

## RÉSUMÉ DIGEST

ACT 13 (HB 12)

2024 Third Extraordinary Session

Deshotel

### **Louisiana Education Quality Trust Fund and the Louisiana Quality Education Support Fund**

Existing law provides for allocations to the Louisiana Education Quality Trust Fund and the Louisiana Quality Education Support Fund and appropriations from these funds.

New law repeals provisions related to the allocations made to the Louisiana Education Quality Trust Fund and the Louisiana Quality Education Support Fund. Retains provisions related to appropriations from the funds. New law repeals all provisions related to both funds effective June 30, 2025.

### **Oilfield Site Restoration Fund**

Existing law establishes a fund in the custody of the treasurer called the Oilfield Site Restoration Fund. New law establishes the fund as a special fund in the treasury.

Existing law provides for the deposit, use, and investment of monies in the fund. Requires the state treasurer to certify to the secretary of the Dept. of Revenue the date on which the balance in the fund equals or exceeds \$14M.

New law repeals certain provisions within the Oilfield Site Restoration Fund. Provides for the repeal of the certification from the state treasurer to the Secretary of Revenue when the balance in the fund reaches \$14M. Provides for the repeal of provisions regarding when fees may be collected after the certification. Provides for the repeal of provisions which lists the monies that shall not be counted to determine the balance of the fund.

New law retains existing law. Adds provisions requiring unexpended and unencumbered monies at the end of the fiscal year to remain in the fund, that monies in the fund be invested by the treasurer in the manner provided by law, and that interest earned on the monies in the fund shall be deposited into the fund. Requires the treasurer to prepare and submit to the Dept. of Energy and Natural Resources on a quarterly basis a report reflecting the balance of the fund.

### **Oil Spill Contingency Fund**

Existing law creates a special fund in the state treasury called the Oil Spill Contingency Fund in order to fulfill the constitutional mandate to protect, conserve, and replenish the natural resources of the state. Requires the monies in the fund be used in response to all threatened or actual unauthorized discharges of oil and for clean up. Provides for the deposit of monies derived from all fees, taxes, penalties, judgments, reimbursements, charges, and federal funds collected pursuant to the Oil Spill Prevention and Response Act. Provides for the deposit, uses, and investment of the monies in the fund.

New law retains existing law. Adds provisions for the deposit of any monies derived from fees, taxes, penalties, reimbursements, charges, federal funds, or other revenue enacted by the legislature for the purposes of abatement and containment of actual or threatened unauthorized discharges of oil. Provides for deposit of funds or revenue donated to the fund. Provides for monies in the fund to be appropriated for administrative costs associated with the abatement and containment of unauthorized discharges of oil.

### **Budget Stabilization Fund**

Existing law creates a special fund in the state treasury called the Budget Stabilization Fund. Provides for deposits into the fund from all monies available for appropriations from the state general fund in excess of the expenditure limit. Provides for deposits into the fund from all revenues received in each fiscal year in excess of \$950M, referred to as the "base", as a result of the production or exploration of minerals. Allows the "base" to be increased every 10 years by law enacted with a 2/3 vote of the members of the legislature. Further provides for deposits into the fund as follows: (1) the greater of \$25M from any source or 25% of any

money designated in the official forecast as nonrecurring revenue; (2) any additional monies appropriated by the legislature; and (3) monies received from the federal government for the reimbursement of costs associated with a federal disaster. Provides for uses of monies in the fund in cases of a budget deficit. Prohibits any appropriation or deposit into the fund which would cause the balance of the fund to exceed 4% of total state revenue receipts (the cap) for the previous fiscal year.

New law retains the Budget Stabilization Fund as a special fund within the state treasury. Retains the provision requiring a deposit into the fund from all monies in excess of the expenditure limit. Retains the uses of monies in the fund in cases of a budget deficit.

New law removes the provision in existing law regarding deposits in excess of \$950M of mineral revenues and the provisions regarding the increase of the "base". New law increases the cap to 7.5% of total state revenues for the previous fiscal year. Further requires all unexpended and unencumbered monies in the fund at the end of the fiscal year to remain in the fund.

### **Millennium Trust**

Existing 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.

Existing 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.

New 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) 1/2 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 1/2 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.

Existing law provides for the investment of the Millennium Trust. Directs the treasurer to invest monies in the trust in the same investments permitted for the Louisiana Education Quality Trust Fund (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 definition 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.

New law provides for the investment of the Millennium Trust in the same investments as permitted in existing law. Removes reference to those investments available for investments permitted under the LEQTF. New law adds the specific types of investments allowable for monies in the trust. 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 existing 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 existing law.

Existing 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.

New law retains provisions in existing law regarding appropriations from the Health Excellence Fund and the TOPS fund. New law repeals prior year limitations on amounts that may be appropriated from the funds.

New law repeals provisions related to the allocations made to the Education Excellence Fund and retains the provisions in existing law regarding appropriations from the fund. New law repeals all provisions of the Education Excellence Fund effective June 30, 2025.

### **Louisiana Fund**

Existing law creates a special fund in the state treasury called the Louisiana Fund. Provides for the remaining monies from the tobacco settlement (25%) after the deposit into the Millennium Trust, and all interest income. Provides for monies in the fund to be invested in the same manner as the state general fund. Provides for all unencumbered and unexpended monies in the fund to remain in the fund. Provides for appropriations from the fund not to exceed 50% of the total amount of monies appropriated from the fund in any fiscal year. Provides for purposes of appropriations from the fund.

New law provides for all unencumbered and unexpended monies in the fund at the end of the fiscal year to remain in the fund. Provides for the Attorney General to review and comment on any change to the purpose or proposal for the expenditure of money from the fund. Retains all other provisions in existing law.

### **Dedication of Mineral Revenues**

Existing law provides for the dedication of mineral revenues to 13 separate funds, to the Louisiana State Employees' Retirement System and the Teachers' Retirement System of Louisiana, and to the Revenue Stabilization Trust Fund.

New law repeals the dedication of mineral revenues to the following: the Louisiana Wildlife and Fisheries Conservation Fund, the Oil and Gas Regulatory Dedicated Fund Account, the Louisiana Education Quality Trust Fund, the Louisiana Quality Education Support Fund, Mineral Revenue Audit and Settlement Fund, the Transportation Trust Fund, the Revenue Stabilization Trust Fund, the Louisiana State Employees' Retirement System, and the Teachers' Retirement System of Louisiana. Retains the provisions in existing law related to the dedication of mineral revenues to the Bond Security and Redemption Fund, the political subdivisions of the state, the Louisiana Wildlife and Fisheries Conservation Fund, the Rockefeller Wildlife Refuge and Game Preserve Fund, the Marsh Island Operating Fund, the Russell Sage or Marsh Island Refuge Fund, the MC Davis Conservation Fund, the White Lake Property Fund, the Coastal Protection and Restoration Fund, and the Budget Stabilization Fund.

### **Louisiana Unclaimed Property Permanent Trust Fund**

Existing 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.

New law retains existing law and provides for investment of monies in the fund.

### **Revenue Stabilization Trust Fund**

Existing law creates a special fund in the state treasury called the Revenue Stabilization Trust Fund. Deposits into the fund derive from mineral revenues, as provided by law, and revenues in excess of \$600M from corporate franchise and income tax. Further provides for allowable uses of monies in the fund when the balance is in excess of \$5B. Appropriations may be made from the fund in an amount not to exceed 10% of the fund balance for: (1) capital outlay projects and (2) transportation infrastructure. Allows for the minimum fund balance and the allowable percentage to be changed by law enacted with a 2/3 vote of the legislature. Provides for uses of monies in the fund during an emergency.

New law retains the special fund in the state treasury, but changes the name to the Revenue Stabilization Fund. Removes all other existing law provisions.

New law directs and authorizes the state treasurer to transfer monies from the Revenue Stabilization Fund to the Budget Stabilization Fund in an amount sufficient to bring the balance of the Budget Stabilization Fund equal to the 7.5% cap.

New law authorizes use of monies in the fund for a one-time payment to each parish which elects to irrevocably exempt business inventory from ad valorem tax prior to July 1, 2026. Further authorizes monies in the fund to be used when revenues from corporate income tax collections fall below \$800M. Allows the legislature to appropriate an amount not to exceed the difference between the actual corporate income tax collections and \$800M. Provides that unexpended and unencumbered monies in the fund at the end of the fiscal year remain in the fund.

New law will be repealed on July 1, 2027. Upon repeal, the treasurer is authorized and directed to transfer any remaining monies in the fund to the state general fund, which shall then be recognized as nonrecurring revenues.

### **Coastal Protection and Restoration Fund**

Existing law creates a special fund in the state treasury called the Coastal Protection and Restoration Fund. Provides for deposit, use, and investment of monies in the fund.

New law changes internal cross references to the Constitution of Louisiana and state statutes to align with Act No. 1 of the 2024 3<sup>rd</sup> E.S. of the Legislature. Provides for the treasurer to deposit \$25 M of mineral revenues into the fund. Repeals provisions in existing law related to caps on deposits of mineral revenues into the fund. New law retains all other provisions of existing law.

### **Artificial Reef Development Fund**

Existing law creates a special fund in the state treasury called the Artificial Reef Development Fund. Provides for deposit, use, and investment of monies in the fund.

New law makes technical changes. Further changes internal cross references to the Constitution of La. to align with Act No. 1 of the 2024 3<sup>rd</sup> E.S. of the Legislature. Adds siting, designing, and constructing of artificial reefs as an allowable use of monies in the fund. Requires the state treasurer to submit an annual report to the Dept. of Wildlife and Fisheries containing a statement of monies in the fund. New law repeals the provision in existing law that caps the percentage of expenditures for inshore fisheries habitat enhancement projects from the Artificial Reef Development Fund. Effective Dec. 4, 2024. New law retains all other provisions of existing law.

### **Transportation Trust Fund**

Existing law provides for 60% of the avails of the motor vehicle sales tax to be deposited into the Construction Subfund and the Megaprojects Leverage Fund.

New law changes the allocation of the avails of the motor vehicle sales tax for FY 25-26 and FY 26-27. Requires \$40 M be deposited into the Megaprojects Leverage Fund for the I-10 Calcasieu River Bridge and I-10 Improvements Account and the remaining avails to the state general fund. New law returns allocations to existing law provisions for FY 27-28. Effective Dec. 4, 2024.

## **Repealed Funds**

Existing law creates a special fund in the state treasury called the Mineral Revenue Audit and Settlement Fund. Provides for the deposit, use, and investment of monies in the fund. New law repeals the Mineral Revenue Audit and Settlement Fund and directs the state treasurer to transfer any balance in the fund to the state general fund.

## **Louisiana State Law Institute**

New law authorizes and directs the law institute to review all statutes which contain citations being changed by new law and Act No. 1 of the 2024 3<sup>rd</sup> E.S. of the Legislature. Effective if and when the proposed amendment of Art. VII of the Constitution of La. contained in Act No. 1 of the 2024 3<sup>rd</sup> E.S. of the Legislature is adopted at a statewide election and becomes effective.

New law authorizes and directs the law institute to study and make recommendations to revise statutory language to comply with changes that will be made by new law and Act No. 1 of the 2024 3<sup>rd</sup> E.S. of the Legislature. The law institute is directed to report to the legislature by Feb. 15, 2025. Effective Dec. 4, 2024.

## **Effectiveness**

Repealed provisions of law and all other sections of this bill (unless otherwise stated) become effective if and when the proposed amendment of Art. VII of the Constitution of La. contained in Act No. 1 of the 2024 3<sup>rd</sup> E.S. of the Legislature is adopted at a statewide election and becomes effective.

New law regarding the Revenue Stabilization Fund shall become effective on July 1, 2025 if the proposed amendment of Art. VII of the Constitution of La. contained in Act No. 1 of the 2024 3<sup>rd</sup> E.S. of the Legislature is adopted at a statewide election and becomes effective. The repeal of the Revenue Stabilization Fund is effective on July 1, 2027.

Signed by the governor December 4, 2024.