

RÉSUMÉ DIGEST

ACT 385 (HB 579)

2025 Regular Session

Emerson

As explained in more detail below, new law provides for the deposit, use, and existence of certain funds in the state treasury.

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

Prior law (R.S. 17:3801 et seq.) provided for allocations to the LEQTF and the Support Fund and appropriations from these funds.

New law repeals provisions related to the allocations made to the LEQTF and the Support Fund. Retains provisions related to uses of monies in these funds strictly for the purpose of fulfilling outstanding appropriations for FY 2026. New law (Bill Section 5) repeals all provisions related to both funds effective July 1, 2026.

Millennium Trust

Existing law (R.S. 39:98.1 et seq.) establishes 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.

Existing law establishes the Health Excellence Fund and the TOPS Fund within the Millennium Trust and as more fully described below provides for allocation of certain income to each. Prior law established the Education Excellence Fund within the Millennium Trust and provided for allocation of certain income. New law repeals the Education Excellence Fund effective July 1, 2026, and equally divides investment and interest income between the remaining subfunds.

Prior law provided that beginning in FY 2012, deposits were to be made as follows:

- (1) 1/3 of all dividend and interest income and all realized capital gains on investments of monies into 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.
- (3) 100% of the tobacco settlement proceeds deposited into the Millennium Trust and 1/3 of all dividend and interest income and all realized capital gains of monies invested into the TOPS Fund.

New law 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.
- (2) 100% 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.

Prior law provided for the investment of monies in the Millennium Trust in the same investments permitted for the LEQTF. New 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. Further 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.

Prior law directed the treasurer to invest monies in the trust in the same investments permitted for the LEQTF.

Prior law required submission of an annual report regarding the performance of the Education Excellence Fund to the state superintendent of education. New law repeals this requirement.

Existing law limits appropriations from the subfunds within the Millennium Trust to specific purposes and provides limitations on the amounts that may be appropriated in any fiscal year.

Existing law provides for use of monies in the Health Excellence Fund and the TOPS fund. New law repeals prior year limitations on amounts that may be appropriated from the funds.

Louisiana Unclaimed Property Permanent Trust Fund

Existing law (R.S. 39:100.161) establishes a special fund in the state treasury called the Louisiana Unclaimed Property Permanent Trust Fund to ensure a source of payment for claims made by owners of unclaimed property. Prohibits appropriations from the fund. 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.

Prior law directed the treasurer to invest monies in the trust in the same manner as investments for the LEQTF. New 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.

New 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.

Early Childhood Education Stability Fund

New law (R.S. 17:407.30.2) establishes the Early Childhood Education Stability Fund as a special fund in the state treasury. Requires the state treasurer to deposit \$11 M from the state general fund into this fund each fiscal year. Authorizes monies in this fund to be appropriated to the State Board of Elementary and Secondary Education, the Department of Education, or both for early childhood education programs and initiatives.

Law Enforcement Recruitment Incentive Fund

Existing law (R.S. 40:1669(J)) establishes the Law Enforcement Recruitment Incentive Fund and provides for deposit, use, and administration of monies in the fund. Prior law provided that the fund terminated on July 1, 2025. New law changes this termination date to July 1, 2027.

Certain ancillary funds

Prior 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 authorized investment of certain portions of these funds in investments authorized for the LEQTF. New law (Bill Section 6(A)) updates these authorizations to investments permitted for the Millennium Trust. Further directs the La. State Law Institute to change references in existing law for these funds to reflect the new authorization provided in new law.

Securities lending

Existing law authorizes the treasury to execute securities lending contracts in certain circumstances. Prior law restricted collateral for such lending agreements in part to securities authorized for investment by the treasurer pursuant to the LEQTF. New law (Bill Section 6(B)) directs the La. State Law Institute to change this reference from LEQTF to Millennium Trust.

Prior law further restricted in part investment of any cash collateral pledged for a securities lending contract to investments authorized for the LEQTF. New 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.

Provisions relative to the Law Enforcement Recruitment Incentive Fund are effective upon signature of governor (June 20, 2025).

(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), and R.S. 40:1669(J); Adds R.S. 17:407.30.2 and 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))