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## DIGEST

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HB 579 Engrossed

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 monies in 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 definitions 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 retains present law relative to investment of monies in the Millennium Trust; however, proposed law provides an enumerated list of the types of investments allowable for monies in the fund, mirroring 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 provides an enumerated list of the types of investments allowable for monies in the fund, mirroring the types of investments allowable for monies in the LEQTF. Further allows for contractors selected by the treasurer and approved by the bond commission to manage fund assets.

Proposed law authorizes the treasurer to enter into direct security repurchase agreements, reverse security repurchase agreements, and securities lending contracts in order to generate passive income.

### **Certain ancillary funds**

Present law with respect to the Medicaid Trust Fund for the Elderly, the Rockefeller Wildlife Refuge Trust and Protection Fund, and the Russell Sage or Marsh Island Refuge Fund authorizes investment of certain portions of these funds in investments authorized for the LEQTF. Proposed law updates these authorizations to investments permitted for the Millennium Trust. Further directs the La. State Law Institute to change references in present law for these funds to reflect the new authorization provided in proposed law.

### **Securities lending**

Present law authorizes the treasury to execute securities lending contracts in certain circumstances. Restricts collateral for such lending agreements in part to securities authorized for investment by the treasurer pursuant to the LEQTF. Proposed law directs the La. State Law Institute to change this reference from LEQTF to Millennium Trust.

Present law further restricts in part investment of any cash collateral pledged for a securities lending contract to investments authorized for the LEQTF. Proposed law directs the La. State Law Institute to change this reference from LEQTF to Millennium Trust.

### **Effectiveness**

Generally 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. 473 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); Adds R.S. 39:98.2(F) and 100.161(E); Repeals R.S. 17:3801-3805 and R.S. 39:98.3(C) and (E) and 100.116(A)(9))

## Summary of Amendments Adopted by House

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

1. Align language in Millennium Trust investment statute regarding authorized investment in stocks with language in constitution authorizing the standard 35% investment ratio to be increased to no more than 50% by an Act of the legislature.
2. Add language to Millennium Trust and Unclaimed Property Permanent Trust Fund authorizing the state treasurer to enter into direct security repurchase agreements, reverse security repurchase agreements, and securities lending contracts for both of these trusts.
3. Repeal dedication of mineral revenue to the La. Education Quality Trust Fund.
4. Change language authorizing the state treasurer to invest monies in the Medicaid Trust Fund for the Elderly, Rockefeller Wildlife Refuge Trust and Protection Fund, and the Russell Sage or Marsh Island Refuge Fund in investments permitted for the LEQTF to investments permitted for the Millennium Trust.
5. Add language directing the La. State Law Institute to change certain references in present law to conform with proposed law.
6. Make technical and conforming changes.