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## DIGEST

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HB 523 Original

2015 Regular Session

Schroder

**Abstract:** Eliminates certain constitutional funding mandates and dedications.

### FUNDING MANDATES

Present constitution requires funding of the following items:

- (1) State salary supplements for full-time law enforcement and fire protection officers. (Const. Art. 7, §10)
- (2) Free school books for children at the elementary and secondary level. (Const. Art. 8, §13)
- (3) The Minimum Foundation Program of education in public elementary and secondary level that is developed by the Board of Elementary and Secondary Education. (Const. Art. 8, §13)

Proposed constitutional amendment eliminates the requirement that such items be funded.

### DEDICATIONS

Present constitution creates the Louisiana Education Quality Trust Fund (Const. Art. 7, §10.1) and deposits into the trust revenues from the federal government related to mineral activities on the outer continental shelf. Further prohibits appropriations from the trust and provides that once the balance of the trust reaches \$2 billion, all recurring revenues in the trust are deposited into the state general fund.

Proposed constitutional amendment changes the name of the trust from Louisiana Education Quality Trust Fund to the Louisiana Quality Trust Fund.

Present constitution further creates the Louisiana Quality Education Support Fund and deposits into the fund 75% of certain revenues into the trust and interest earnings from the trust. The monies in the fund are available for appropriation only for educational purposes.

Proposed constitutional amendment eliminates the Louisiana Quality Education Support Fund. Changes the source receiving the deposit of 75% of revenues that go into the trust and interest earnings from the Louisiana Quality Education Support Fund to the state general fund.

Present constitution creates the Millennium Trust (Const. Art. 7, §10.8) and deposits 75% of the

monies received from the multi-state tobacco settlement agreement into the trust.

Present constitution further creates the Louisiana Fund (Const. Art. 7, §10.9) and deposits 25% of the monies received from the multi-state tobacco settlement agreement. The monies in the Louisiana Fund are available for use for healthcare and educational purposes.

Proposed constitutional amendment eliminates the Louisiana Fund and changes the amount deposited into the Millennium Trust from monies received from the multi-state tobacco settlement agreement into the trust from 75% to all monies received from the agreement.

Present constitution further creates three funds within the Millennium Trust: the Health Excellence Fund, the Education Excellence Fund, and the TOPS Fund.

Present constitution allocates 1/3 of the interest earnings on the trust to the Health Excellence Fund and the Education Excellence Fund. Monies in the Health Excellence Fund are available only for certain healthcare related purposes and the monies in the Education Excellence Fund are available only for certain healthcare related purposes.

Present constitution allocates all of the monies received from the multi-state tobacco settlement agreement and deposited into the Millennium Trust into the TOPS Fund and further allocates 1/3 of the interest earnings on the trust to the TOPS Fund. Monies in the TOPS Fund can be used only for financial assistance for students attending Louisiana institutions of higher education.

Proposed constitutional amendment eliminates the Health Excellence Fund, the Education Excellence Fund, and the TOPS Fund.

Proposed constitutional amendment changes the source receiving all of the monies from the tobacco settlement agreement and deposited into the Millennium Trust from the TOPS Fund to the state general fund. Further changes the source receiving the interest earnings on the trust from an allocation of 1/3 of the amount to the Health Excellence Fund, the Education Excellence Fund, and the TOPS Fund to the state general fund.

Present constitution authorizes the legislature to create a state lottery and requires that the net proceeds be deposited into the Lottery Proceeds Fund and used to fund the Minimum Foundation Program (Const. Art. 12, §6).

Proposed constitutional amendment deletes the requirement that the net lottery proceeds are deposited into the Lottery Proceeds Fund and used to fund the Minimum Foundation Program.

Present constitution creates the Transportation Trust Fund (Const. Art. 7, §27) and deposits into the trust certain taxes on certain fuels and vehicle licenses (Const. Art. 7, §5).

Proposed constitutional amendment changes the dedication of the tax on vehicle licenses from the Transportation Trust Fund to the state general fund.

Proposed constitutional amendment retains present constitution regarding the deposit of taxes on fuels into the fund through Fiscal Year 2014-2016. For the fiscal year beginning on July 1, 2016, dedicates the taxes levied on fuels necessary to satisfy revenues pledged for debt service on Jan. 1, 2015. Further provides that deposits of taxes levied on fuels into the trust may be provided by law.

Present constitution further requires that no less than the avails of 1 cent of the tax on fuels are appropriated each year to the Parish Transportation Fund.

Proposed constitutional amendment deletes present constitution.

Present constitution requires the annual appropriation for airports to be equal to the annual estimated revenue to be derived from the state taxes to be collected and received on aviation fuel.

Proposed constitutional amendment deletes present constitution.

Present constitution authorizes the state to levy certain taxes on natural resources when they are extracted, also known as a severance tax, and certain mineral lease royalties. (Art 7, §4)

Present constitution dedicates certain portions of the taxes and royalties to the parish government authority in which the extraction or production of the natural resource occurred.

Proposed constitutional amendment eliminates the dedication of the severance tax to parish government authorities.

Proposed constitutional amendment eliminates the following special treasury funds in the constitution and the constitutional requirements regarding such funds:

Atchafalaya Basin Conservation Fund	Const. Art 7, §4
Barrier Island Stabilization and Preservation Fund	Const. Art 7, §10.2
Coastal Protection and Restoration Fund	Const. Art 7, §10.2
Higher Education Louisiana Partnership Fund	Const. Art 7, §10.4
Hospital Stabilization Fund	Const. Art. 7, §10.13
Louisiana Investment Fund for Enhancement	Const. Art 9, §10
Louisiana Medical Assistance Trust Fund	Const. Art 7, §10.14
Millennium Leverage Fund	Const. Art 7, §10.10
Mineral Revenue Audit and Settlement Fund	Const. Art 7, §10.5

## RESTRICTIONS ON BUDGET REDUCTIONS

Present constitution provides for adjustments to constitutionally protected or mandated allocations or dedications when the state has a budget deficit. (Const. Art. 7, §10)

Present constitution limits the amount the minimum foundation program can be reduced to solve a budget deficit. Further exempts the following dedications and allocations from being reduced to

solve a budget deficit: Bond Security and Redemption Fund, parish allocations of severance tax, Louisiana Education Quality Trust Fund, Millennium Trust, monies not required to be deposited into the treasury, and the Medicaid Trust Fund for the Elderly.

Proposed constitutional amendment eliminates the restrictions on budget deficit reductions from the minimum foundation program, as well as other dedications and allocations as follows: parish allocations of severance tax, Louisiana Education Quality Trust Fund, Millennium Trust, and the Medicaid Trust Fund for the Elderly. Retains the restriction on budget reductions for the Bond Security and Redemption Fund and monies not required to be deposited into the treasury.

Proposed constitutional amendment provides that as of July 1, 2016, the legislature is prohibited from creating any special funds in the state treasury unless the source of monies in the fund are federal funds, fees, licenses, permits, penalties, or interest earnings.

Provides for submission of the proposed amendment to the voters at the statewide election to be held October 24, 2015.

Effective July 1, 2016.

(Amends Const. Art. VII, §4.1, 5, 10(F)(2)(a) and (b), 10.1(A) and (B), 10.8(A)(1) and (B), 11(A), and 27(A) and (B), and Art. VIII, §13(B), and Art. XII, §6(A)(1); Adds Art. VII, §10(K); Repeals Const. Art. VI, §38.1(C) and Art. VII, §4(D) and (E), 10(D)(3) and (F)(4)(b) through (e) and (g), 10.1(C) and (D), 10.2, 10.4, 10.5, 10.8(A)(2), (3), (4), and (5) and (C), 10.9, 10.10, 10.13, 10.14, and 26, Art. VIII, §13(A), and Art. IX, §10)