

2025 Regular Session

HOUSE BILL NO. 579

BY REPRESENTATIVE EMERSON

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

FUNDS/FUNDING: Provides for the transfer, deposit, and use of monies among state funds

## 1 AN ACT

2 To amend and reenact R.S. 17:3801(A) and (C) and 3802(A)(1), R.S. 39:98.1, 98.2(A) and  
3 (E), 98.3(A) and (C)(introductory paragraph), and 100.161(B)(3) and to repeal R.S.  
4 17:3801 through 3805 and R.S. 39:98.3(C) and (E), relative to certain treasury funds;  
5 to provide for the transfer, deposit, and use, as specified, of monies in certain  
6 treasury funds and accounts; to provide for the investment of certain treasury funds  
7 and accounts; to repeal certain treasury funds and accounts; to provide for  
8 effectiveness; and to provide for related matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 17:3801(A) and (C) and 3802(A)(1) are hereby amended and  
11 reenacted to read as follows:

12 §3801. Louisiana Education Quality Trust Fund, hereinafter referred to in this Part  
13 as the "Kevin P. Reilly, Sr. Louisiana Education Quality Trust Fund"

14 A.(1) There shall be established in the state treasury as a special permanent  
15 trust fund, the "Kevin P. Reilly, Sr. Louisiana Education Quality Trust Fund",  
16 henceforth referred to as the "Permanent Trust Fund". ~~After allocation of money to~~  
17 ~~the Bond Security and Redemption Fund as provided in Article VII, Section 9(B) of~~  
18 ~~the constitution, and notwithstanding Article XIV, Section 10 of the constitution, the~~  
19 ~~treasurer shall deposit in and credit to the Permanent Trust Fund all money which is~~  
20 ~~received from the federal government under Section 1337(g) of Title 43 of the~~

1       ~~United States Code which is attributable to mineral production activity or leasing~~  
2       ~~activity on the Outer Continental Shelf which has been held in escrow pending a~~  
3       ~~settlement between the United States and the state of Louisiana, except the first one~~  
4       ~~hundred million dollars so received; twenty-five percent of the recurring revenues~~  
5       ~~received under Section 1337(g) of Title 43 of the United States Code which are~~  
6       ~~attributable to mineral production activity or leasing activity on the Outer~~  
7       ~~Continental Shelf; twenty-five percent of the interest income earned on investment~~  
8       ~~of monies in the Permanent Trust Fund; and seventy-five percent of realized capital~~  
9       ~~gains and twenty-five percent of dividend income earned on investment of the~~  
10       ~~Permanent Trust Fund. No appropriation shall be made from the Permanent Trust~~  
11       ~~Fund.~~

12               (2) ~~After six hundred million dollars has been credited to the Permanent~~  
13       ~~Trust Fund from those monies received from the federal government under Section~~  
14       ~~1337(g) of Title 43 of the United States Code which are 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, the sum of fifty million dollars shall be credited from such monies to the~~  
18       ~~Coastal Environment Protection Trust Fund, as established in R.S. 30:313; all such~~  
19       ~~funds in excess of seven hundred fifty million dollars shall be credited to the~~  
20       ~~Permanent Trust Fund.~~

21               (3) ~~After allocation of money to the Bond Security and Redemption Fund as~~  
22       ~~provided in Article VII, Section 9(B) of the constitution, and notwithstanding Article~~  
23       ~~XIV, Section 10 of the constitution, seventy-five percent of the recurring revenues~~  
24       ~~received under Section 1337(g) of Title 43 of the United States Code which are~~  
25       ~~attributable to mineral production activity or leasing activity, seventy-five percent~~  
26       ~~of the interest income earned on investment of the Permanent Trust Fund, and~~  
27       ~~twenty-five percent of realized capital gains and seventy-five percent of the dividend~~  
28       ~~income earned on investment of the Permanent Trust Fund shall be deposited and~~  
29       ~~credited to a~~ There is hereby created a special fund ~~which is hereby created~~ in the

1 state treasury, ~~and~~ which shall be known as the Louisiana Quality Education Support  
2 Fund, ~~hereinafter~~ hereafter referred to in this Section as the "Support Fund".  
3 ~~Beginning July 1, 2001, and only as to and in the accounting of earnings after that~~  
4 ~~date, the treasurer shall account for earnings from the Permanent Fund in a manner~~  
5 ~~which allocates the earnings between the Permanent Fund and the Support Fund in~~  
6 ~~the proportions as herein provided as such earnings are realized. Beginning July 1,~~  
7 ~~2001, and only as to and in the accounting of earnings after that date, the treasurer~~  
8 ~~shall account for earnings attributable to Support Fund balances due the boards of~~  
9 ~~education separately and allocate such earnings to the credit of each board~~  
10 ~~respectively.~~

11 ~~(4) All recurring revenues and interest earnings shall be credited to the~~  
12 ~~respective funds as provided in Paragraphs (1) and (2) above until the balance in the~~  
13 ~~Permanent Trust Fund equals two billion dollars. After the Permanent Trust Fund~~  
14 ~~reaches a balance of two billion dollars, all interest earnings on the Permanent Trust~~  
15 ~~Fund shall be credited to the Support Fund and all recurring revenues shall be~~  
16 ~~credited to the State General Fund.~~

17 \* \* \*

18 C.(1) The amounts in the Support Fund shall be available for appropriation  
19 to pay expenses incurred for outside investment managers for the investment and  
20 management of the ~~Permanent~~ Trust Fund and for other custody, investment, and  
21 disbursement costs directly attributable to the ~~Permanent~~ Trust Fund, and for  
22 educational purposes only as provided in these Sections.

23 (2) ~~The State Board of Elementary and Secondary Education and the Board~~  
24 ~~of Regents each shall annually submit to the legislature and the governor not less~~  
25 ~~than sixty days prior to the beginning of each regular session of the legislature a~~  
26 ~~proposed program and budget for the expenditure of the monies in the Support Fund.~~  
27 ~~Proposals for such expenditures shall be designed to improve the quality of~~  
28 ~~education. Except for monies appropriated to pay expenses incurred in investment~~  
29 ~~and management of the Permanent Trust Fund, monies appropriated from the~~

1        ~~Support Fund by the legislature shall be disbursed to the Board of Regents and the~~  
2        ~~State Board of Elementary and Secondary Education to be allocated by them as~~  
3        ~~provided by law or the constitution to the programs as previously approved by the~~  
4        ~~legislature.~~

5                (3) The treasurer shall disburse not more than fifty percent of the monies in  
6        the Support Fund as that money is appropriated by the legislature and allocated by  
7        the Board of Regents for any or all of the following higher educational purposes to  
8        enhance economic development:

9                (a) The carefully defined research efforts of public and private universities  
10       in Louisiana.

11               (b) The endowment of chairs for eminent scholars.

12               (c) The enhancement of the quality of academic, research, or agricultural  
13       departments or units within a community college, college, or university. These funds  
14       shall not be used for athletic purposes or programs.

15               (d) The recruitment of superior graduate students.

16               ~~(4)~~ (3) The treasurer shall disburse not more than fifty percent of the monies  
17       in the Support Fund as that money is appropriated by the legislature and allocated by  
18       the State Board of Elementary and Secondary Education for any or all of the  
19       following elementary and secondary educational purposes:

20               (a) To provide compensation to city or parish school board professional  
21       instructional employees.

22               (b) To insure an adequate supply of superior textbooks, library books,  
23       equipment, and other instructional materials.

24               (c) To fund exemplary programs in elementary, secondary, or vocational-  
25       technical schools designed to improve elementary and secondary student academic  
26       achievement, or vocational-technical skill.

27               (d) To fund carefully defined research efforts, including pilot programs,  
28       designed to improve elementary and secondary student academic achievement.

29               (e) To fund summer school remediation programs and preschool programs.

1 (f) To fund the teaching of foreign languages in elementary and secondary  
2 schools.

3 (g) To fund an adequate supply of teachers by providing scholarships or  
4 stipends to prospective teachers in academic areas where there is a critical teacher  
5 shortage.

6 \* \* \*

7 §3802. Appropriations; procedure; limitation; administration

8 A.(1) ~~Consistent with the provisions of the Constitution of Louisiana, the~~  
9 The legislature shall appropriate the total amount of the funds in the Louisiana  
10 Quality Education Support Fund, hereinafter referred to as the "support fund",  
11 intended for higher educational purposes to the Board of Regents and the total  
12 amount intended for elementary and secondary educational purposes to the State  
13 Board of Elementary and Secondary Education itemized by program or other  
14 recipient purpose. Such itemization shall occur in both the executive budget and in  
15 the general appropriation bill and, except as otherwise provided by the constitution,  
16 budget and appropriation functions shall be conducted as provided by law. Passage  
17 of the general appropriation bill shall constitute legislative approval of the programs  
18 or purposes to which money is appropriated.

19 \* \* \*

20 Section 2. R.S. 39:98.1, 98.2(A) and (E), 98.3(A) and (C)(introductory paragraph),  
21 and 100.161(B)(3) are hereby amended and reenacted to read as follows:

22 §98.1. Creation of Funds; Millennium Trust

23 A. There shall be established in the state treasury ~~as~~ a special permanent trust  
24 fund known as the Millennium Trust. After allocation of money to the Bond  
25 Security and Redemption Fund as provided in Article VII, Section ~~9(B)~~ (13)(B) of  
26 the Constitution of Louisiana, the treasurer shall deposit in and credit to the  
27 Millennium Trust certain monies received as a result of the Master Settlement  
28 Agreement, hereinafter the "Settlement Agreement", executed November 23, 1998,  
29 and approved by Consent Decree and Final Judgment entered in the case "Richard

1 P. Ieyoub, Attorney General, ex rel. State of Louisiana v. Philip Morris,  
2 Incorporated, et al.", bearing Number 98-6473 on the docket of the Fourteenth  
3 Judicial District for the parish of Calcasieu, state of Louisiana; and all dividend and  
4 interest income and all realized capital gains on investment of monies in the  
5 Millennium Trust. The treasurer shall deposit in and credit to the Millennium Trust  
6 ~~the following amounts of monies received as a result of the Settlement Agreement:~~

7 ~~(1) Fiscal Year 2000-2001, forty-five percent of the total monies received~~  
8 ~~that year.~~

9 ~~(2) Fiscal Year 2001-2002, sixty percent of the total monies received that~~  
10 ~~year.~~

11 ~~(3) Fiscal Year 2002-2003 and each fiscal year thereafter, seventy-five~~  
12 ~~percent of the total monies received that year. each fiscal year as a result of the~~  
13 ~~Settlement Agreement. However, beginning in Fiscal Year 2011-2012 after the~~  
14 ~~balance in the Millennium Trust reaches a total of one billion three hundred eighty~~  
15 ~~million dollars, the The monies deposited in and credited to the Millennium Trust,~~  
16 ~~received by the state as a result of the Settlement Agreement, shall be allocated to~~  
17 ~~the various funds within the Millennium Trust as provided in Subsections B, C, and~~  
18 ~~D of this Section TOPS Fund.~~

19 ~~(4) For Fiscal Year 2000-2001, Fiscal Year 2001-2002, and Fiscal Year~~  
20 ~~2002-2003, ten percent of the total monies received in each of those years for credit~~  
21 ~~to the Education Excellence Fund which, notwithstanding the provisions of R.S.~~  
22 ~~39:98.3(A), shall be appropriated for the purposes provided in R.S. 39:98.3(C)(4).~~

23 B.(1) The Health Excellence Fund shall be established as a special fund  
24 within the Millennium Trust. The treasurer shall credit to the Health Excellence Fund  
25 ~~one-third of the Settlement Agreement proceeds deposited each year into the~~  
26 ~~Millennium Trust and one-third one-half of all dividend and interest income and all~~  
27 ~~realized capital gains on investment of monies in the Millennium Trust. The~~  
28 ~~treasurer shall report annually to the legislature as to the amount of Millennium Trust~~  
29 ~~investment earnings credited to the Health Excellence Fund.~~

1           (2) ~~Beginning Fiscal Year 2011-2012, and each fiscal year thereafter, the~~  
2           ~~treasurer shall credit to the Health Excellence Fund one-third of all dividend and~~  
3           ~~interest income and all realized capital gains on investment of monies in the~~  
4           ~~Millennium Trust.~~

5           (3) ~~Beginning July 1, 2012, after~~ After allocation of money to the Bond  
6           Security and Redemption Fund as provided in Article VII, Section 9(B) 13(B) of the  
7           Constitution of Louisiana, the treasurer shall deposit in and credit to the Health  
8           Excellence Fund the revenues derived from the tax imposed by R.S. 47:841(B)(3).

9           C.(1) ~~The Education Excellence Fund shall be established in the state~~  
10          ~~treasury as a special fund within the Millennium Trust. The treasurer shall credit to~~  
11          ~~the Education Excellence Fund one-third of the Settlement Agreement proceeds~~  
12          ~~deposited into the Millennium Trust and one-third of all dividend and interest~~  
13          ~~income and all realized capital gains on investment of monies in the Millennium~~  
14          ~~Trust.~~

15          (2) ~~Beginning Fiscal Year 2011-2012, and each fiscal year thereafter, the~~  
16          ~~treasurer shall credit to the Education Excellence Fund one-third of all dividend and~~  
17          ~~interest income and all realized capital gains on investment of monies in the~~  
18          ~~Millennium Trust.~~

19          D.(1) The TOPS Fund shall be established in the state treasury as a special  
20          fund within the Millennium Trust. The treasurer shall credit to the TOPS Fund ~~one-~~  
21          ~~third of the Settlement Agreement proceeds deposited into the Millennium Trust and~~  
22          ~~one-third of all dividend and interest income and all realized capital gains on~~  
23          ~~investment of monies in the Millennium Trust.~~

24          (2) ~~Beginning Fiscal Year 2011-2012, and each fiscal year thereafter, the~~  
25          ~~treasurer shall credit to the TOPS Fund one hundred percent of the Settlement~~  
26          ~~Agreement proceeds deposited into the Millennium Trust and one-third~~ one-half of  
27          all dividend and interest income and all realized capital gains on investment of  
28          monies in the Millennium Trust. The treasurer shall report annually to the legislature

1 as to the amount of Millennium Trust settlement agreement proceeds investment  
2 earnings credited to the TOPS Fund.

3 ~~(3) Upon the effective date of this Section, the state treasurer shall deposit,~~  
4 ~~transfer, or otherwise credit funds in an amount equal to such Settlement Agreement~~  
5 ~~proceeds deposited in and credited to the Millennium Trust received by the state~~  
6 ~~between April 1, 2011, and the effective date of this Section to the TOPS Fund.~~

7 D. Monies credited to the Millennium Trust pursuant to Subsection A of this  
8 Section shall be invested by the treasurer. A portion of the monies, not to exceed  
9 thirty-five percent, may be invested in stock. However, the portion of monies in the  
10 Millennium Trust which may be invested in stock may be increased to no more than  
11 fifty percent by a specific legislative instrument which receives a favorable vote of  
12 two-thirds of the elected members of each house of the legislature. The legislature  
13 shall provide for procedures for the investment of such monies as provided in R.S.  
14 39:98.2. The treasurer may contract, subject to the approval of the State Bond  
15 Commission, for the management of such investments and, if a contract is entered  
16 into, amounts necessary to pay the costs of the contract shall be appropriated from  
17 the Millennium Trust.

18 §98.2. Investment of Millennium Trust

19 A. The treasurer is authorized and directed to invest monies in the  
20 Millennium Trust which are available for investment in ~~the investments permitted~~  
21 ~~for the Louisiana Education Quality Trust Fund, also known as the Kevin P. Reilly~~  
22 ~~Sr. Louisiana Education Quality Trust Fund, as set forth in R.S. 17:3803(B), (D), and~~  
23 ~~(E).~~ any of the following:

24 (1) Time certificates of deposit of any bank domiciled or having a branch  
25 office in the state of Louisiana, savings accounts or shares of savings and loan  
26 associations and savings banks, as defined by R.S. 6:703(16) and (17), or share  
27 accounts and share certificate accounts of federally or state-chartered credit unions  
28 issuing time certificates of deposit, issued for the state treasurer under this authority.  
29 For those funds determined under prudent judgment of the state treasurer to be made



1 available for investment in time certificates of deposit, the rate of interest paid by the  
2 banks shall be determined by rules and regulations adopted and promulgated by the  
3 state treasurer. Competitive bidding may be used to establish the rate of interest on  
4 fifty percent or less of the amount determined to be available as of that date for  
5 investment in time certificates of deposit. Those financial institutions bidding on  
6 time certificates of deposit shall meet the financial criteria established by rules and  
7 regulations adopted and promulgated by the state treasurer. At the time of  
8 investment, the interest rate under the provisions of this Subsection shall be a rate not  
9 less than the prevailing market interest rate on direct obligations of the United States  
10 Treasury with a similar length of maturity. The funds so invested shall not exceed  
11 at any time the amount insured by the Federal Deposit Insurance Corporation (FDIC)  
12 in any one bank, savings bank, or savings and loan association and shall not exceed  
13 at any time the amount insured by the National Credit Union Administration, or other  
14 deposit insurance corporation, in any one credit union, unless the uninsured portion  
15 is collateralized by the pledge of securities in the manner provided by R.S. 49:321.

16 (2) Direct obligations of the United States government, a United States  
17 government agency, a United States government instrumentality, or a United States  
18 government-sponsored enterprise, the timely payment of the principal and interest  
19 of which is fully and explicitly guaranteed by the full faith and credit of the  
20 government of the United States of America, and contained in a list promulgated by  
21 the state treasurer.

22 (3) Direct obligations of a United States government agency, United States  
23 government instrumentality, or United States government-sponsored enterprise, the  
24 timely payment of principal and interest of which is fully guaranteed by the issuing  
25 entity, but are not explicitly guaranteed by the full faith and credit of the government  
26 of the United States, and contained in a list promulgated by the state treasurer.

27 (4) Stocks of any corporation listed on the New York Stock Exchange, the  
28 American Stock Exchange, the National Association of Securities Dealers  
29 Automated Quotations System, or other such stock exchange domiciled in the United

1       States and registered with the United States Securities and Exchange Commission,  
2       provided that the total investment in such stocks at any one time shall not exceed  
3       thirty-five percent of the market value of all funds held by the treasurer in the  
4       Millennium Trust.

5               (5)(a) Investment grade commercial paper issued in the United States, traded  
6       in the United States markets, denominated in United States dollars, with a short-term  
7       rating of at least A-1 by Standard & Poor's Financial Services LLC or P-1 by  
8       Moody's Investor Service, Inc. or the equivalent rating by a nationally recognized  
9       statistical rating organization.

10              (b) Investment grade corporate notes and bonds issued in the United States,  
11       traded in United States markets, denominated in United States dollars, rated BAA or  
12       better by Moody's Investor Service, Inc., or BBB or better by Standard & Poor's  
13       Financial Services LLC, and the trades of which are settled through The Depository  
14       Trust & Clearing Corporation, a national clearinghouse in the United States for the  
15       settlement of securities trades.

16              (6) Money market funds consisting solely of securities otherwise eligible for  
17       investment by the treasurer pursuant to this Section.

18              (7) Open-end mutual funds, closed-end mutual funds, and unit investment  
19       trusts consisting solely of securities otherwise eligible for investment by the state  
20       treasurer.

21              (8)(a) Tax exempt bonds and other taxable governmental bonds. In addition  
22       to all other investment authority related to the Millennium Trust, the state treasurer  
23       may invest in tax exempt bonds as defined in R.S. 49:342(C) and in taxable bonds  
24       issued by any state or a political subdivision or public corporation of any state,  
25       provided that such taxable bonds are rated at the time the investment is made by a  
26       nationally recognized rating agency in one of the three highest rating categories of  
27       that rating agency.

28              (b) Bonds, debentures, notes, or other similar obligations issued in the  
29       United States market, denominated in United States dollars and which are the direct

1 legal obligations of a foreign nation which the International Monetary Fund lists as  
2 an industrial country, for which investments in and/or business transactions with are  
3 not prohibited or restricted by any law, regulation, or rule of the United States or the  
4 state of Louisiana, and for which the full faith and credit of such nation has been  
5 pledged for the payment of principal and interest; provided that any such security  
6 shall be rated at least A- or better by Standard & Poor's Corporation or A3 or better  
7 by Moody's, Inc., or an equivalent investment grade by a securities ratings  
8 organization accepted by the National Association of Insurance Commissioners; and,  
9 provided further that the total investment in such foreign securities at any one time  
10 shall not exceed five percent of the market value of all investments held by the  
11 treasurer in the Millennium Trust, or any other fund or investment of funds subject  
12 to this investment authority.

13 (9) Any investment managers hired on a contract basis to advise the treasurer  
14 regarding such investments shall be selected by the treasurer, subject to the approval  
15 of the State Bond Commission, in accordance with a request for proposal process  
16 using strict selection criteria based on sound industry principles. The contract, as  
17 approved by the State Bond Commission, shall be on a fee, together with minimum  
18 exchange fee, basis or on a commission basis only. The state treasurer shall adopt  
19 and promulgate rules and regulations for such investments and for the selection of  
20 outside investment managers.

21 (10) Open-end mutual funds, closed-end mutual funds, exchange-traded  
22 funds, and unit investment trusts consisting solely of international securities  
23 constructed to match or track the components of a market index provided by globally  
24 recognized index providers, including but not limited to MSCI, FTSE, Dow Jones,  
25 Standard & Poor's, Barclays, Citigroup, or any of their affiliates or successors and  
26 assigns; however, the total investment in any and all such index funds at any one  
27 time shall not exceed ten percent of the market value of all funds held by the  
28 treasurer in the Millennium Trust. Nothing in this Paragraph shall be construed to

1 allow the state treasurer to invest directly in the common stock of foreign companies  
2 known to do business with nations that support terrorism.

3 \* \* \*

4 E. On or before December first of each year, the treasurer shall prepare and  
5 submit a report on the performance of the Millennium Trust to the Joint Legislative  
6 Committee on the Budget and the commissioner of administration for their review.  
7 ~~With respect to the Education Excellence Fund, the report shall also be provided to~~  
8 ~~the state superintendent of education.~~

9 \* \* \*

10 §98.3. ~~Appropriations from the Health Excellence Fund, the Education Excellence~~  
11 ~~Fund, and the TOPS Fund~~ Appropriations from funds within the Millennium  
12 Trust

13 A.(1) ~~Appropriations from the Education Excellence Fund shall be limited~~  
14 ~~to an annual amount not to exceed the estimated aggregate annual earnings from~~  
15 ~~interest, dividends, and realized capital gains on investment of the Millennium Trust~~  
16 ~~allocated as provided by R.S. 39:98.1(B) and (C) as recognized by the Revenue~~  
17 ~~Estimating Conference. Amounts determined to be available for appropriation shall~~  
18 ~~be those aggregate investment earnings which are in excess of an inflation factor as~~  
19 ~~determined by the Revenue Estimating Conference. The amount of estimated~~  
20 ~~aggregate investment earnings available for appropriation shall be determined by~~  
21 ~~subtracting the product of the inflation factor multiplied by the amount of aggregate~~  
22 ~~investment earnings for the previous fiscal year from the amount of such estimated~~  
23 ~~aggregate investment earnings. The amount of realized capital gains on investment~~  
24 ~~which may be included in the aggregate earnings available for appropriation from the~~  
25 ~~Millennium Trust in any fiscal year shall not exceed the aggregate of earnings from~~  
26 ~~interest and dividends for that year.~~

27 (2)(a) ~~For Fiscal Year 2011-2012 appropriations from the Health Excellence~~  
28 ~~Fund shall be limited to an annual amount not to exceed the estimated aggregate~~  
29 ~~annual earnings from interest, dividends, and realized capital gains on investment of~~

1 ~~the trust and credited to the Health Excellence Fund as provided by R.S.~~  
2 ~~39:98.1(B)(2) and as recognized by the Revenue Estimating Conference.~~

3 (b) ~~For Fiscal Year 2012-2013, and For~~ each fiscal year thereafter,  
4 appropriations from the Health Excellence Fund shall be limited to an annual amount  
5 not to exceed the estimated aggregate annual earnings from interest, dividends, and  
6 realized capital gains on investment of the trust and credited to the Health Excellence  
7 Fund as provided by ~~R.S. 39:98.1(B)(2)~~ R.S. 39:98.1(B)(1) and as recognized by the  
8 Revenue Estimating Conference and the amount of proceeds credited to and  
9 deposited into the Health Excellence Fund as provided by ~~R.S. 39:98.1(B)(3)~~ R.S.  
10 39:98.1(B)(2).

11 (3)(a) ~~For Fiscal Year 2011-2012, appropriations from the TOPS Fund shall~~  
12 ~~be limited to the amount of Settlement Agreement proceeds credited to and deposited~~  
13 ~~into the TOPS Fund as provided by R.S. 39:98.1(D)(2) and (3), and an annual~~  
14 ~~amount not to exceed the estimated aggregate annual earnings from interest,~~  
15 ~~dividends, and realized capital gains on investment of the trust and credited to the~~  
16 ~~TOPS Fund as provided by R.S. 39:98.1(D)(2) and as recognized by the Revenue~~  
17 ~~Estimating Conference.~~

18 (b) (2)(a) ~~For Fiscal Year 2012-2013, and each fiscal year thereafter,~~  
19 appropriations from the TOPS Fund shall be limited to the amount of annual  
20 Settlement Agreement proceeds credited to and deposited into the TOPS Fund as  
21 provided in ~~R.S. 39:98.1(D)(2)~~ R.S. 39:98.1(C), and an annual amount not to exceed  
22 the estimated aggregate annual earnings from interest, dividends, and realized capital  
23 gains on investment of the trust and credited to the TOPS Fund as provided in ~~R.S.~~  
24 ~~39:98.1(D)(2)~~ R.S. 39:98.1(C) and as recognized by the Revenue Estimating  
25 Conference.

26 (c) ~~For Fiscal Year 2011-2012, and each fiscal year thereafter, (b) The~~  
27 amounts determined to be available for appropriation from the TOPS Fund from  
28 interest earnings shall be those aggregate investment earnings which are in excess  
29 of an inflation factor as determined by the Revenue Estimating Conference. The

amount of realized capital gains on investment which may be included in the aggregate earnings available for appropriation in any year shall not exceed the aggregate of earnings from interest and dividends for that year.

~~(4)~~ (3) Actual earnings from interest, dividends, and capital gains during the fiscal year in excess of the amounts estimated as available for appropriation shall be credited to the appropriate fund and available for appropriation in subsequent years. Appropriations from the Health Excellence Fund, ~~the Education Excellence Fund,~~ and the TOPS Fund shall include performance expectations to ensure accountability in the expenditure of such monies.

\* \* \*

C. The Education Excellence Fund shall be established in the state treasury as a special fund within the Millennium Trust. Appropriations from the Education Excellence Fund shall be restricted as follows:

\* \* \*

§100.161. Louisiana Unclaimed Property Permanent Trust Fund

\* \* \*

B.

\* \* \*

(3) Subject to the limitations provided in this Subsection, the state treasurer may invest the monies deposited in and credited to the UCP Permanent Trust Fund ~~in the same manner as authorized for the Louisiana Education Quality Trust Fund as set forth in R.S. 17:3803:~~ any of the following:

(i) Time certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana, savings accounts or shares of savings and loan associations and savings banks, as defined by R.S. 6:703(16) and (17), or share accounts and share certificate accounts of federally or state-chartered credit unions issuing time certificates of deposit, issued for the state treasurer under this authority. For those funds determined under prudent judgment of the state treasurer to be made available for investment in time certificates of deposit, the rate of interest paid by the

1 banks shall be determined by rules and regulations adopted and promulgated by the  
2 state treasurer. Competitive bidding may be used to establish the rate of interest on  
3 fifty percent or less of the amount determined to be available as of that date for  
4 investment in time certificates of deposit. Those financial institutions bidding on  
5 time certificates of deposit shall meet the financial criteria established by rules and  
6 regulations adopted and promulgated by the state treasurer. At the time of  
7 investment, the interest rate under the provisions of this Subsection shall be a rate not  
8 less than the prevailing market interest rate on direct obligations of the United States  
9 Treasury with a similar length of maturity. The funds so invested shall not exceed  
10 at any time the amount insured by the Federal Deposit Insurance Corporation (FDIC)  
11 in any one bank, savings bank, or savings and loan association and shall not exceed  
12 at any time the amount insured by the National Credit Union Administration, or other  
13 deposit insurance corporation, in any one credit union, unless the uninsured portion  
14 is collateralized by the pledge of securities in the manner provided by R.S. 49:321.

15 (ii) Direct obligations of the United States government, a United States  
16 government agency, a United States government instrumentality, or a United States  
17 government-sponsored enterprise, the timely payment of the principal and interest  
18 of which is fully and explicitly guaranteed by the full faith and credit of the  
19 government of the United States of America, and contained in a list promulgated by  
20 the state treasurer.

21 (iii) Direct obligations of a United States government agency, United States  
22 government instrumentality, or United States government-sponsored enterprise, the  
23 timely payment of principal and interest of which is fully guaranteed by the issuing  
24 entity, but are not explicitly guaranteed by the full faith and credit of the government  
25 of the United States, and contained in a list promulgated by the state treasurer.

26 (iv) Stocks of any corporation listed on the New York Stock Exchange, the  
27 American Stock Exchange, the National Association of Securities Dealers  
28 Automated Quotations System, or other such stock exchange domiciled in the United  
29 States and registered with the United States Securities and Exchange Commission,

1 provided that the total investment in such stocks at any one time shall not exceed  
2 thirty-five percent of the market value of all funds held by the treasurer in the UCP  
3 Permanent Trust Fund.

4 (v)(aa) Investment grade commercial paper issued in the United States,  
5 traded in the United States markets, denominated in United States dollars, with a  
6 short-term rating of at least A-1 by Standard & Poor's Financial Services LLC or P-1  
7 by Moody's Investor Service, Inc., or the equivalent rating by a nationally recognized  
8 statistical rating organization.

9 (bb) Investment grade corporate notes and bonds issued in the United States,  
10 traded in United States markets, denominated in United States dollars, rated BAA or  
11 better by Moody's Investor Service, Inc., or BBB or better by Standard & Poor's  
12 Financial Services LLC, and the trades of which are settled through The Depository  
13 Trust & Clearing Corporation, a national clearinghouse in the United States for the  
14 settlement of securities trades.

15 (vi) Money market funds consisting solely of securities otherwise eligible  
16 for investment by the treasurer pursuant to this Section.

17 (vii) Open-end mutual funds, closed-end mutual funds, and unit investment  
18 trusts consisting solely of securities otherwise eligible for investment by the state  
19 treasurer.

20 (viii) Tax exempt bonds and other taxable governmental bonds. In addition  
21 to all other investment authority related to the UCP Permanent Trust Fund, the state  
22 treasurer may invest in tax exempt bonds as defined in R.S. 49:342(C), and in  
23 taxable bonds issued by any state or a political subdivision or public corporation of  
24 any state, provided that such taxable bonds are rated at the time the investment is  
25 made by a nationally recognized rating agency in one of the three highest rating  
26 categories of that rating agency.

27 (ix) Bonds, debentures, notes, or other similar obligations issued in the  
28 United States market, denominated in United States dollars and are the direct legal  
29 obligations of a foreign nation which the International Monetary Fund lists as an



1 industrial country, for which investments in and/or business transactions with are not  
2 prohibited or restricted by any law, regulation, or rule of the United States or the  
3 state of Louisiana, and for which the full faith and credit of such nation has been  
4 pledged for the payment of principal and interest; provided that any such security  
5 shall be rated at least A- or better by Standard & Poor's Corporation or A3 or better  
6 by Moody's, Inc., or an equivalent investment grade by a securities ratings  
7 organization accepted by the National Association of Insurance Commissioners; and,  
8 provided further that the total investment in such foreign securities at any one time  
9 shall not exceed five percent of the market value of all investments held by the  
10 treasurer in the UCP Permanent Trust Fund, or any other fund or investment of funds  
11 subject to this investment authority.

12 (x) Any investment managers hired on a contract basis to advise the treasurer  
13 regarding such investments shall be selected by the treasurer, subject to the approval  
14 of the State Bond Commission, in accordance with a request for proposal process  
15 using strict selection criteria based on sound industry principles. The contract, as  
16 approved by the State Bond Commission, shall be on a fee, together with minimum  
17 exchange fee, basis or on a commission basis only. The state treasurer shall adopt  
18 and promulgate rules and regulations for such investments and for the selection of  
19 outside investment managers.

20 (xi) Open-end mutual funds, closed-end mutual funds, exchange-traded  
21 funds, and unit investment trusts consisting solely of international securities  
22 constructed to match or track the components of a market index provided by globally  
23 recognized index providers, including but not limited to MSCI, FTSE, Dow Jones,  
24 Standard & Poor's, Barclays, Citigroup, or any of their affiliates or successors and  
25 assigns; however, the total investment in any and all such index funds at any one  
26 time shall not exceed ten percent of the market value of all funds held by the  
27 treasurer in the UCP Permanent Trust Fund. Nothing in this Item shall be construed

1 to allow the state treasurer to invest directly in the common stock of foreign  
2 companies known to do business with nations that support terrorism.

3 \* \* \*

4           Section 3. R.S. 17:3801(B), (C)(4) and (F) and R.S. 39:98.3(E) are hereby repealed  
5   in their entirety.

6           Section 4. R.S. 17:3801 through 3805 and R.S. 39:98.3(C) are hereby repealed in  
7    their entirety.

8           Section 5. The provision of Section 4 of this Act shall take effect and become  
9   operative on July 1, 2027, if and when the proposed amendment of Article VII of the  
10   Constitution of Louisiana contained in the Act which originated as House Bill No. \_\_\_\_ of  
11   this 2025 Regular Session of the Legislature is adopted at a statewide election and becomes  
12   effective.

Section 6. The provision of Sections 1, 2, and 3 of this Act shall take effect and become operative if and when the proposed amendment of Article VII of the Constitution of Louisiana contained in the Act which originated as House Bill No. \_\_\_\_ of this 2025 Regular Session of the Legislature is adopted at a statewide election and becomes effective.

Section 7. This Section and Sections 5 and 6 of this Act shall become effective upon signature by the governor or, if not signed by the governor, upon expiration of the time for bills to become law without signature by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If vetoed by the governor and subsequently approved by the legislature, this Act shall become effective on the day following such approval.

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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)]

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HB 579 Original

2025 Regular Session

Emerson

**Abstract** Provides for the transfer, deposit, and use of monies among state funds

**Louisiana Education Quality Trust Fund (LEQTF)  
and the Louisiana Quality Education Support Fund (Support Fund)**

Present law provides for allocations to the LEQTF and the Support Fund and appropriations from these funds.

Proposed law repeals provisions related to the allocations made to the LEQTF and the Support Fund. Retains provisions related to appropriations from the funds. Proposed law repeals all provisions related to both funds effective July 1, 2027.

**Millennium Trust**

Present law creates a special fund in the state treasury called the Millennium Trust. Provides for deposits into the fund from monies received as a result of the tobacco settlement, as well as any interest income and realized capital gains on investment of monies in the fund. Provides for 75% of the tobacco settlement funds to be deposited into the Millennium Trust. Creates three special subfunds within the Millennium Trust: (1) the Health Excellence Fund; (2) the Education Excellence Fund; and (3) the TOPS Fund.

Present law provides that beginning in FY 2012, deposits shall be made as follows: (1) 1/3 of all dividend and interest income and all realized capital gains on investments of monies in the fund to the Health Excellence Fund; (2) 1/3 of all dividend and interest income and all realized capital gains on investments of monies into the Education Excellence Fund; and (3) 100% (of the 75%) of the tobacco settlement proceeds deposited into the Millennium Trust Fund and 1/3 of all dividend and interest income and all realized capital gains of monies invested into the TOPS Fund. Requires the treasurer to report annually to the legislature the amount of investment earnings credited to the TOPS fund.

Proposed law retains the Millennium Trust as a special fund within the state treasury. Retains the Health Excellence Fund and the TOPS Fund, but repeals the Education Excellence Fund. Provides for deposits as follows: (1) ½ of all dividend and interest income and all realized capital gains of monies invested to the Health Excellence Fund; and (2) 100% (of the 75%) of the tobacco settlement proceeds deposited into the Millennium Trust and ½ of all dividend and interest income and all realized capital gains of monies invested into the TOPS fund. Repeals language regarding deposit and the distribution of monies in the fund for prior fiscal years.

Present law provides for the investment of the Millennium Trust. Directs the treasurer to invest monies in the trust in the same investments permitted for the LEQTF. Provides for investment maturity and interest rates on certificates of deposit. Authorizes the treasurer to enter into direct security repurchase agreements, reverse security repurchase agreements, and securities lending contracts in order to generate passive income. Provides definition for direct security repurchase agreements, reverse security repurchase agreements, and securities lending contracts. Requires the treasurer to annually submit a report on the performance of the trust to the Joint Legislative Committee on the Budget and the commissioner of administration. Requires the treasurer to annually submit a report on the performance of the Education Excellence Fund to the state superintendent of education.

Proposed law provides for the investment of the Millennium Trust; however, proposed law adds the types of investments allowable for monies in the LEQTF. Requires any investment managers hired on a contract basis to advise the treasurer to be selected by the treasurer and approved by the state bond commission. Removes the provision in present law that requires submission of the annual report regarding the performance of the Education Excellence Fund to the state superintendent of education. Retains all other provisions in present law.

Present law provides for appropriations from the subfunds within the Millennium Trust: (1) the Education Excellence Fund; (2) the Health Excellence Fund; and (3) the TOPS fund. Provides limitations to the amounts appropriated from the Education Excellence Fund, the Health Excellence Fund, and the TOPS fund. Provides for specific purposes for monies appropriated from the Health Excellence Fund, the Education Excellence Fund, and the TOPS fund.

Proposed law retains provisions in present law regarding appropriations from the Health Excellence Fund and the TOPS fund. Proposed law repeals prior year limitations on amounts that may be appropriated from the funds.

Proposed law repeals provisions related to the allocations made to the Education Excellence Fund and retains the provisions in present law regarding appropriations from the fund. Proposed law repeals all provisions of the Education Excellence Fund effective July 1, 2027.

### **Louisiana Unclaimed Property Permanent Trust Fund**

Present law creates a special fund in the state treasury called the Louisiana Unclaimed Property Permanent Trust Fund. Prohibits appropriations from the fund. Provides for the fund to ensure a source of payment for claims made by owners of unclaimed property. Deposits into the fund derive from the amount of all monies received as a result of the Uniform Unclaimed Property Act of 1997. Provides for realized capital gains, dividend income, and interest income earned on the investments in the fund to be deposited into the state general fund. Proposed law retains present law.

Present law directs the treasurer to invest monies in the trust in the same manner as investments for the LEQTF.

Proposed law adds the types of investments allowable for monies in the LEQTF and allows for contractors selected by the treasurer and approved by the bond commission to manage fund assets.

### **Effectiveness**

Repealed provisions of law become effective if and when the proposed amendment of Art. 7 of the Constitution of La. contained in the Act which originated as House Bill No. \_\_ of the 2025 Regular Session of the Legislature is adopted at a statewide election and becomes effective.

(Amends R.S. 17:3801(A) and (C), 3802(A)(1), R.S. 39:98.1, 98.2(A) and (E), 98.3(A) and (C)(introductory paragraph), and 100.161(B)(3); Repeals R.S. 17:3801 - 3805 and R.S. 39:98.3(C) and (E))