Regular Session, 2011

HOUSE BILL NO. 435

BY REPRESENTATIVE PEARSON AND SENATOR GAUTREAUX

RETIREMENT/FUNDING: Provides that a minimum of 10% of nonrecurring revenue be applied toward reducing the balance of the unfunded accrued liability of the state retirement systems

AN ACT

To amend and reenact R.S. 39:54(B), relative to nonrecurring revenue; to provide for allowable uses of nonrecurring revenue; to provide for the payment of unfunded accrued liabilities; to provide for effectiveness; and to provide for related matters.

Notice of intention to introduce this Act has been published as provided by Article X, Section 29(C) of the Constitution of Louisiana.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 39:54(B) is hereby amended and reenacted to read as follows:

§54. Limitations on appropriations

* * *

B. Appropriation of any money designated in the official forecast as nonrecurring shall be made only in accordance with the following:

(1) At a minimum, twenty-five percent of nonrecurring revenue shall be appropriated for deposit in the Budget Stabilization Fund.

(2)(a) Providing for payments against the unfunded accrued liability of the public retirement systems which are in addition to any payments required for the annual amortization of the unfunded accrued liability of the public retirement systems, required by Article X, Section 29(E)(2)(c) of the Constitution of Louisiana;

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however, any such payment to the public retirement systems shall not be used, directly or indirectly, to fund cost-of-living increases for such systems.

(b) At a minimum, for Fiscal Years 2013-2014 and 2014-2015, the legislature shall appropriate no less than five percent of any money designated in the official forecast as nonrecurring to the Louisiana State Employees' Retirement System and the Teachers' Retirement System of Louisiana for application to the balance of the unfunded accrued liability of such systems existing as of June 30, 1988, in proportion to the balance of such unfunded accrued liability of each such system. Any such payments to the public retirement systems shall not be used, directly or indirectly, to fund cost-of-living increases for such systems.

(c) At a minimum, for Fiscal Year 2015-2016 and every fiscal year thereafter, the legislature shall appropriate no less than ten percent of any money designated in the official forecast as nonrecurring to the Louisiana State Employees' Retirement System and the Teachers' Retirement System of Louisiana for application to the balance of the unfunded accrued liability of such systems existing as of June 30, 1988, in proportion to the balance of such unfunded accrued liability of each such system. Any such payments to the public retirement systems shall not be used, directly or indirectly, to fund cost-of-living increases for such systems.

~~(2)~~ (3) After satisfying the requirements of ~~Paragraph~~ Paragraphs (1) and (2) of this Subsection, the remainder may be appropriated only for the following purposes:

(a) Retiring or defeasance of bonds in advance and in addition to the existing amortization requirements of the state.

~~(b) Providing for payments against the unfunded accrued liability of the public retirement systems which are in addition to any payments required for the annual amortization of the unfunded accrued liability of the public retirement systems, required by Article X, Section 29(E)(2)(c) of the Constitution of Louisiana; however, any such payment to the public retirement systems shall not be used, directly or indirectly, to fund cost-of-living increases for such systems.~~

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~~(c)~~ (b) Providing funding for capital outlay projects in the comprehensive state budget.

~~(d)~~ (c) Providing for allocation or appropriation for deposit into the Wetlands Conservation and Restoration Fund established in Article VII, Section 10.2 of the Constitution of Louisiana.

~~(e)~~ (d) Providing for new highway construction for which federal matching funds are available, without excluding highway projects otherwise eligible as capital projects under other provisions of law.

* * *

Section 2. This Act shall take effect and become operative if and when the proposed amendment of Article VII, Section 10(D)(2)(b) of the Constitution of Louisiana contained in the Act which originated as House Bill No. 384 of this 2011 Regular Session of the Legislature is adopted at the statewide election to be held on October 22, 2011, 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)]

Pearson HB No. 435

Abstract: Provides for a minimum amount of funds recognized as nonrecurring be applied toward payment of the balance of the unfunded accrued liabilities which existed as of June 30, 1988, for the La. State Employees' Retirement System and the Teachers Retirement System of La.

Present law provides that the Revenue Estimating Conference shall designate in each official forecast those monies which are nonrecurring. At a minimum, 25% shall be appropriated for deposit in the Budget Stabilization Fund. The remainder of such nonrecurring monies shall be appropriated for the following purposes:

(1) Retiring or defeasance of bonds in advance of and in addition to the existing amortization requirements of the state.

(2) Providing for payments against the unfunded accrued liability of the public retirement systems which are in addition to any payments required for the annual amortization of the unfunded accrued liability of the public retirement systems.

(3) Providing funding for capital outlay projects in the comprehensive state budget.

(4) Providing for allocation or appropriation for deposit into the Wetlands Conservation and Restoration Fund.

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(5) Providing for new highway construction for which federal matching funds are available, without excluding highway projects otherwise eligible as capital projects under other provisions of law.

Proposed law retains present law and further requires that for FY 2013-2014 and FY 2014-2015, a minimum of 5% of any money designated in the official forecast as nonrecurring be applied toward payment of the balance of the unfunded accrued liabilities for those liabilities which existed as of June 30, 1988, for the La. State Employees' Retirement System and the Teachers Retirement System of La. in proportion to the balance of such unfunded accrued liability of each system.

Proposed law further provides that for FY 2015-2016 and every fiscal year thereafter, the minimum amount applied toward payment of the balance of the unfunded accrued liabilities shall increase to 10%.

Effective upon approval of the proposed amendment of Article VII, §10(D)(2)(b) of the Const. of La. in HB No. 384 of the 2011 R.S.

(Amends R.S. 39:54(B))

Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Appropriations to the original bill.

1. Added that for FY 2013-2014 and FY 2014-2015, a minimum of 5% of any money designated in the official forecast as nonrecurring be applied toward payment of the balance of the unfunded accrued liabilities for those liabilities which existed as of June 30, 1988, for the La. State Employees' Retirement System and the Teachers Retirement System of La. in proportion to the balance of such unfunded accrued liability of each system.

2. Increased the minimum amount to 10% for FY 2015-2016 and every fiscal year thereafter.

3. Added the House Bill Number of the proposed constitutional amendment which upon passage allows proposed law to become effective.

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