



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 749** HLS 26RS 1012
 Bill Text Version: **RE-REENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

| | | |
|---|----------|------------------------------|
| Date: April 28, 2026 | 10:11 AM | Author: CARVER |
| Dept./Agy.: Treasury, Board of Regents | | |
| Subject: Education Savings Programs Administration | | Analyst: Darynn Hoppe |

FUNDS/INVESTMENTS RR +\$4,000,000 GF EX See Note Page 1 of 1
 Authorizes the Louisiana Tuition Trust Authority to contract with a program manager for the administration of certain savings accounts (ABLE, START, and START K12 programs) and the investment of account funds
Present Law establishes the ABLE, START and STARTK12 programs, and establishes authority with the Louisiana Tuition Trust Authority (LATTA) to administer these programs; and with the state treasurer to invest account funds.

Proposed Law authorizes LATTA to contract with a program manager for the administration of account and the investment of account funds.

| EXPENDITURES | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 2030-31 | 5 -YEAR TOTAL |
|---------------------|--------------------|--------------------|-----------|-----------|-----------|--------------------|
| State Gen. Fd. | \$4,000,000 | \$4,000,000 | SEE BELOW | SEE BELOW | SEE BELOW | \$8,000,000 |
| 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 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Annual Total | \$4,000,000 | \$4,000,000 | | | | \$8,000,000 |

| REVENUES | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 2030-31 | 5 -YEAR TOTAL |
|---------------------|------------|------------|------------|------------|------------|---------------|
| 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 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Annual Total | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

EXPENDITURE EXPLANATION

Proposed law is anticipated to increase SGF expenditures by up to \$4 M in FY 27 and by \$4 M in FY 28. Proposed law permits the Louisiana Tuition Trust Authority (LATTA) to enter into contracts with a program manager to administer and invest fund balances. To the extent that LATTA contracts with a program manager to administer the state's 529 plan programs, an initial increase to operating expenses will be incurred to coordinate and implement the transfer of plan funds. Furthermore subsequent years may also result in increased SGF expenditures from management and advisory fees or such fees may be negotiated to be paid from the investment accounts. The impact of these expenditures is reliant on the terms and conditions of any contracts entered, and cannot currently be determined.

The Board of Regents reports that implementation of this bill is expected to take six months. **A budget recommendation of \$4 M SGF was included in the FY 27 executive budget recommendation for the purpose of entering into a contract with a third party management software platform to administer the state's 529 plan programs based upon vendor estimates.** The Board of Regents anticipates the need for an additional \$4 M in FY 28 to continue the transition of these accounts.

Treasury reports that per R.S. 17:3099 (C) and paragraph 74 of the START Disclosure and Participation Agreement that principle balances within the Louisiana Principal Protection Fund (LaPPF) are protected. The Treasury reports that the LaPPF will be upgraded to a funding agreement structure in collaboration with the program manager. This structure is an insured investment contract where an institutional investor provides deposits to an insurance company's general account in exchange for a guaranteed rate of return over a specified period. Treasury reports that as part of the transition an insurance provider will absorb a one time market value adjustment to ensure principal remains fully protected. The insurer will effectively finance the indemnification and recover the cost through a reduction in the funds' crediting rate.

The LFO cannot corroborate whether transitioning fund balances from one administrator to another activates the principal protection trigger, as the funds are being transferred to a new account and not to the account owner.

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}

Alan M. Boxberger
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 Legislative Fiscal Officer