant to <u>present law</u>. The UCP Permanent Trust Fund is to be used solely for the payment of claims made by owners. <u>Proposed law</u> prohibits appropriations to be used from the fund.

<u>Proposed law</u> also creates the UCP Support Fund to provide a source of funds for a state capital outlay revolving loan bank. The UCP Support Fund shall be funded by interest

income, realized capital gains, and dividend income from the UCP Permanent Trust Fund, all monies received as repayment of loans made by the state capital outlay revolving loan bank, and proceeds from sales of securities.

<u>Proposed law</u> requires the monies to be deposited into both funds until the UCP Permanent Trust Fund balance equals the state's potential liability for all unclaimed property, then additional monies shall be deposited into the UCP Support Fund.

<u>Proposed law</u> authorizes the state treasurer to invest up to 50% of the monies in the UCP Permanent Trust Fund into the same investment funds permitted by the La. Education Quality Trust Fund and authorizes the treasurer to contract with and pay for cost of investment managers.

<u>Proposed law</u> requires the state treasurer to submit an annual report including the balance of the funds and the state's potential liability of unclaimed property to the legislature and governor.

Effective if and when the proposed amendment of Article VII, Section 28 of the Constitution of La. contained in the Act which originated as House Bill No. \_\_\_\_\_ of this 2019 R.S. of the Legislature is adopted at a statewide election and becomes effective.

(Amends R.S. 9:165(C)(3); Adds R.S. 39:100.147)