

Regular Session, 2014

HOUSE BILL NO. 598

BY REPRESENTATIVE ABRAMSON

FUNDS/FUNDING: Provides for accounts within the Education Excellence Fund and the deposit of certain revenues

1 AN ACT

2 To amend and reenact R.S. 17:421.7(A), R.S. 27:247, R.S. 39:98.1(C), 98.2(E), and
3 98.3(A)(1) and (4), (C)(introductory paragraph), (1), (5), (7), and (8), (D), and (E)
4 and to enact R.S. 27:270.1 and R.S. 39:98.3(F) and (G), relative to special treasury
5 funds; to establish accounts within the Education Excellence Fund; to provide for the
6 deposit and use of monies within certain accounts; to provide for the disposition of
7 certain state gaming revenues; to provide for an effective date; and to provide for
8 related matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 17:421.7(A) is hereby amended and reenacted to read as follows:

11 §421.7. Support Education in Louisiana First Fund

12 A. There is hereby established, as a special fund in the state treasury, the
13 Support Education in Louisiana First Fund (the SELF Fund). After compliance with
14 the requirements of Article VII, Section 9(B) of the Constitution of Louisiana
15 relative to the Bond Security and Redemption Fund, and after a sufficient amount is
16 allocated from that fund to pay all of the obligations secured by the full faith and
17 credit of the state which becomes due and payable within any fiscal year, the
18 treasurer shall pay to the SELF Fund an amount equal to the monies received by the

1 state treasury from the avails of the franchise fees charged pursuant to R.S.
2 27:91(C)(2) through (4) and the revenues required to be deposited in the SELF Fund
3 pursuant to R.S. 27:92(B)(2)(b) and R.S. 27:270(A)(3), R.S. 39:98.3(D), and Article
4 VII, Section 10.8(C)(4)(a)(iii) of the Constitution of Louisiana. The monies in this
5 fund shall be used only as provided in Subsection B of this Section and only in the
6 amounts appropriated by the legislature. All unexpended and unencumbered monies
7 in this fund at the end of each fiscal year shall remain in the fund and shall retain
8 their allocation for use and expenditure in accordance with the provisions of
9 Subsection B of this Section. The monies in this fund shall be invested by the state
10 treasurer in the same manner as monies in the state general fund. Interest earned on
11 the investment of monies in this fund shall be credited to the fund, following
12 compliance with the requirements of Article VII, Section 9(B) of the Constitution of
13 Louisiana relative to the Bond Security and Redemption Fund.

14 * * *

15 Section 2. R.S. 27:247 is hereby amended and reenacted and R.S. 27:270.1 is hereby
16 enacted to read as follows:

17 §247. Casino support services contract

18 Subject to and in accordance with the provisions of this Chapter, the gaming
19 control board shall enter into a casino support services contract with the governing
20 authority of the parish where the official gaming establishment is located in order to
21 compensate the parish for the cost to the parish for providing support services
22 resulting from the operation of the official gaming establishment and the activities
23 therein. Support services as used in this Section shall include but not be limited to
24 fire, police, sanitation, health, transportation, and traffic services. The amount of the
25 contract shall be determined by negotiation and agreement between the gaming
26 control board and the parish, subject to approval by the Joint Legislative Committee
27 on the Budget. In the event that a new contract is not agreed upon by the gaming
28 control board and the parish by March thirty-first of any year, the contract currently
29 in effect shall be submitted to the Joint Legislative Committee on the Budget for

1 approval of the amount of the contract at the next meeting of the committee. If the
2 committee approves the amount of the contract, the contract shall remain in full force
3 and effect. If the committee disapproves or does not act upon the amount of the
4 contract, the contract shall be null, void, and of no effect. Obligations of the state
5 required under the contract shall be paid from funds appropriated out of the
6 Education Excellence Fund-Casino Support Services Account as provided in Article
7 VII, Section 10.8(C)(4)(a)(i) of the Constitution of Louisiana and R.S. 39:98.3(D).

8 * * *

9 §270.1. Revenues from casino gaming operations; operation of the official gaming
10 establishment located in Orleans Parish

11 Notwithstanding any other provision of law to the contrary, monies received
12 by the state from the operation of the official gaming establishment located in
13 Orleans Parish shall be deposited into the state treasury in accordance with the
14 provisions of Article VII, Sections 9(B) and 10.8(A)(3)(b) of the Constitution of
15 Louisiana and R.S. 39:98.1(C)(2). Monies shall be deposited in and credited to the
16 Education Excellence Fund-Casino Support Services Account, and the disposition
17 and appropriation of monies from the account shall be made in accordance with the
18 provisions of Article VII, Section 10.8(C)(4) of the Constitution of Louisiana and
19 R.S. 39:98.3(D).

20 Section 3. R.S. 39:98.1(C), 98.2(E), and 98.3(A)(1) and (4), and (C)(introductory
21 paragraph), (1), (5), (7), and (8), (D), and (E) are hereby amended and reenacted and R.S.
22 39:98.3(F) and (G) are hereby enacted to read as follows:

23 §98.1. Creation of Funds

24 * * *

25 ~~€.(1) C.~~ C. The Education Excellence Fund shall be established in the state
26 treasury as a special fund within the Millennium Trust. ~~The treasurer shall credit to~~
27 ~~the Education Excellence Fund one-third of the Settlement Agreement proceeds~~
28 ~~deposited into the Millennium Trust and one-third of all dividend and interest~~
29 ~~income and all realized capital gains on investment of monies in the Millennium~~

1 ~~Trust.~~ The fund shall be comprised of three accounts including the Permanent
2 Account, the Casino Support Services Account, and the Early Childhood
3 Development Account.

4 (1)(a) The Education Excellence Fund-Permanent Account shall be
5 established as an account within the Education Excellence Fund.

6 ~~(2)~~ (b) Beginning Fiscal Year 2011-2012, and each fiscal year thereafter, the
7 treasurer shall credit to the Education Excellence Fund Permanent Account one-third
8 of all dividend and interest income and all realized capital gains on investment of
9 monies in the Millennium Trust.

10 (2) The Education Excellence Fund-Casino Support Services Account shall
11 be established as an account within the Education Excellence Fund. After satisfying
12 the requirements of Article VII, Section 9(B) of this constitution, the state treasurer
13 shall deposit in and credit to this account the monies received by the state under the
14 contract to operate the official gaming establishment located in Orleans Parish.
15 Monies in the account shall be invested in the same manner as the state general fund
16 and any earnings on such investment shall be deposited into the account. Any
17 unexpended and unencumbered monies remaining in the account at the end of the
18 fiscal year shall remain to the credit of the account.

19 (3) The Education Excellence Fund-Early Childhood Development Account
20 shall be established as an account within the Education Excellence Fund. The source
21 of monies to be deposited into the account shall be those monies transferred from the
22 Education Excellence Fund-Casino Support Services Account as provided in Article
23 VII, Section 10.8(C)(4) of the Constitution of Louisiana and R.S. 39:98.3(D).
24 Monies in the account shall be invested in the same manner as the state general fund
25 and any earnings on such investment shall be deposited into the account. Any
26 unexpended and unencumbered monies remaining in the account at the end of the
27 fiscal year shall remain to the credit of the account.

(4) Upon the effective date of this Subsection, the state treasurer shall deposit, transfer, or otherwise credit funds in an amount equal to unencumbered monies deposited in and credited to the Education Excellence Fund to the Education Excellence Fund-Permanent Account.

* * *

§98.2. Investment of Millennium Trust

* * *

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

§98.3. Appropriations from the Health Excellence Fund, the Education Excellence Fund, and the TOPS Fund

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

* * *

(4) 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-Permanent Account, and the TOPS Fund shall include performance expectations to ensure accountability in the expenditure of such monies.

* * *

C. Appropriations from the Education Excellence Fund-Permanent Account shall be restricted as follows:

(1) Fifteen percent of monies available for appropriation in any fiscal year from the ~~Education Excellence Fund~~ Permanent Account shall be appropriated to the state superintendent of education for distribution on behalf of all children attending private elementary and secondary schools that have been approved by the State Board of Elementary and Secondary Education, both academically and as required for such school to receive money from the state.

* * *

(5) Beginning Fiscal Year 2007-2008 and for each year thereafter, of the monies available for appropriation after providing for the purposes enumerated in Paragraphs (1), (2), and (3) of this Subsection, one hundred percent of the monies available for appropriation in any fiscal year from the ~~Education Excellence Fund~~ Permanent Account shall be distributed to each city, parish, or other local school system, to be apportioned to the recipient entities on a pro rata basis which is based on the ratio of the student population of that school or school system to that of the total state student population.

* * *

(7) Each recipient school or school system shall annually prepare and submit to the state Department of Education, hereinafter the "department", a prioritized plan for expenditure of funds it expects to receive in the coming year from the ~~Education Excellence Fund~~ Permanent Account. The plan shall include performance

1 expectations to ensure accountability in the expenditure of such monies. The
2 department shall review such plans for compliance with the requirements of this
3 Subsection and to assure that the expenditure plans will support excellence in
4 educational practice. No funds may be distributed to any school system until its plan
5 has been approved by the department and by the appropriate standing committees of
6 the legislature.

7 (8) No amount appropriated as required in this Subsection shall displace,
8 replace, or supplant appropriations from the general fund for elementary and
9 secondary education, including implementing the Minimum Foundation Program.
10 This Paragraph shall mean that no appropriation for any fiscal year from the
11 ~~Education Excellence Fund~~ Permanent Account shall be made for any purpose for
12 which a general fund appropriation was made the previous year unless the total
13 appropriations for the fiscal year from the state general fund for such purpose
14 exceeds general fund appropriations of the previous year. Nor shall any money
15 allocated to a city or parish school board pursuant to this Section displace, replace,
16 or supplant locally generated revenue, meaning that no allocation to any city or
17 parish school board from the investment earnings attributable to the ~~Education~~
18 ~~Excellence Fund~~ Permanent Account shall be expended for any purpose for which
19 a local revenue source was expended the previous fiscal year unless the total of the
20 local revenue amount expended that fiscal year exceeds the total of such local
21 revenue amounts for the previous year.

22 * * *

23 D. The disposition and appropriation of monies from the Education
24 Excellence Fund-Casino Support Services Account shall be made in accordance with
25 the provisions of this Subsection. Of the total monies deposited into the account
26 each fiscal year:

27 (1) An amount equal to the revenues received by the state in Fiscal Year
28 2013-2014 under the contract to operate the official gaming establishment located
29 in Orleans Parish shall be available for appropriation for the following purposes:

1 ~~(a) First, monies may be appropriated in an amount sufficient to satisfy any~~
2 ~~state obligation pursuant to a casino support services contract for purposes of the~~
3 ~~official gaming establishment located in Orleans Parish as may be provided by law.~~

4 ~~(b) Of the monies remaining thereafter, up to one percent may be~~
5 ~~appropriated for services related to compulsive and problem gaming as provided by~~
6 ~~law.~~

7 ~~(c) Of the monies remaining thereafter, appropriations may be made for the~~
8 ~~support of salaries of public pre-kindergarten through twelfth grade certificated~~
9 ~~personnel and public postsecondary education faculty as provided in R.S. 17:421.7.~~

10 ~~(2) All monies remaining thereafter shall be deposited in and credited to the~~
11 ~~Education Excellence Fund-Early Childhood Development Account.~~

12 ~~(3) Changes to the purposes for and limitations on appropriations and~~
13 ~~transfers of money from the Casino Support Services Account as provided for in this~~
14 ~~Subsection may be authorized for a specific fiscal year by a favorable vote of two-~~
15 ~~thirds of the elected members of each house. Any such change shall be approved by~~
16 ~~passage of a specific legislative instrument which clearly states the intent to change~~
17 ~~a purpose or limitation on an appropriation or required transfer of money. The~~
18 ~~legislative instrument may be considered in any regular session of the legislature and~~
19 ~~shall only be considered in the fiscal year preceding the fiscal year for which the~~
20 ~~change is proposed.~~

21 ~~E. Appropriations from the Education Excellence Fund-Early Childhood~~
22 ~~Development Account shall be restricted to the support of early childhood~~
23 ~~development and education services as may be provided by law.~~

24 ~~E. Appropriations from the TOPS Fund shall be restricted to support of the~~
25 ~~state's program for financial assistance for students attending Louisiana institutions~~
26 ~~of postsecondary education as established in Chapter 20-G of Title 17 of the~~
27 ~~Louisiana Revised Statutes of 1950.~~

1 ~~E. G.~~ Recommendations and requests for expenditure or funding from the
 2 Health Excellence Fund and TOPS Fund shall be made in accordance with the
 3 provisions of R.S. 39:98.4(C) through (F).

4 Section 4. This Act shall take effect and become operative if and when the proposed
 5 amendment of Article VII, Section 10.8 of the Constitution of Louisiana contained in the Act
 6 which originated as House Bill No. _____ of this 2014 Regular Session of the Legislature
 7 is 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)]

Abramson

HB No. 598

Abstract: Establishes accounts in the Education Excellence Fund to provide for the Casino Support Services Contract and early childhood development and education services.

Present law establishes the Support Education in La. First Fund (the SELF Fund) and provides for the fund to receive revenues pursuant to fees charged on riverboat and casino gaming operations as provided for in present law.

Proposed law retains present law and further provides for the SELF Fund to receive monies from the Education Excellence Fund-Casino Support Services Account as provided for in proposed law.

Present law provides for the gaming control board to enter into a casino support services contract with the governing authority of the parish where the official gaming establishment is located to compensate the parish on a quarterly basis for the parish's costs for providing support services resulting from the operation of the official gaming establishment. Support services as used in present law include fire, police, sanitation, health, transportation, and traffic services. The amount of the contract is determined by negotiation and agreement between the gaming control board and the parish, subject to approval by the Joint Legislative Committee on the Budget (JLCB). In the event that a new contract is not agreed upon by the gaming control board and the parish by March 31 of any year, the current contract shall be submitted to JLCB for approval at the next meeting of the committee. If JLCB approves the amount of the contract, the contract shall remain in full force and effect. If JLCB disapproves or does not act upon the amount of the contract, the contract shall be null, void, and of no effect.

Proposed law retains present law and further provides that obligations of the state required under the contract shall be paid from funds appropriated out of the Education Excellence Fund-Casino Support Services Account created in proposed law.

Proposed law provides that monies received by the state from the operation of the official gaming establishment located in Orleans Parish shall be deposited into the Education Excellence Fund-Casino Support Services Account created in proposed law.

Present law and present constitution creates the Education Excellence Fund within the Millennium Trust and provides that 1/3 of the investment earnings on investment of monies from the Tobacco Master Settlement Agreement be deposited into the fund.

Proposed law retains present law and further establishes three accounts in the Education Excellence Fund: the Permanent Account, the Casino Support Services Account, and the Early Childhood Development Account.

Proposed law further provides that the accounts established receive monies as follows:

- (1) The Permanent Account receives 1/3 of the investment earnings on investment of monies from the Tobacco Master Settlement Agreement.
- (2) The Casino Support Services Account receives the monies received by the state under the contract to operate the official gaming establishment located in Orleans Parish.
- (3) The Early Childhood Development Account receives monies transferred from the Education Excellence Fund-Casino Support Services Account once the obligations of that account have been paid according to proposed law.

Proposed law provides that upon the effective date of proposed law, the state treasurer shall deposit, transfer, or otherwise credit funds in an amount equal to unencumbered monies deposited in and credited to the Education Excellence Fund to the Education Excellence Fund-Permanent Account.

Proposed law provides that appropriation of monies from the Education Excellence Fund-Casino Support Services Account shall be an amount equal to the revenues received by the state in FY 2013-2014 under the contract to operate the official gaming establishment located in Orleans Parish for the following purposes:

- (1) Satisfaction of any state obligation required pursuant to a casino support services contract for purposes of the official gaming establishment located in Orleans Parish.
- (2) 1% for services related to compulsive and problem gaming.
- (3) Of the monies remaining, appropriations may be made for the support of salaries of public pre-kindergarten through 12th grade certificated personnel and public postsecondary education faculty as provided in the SELF Fund.

Proposed law requires all remaining monies be deposited in and credited to the Education Excellence Fund-Early Childhood Development Account.

Proposed law provides that changes to the purposes and limitations on appropriations and transfers of money from the Casino Support Services Account as provided for in proposed law may be authorized for a specific fiscal year by a favorable vote of 2/3 of the elected members of each house. Any such change must be approved by passage of a specific legislative instrument, considered during any regular session of the legislature that clearly states the intent to change a purpose or limitation on an appropriation or required transfer of money. The legislative instrument shall only be considered in the fiscal year preceding the fiscal year for which the change is proposed.

Proposed law provides that appropriations from the Education Excellence Fund-Early Childhood Development Account shall be restricted to the support of early childhood development and education services as provided by present law.

Effective upon approval of the proposed constitutional amendment of Art. VII, §10.8 of the Const. of La. in HB No. ____ of the 2014 R.S.

(Amends R.S. 17:421.7(A), R.S. 27:247, R.S. 39:98.1(C), 98.2(E), and 98.3(A)(1) and (4) (C)(intro. para.), (1), (5), (7), and (8), (D), and (E); Adds R.S. 27:270.1 and R.S. 39:98.3(F) and (G))