

2015 Regular Session

HOUSE BILL NO. 523

BY REPRESENTATIVES SCHRODER, STUART BISHOP, FOIL, GEYMANN, HARRIS,
HARRISON, HAVARD, HENSGENS, PEARSON, RICHARD, AND TALBOT

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

FUNDS/FUNDING: (Constitutional Amendment) Eliminates certain constitutional
dedications and funding mandates

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A JOINT RESOLUTION

Proposing to amend Article VII, Sections 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), Article VIII, Section 13(B), and
Article XII, Section 6(A)(1) and to enact Article VII, Section 10(K) and to repeal
Article VI, Section 38.1(C), Article VII, Sections 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, Article VIII, Section 13(A), and
Article IX, Section 10 of the Constitution of Louisiana, to eliminate certain
constitutional dedications and funding mandates, including supplements to the
salaries of law enforcement and fire protection officers, free school books, the
minimum foundation program, the hospital stabilization formula, parish allocations
of severance tax, and deposits into and expenditure out of certain funds including the
Lottery Proceeds Fund, Hospital Stabilization Fund, Louisiana Medical Assistance
Trust Fund, Louisiana Quality Education Support Fund, Education Excellence Fund,
Health Excellence Fund, TOPS Fund, Louisiana Fund, Millennium Leverage Fund,
Coastal Protection and Restoration Fund, Barrier Island Stabilization and
Preservation Fund, Mineral Revenue Audit and Settlement Fund, Transportation
Trust Fund, Parish Transportation Fund, Louisiana Investment Fund for
Enhancement, Higher Education Louisiana Partnership Fund, the Atchafalaya Basin

1 Conservation Fund, and Revenue Sharing Fund; to eliminate certain restrictions on
2 budget deficit reductions; to prohibit the creation of certain statutory dedications; to
3 provide for submission of the proposed amendment to the electors; to provide for an
4 effective date; and to provide for related matters.

5 Section 1. Be it resolved by the Legislature of Louisiana, two-thirds of the members
6 elected to each house concurring, that there shall be submitted to the electors of the state of
7 Louisiana, for their approval or rejection in the manner provided by law, a proposal to
8 amend Article VII, Sections 4.1, 5, 10(F)(2)(a) and (b), 10.1(A) and (B), 10.8(A)(1) and (B),
9 11(A), and 27(A) and (B) and to enact Article VII, Section 10(K) of the Constitution of
10 Louisiana, to read as follows:

11 §4.1. Cigarette Tax Rates

12 Section 4.1. ~~To ensure revenue for the dedication provided for in Article VII,~~
13 ~~Section 10.8(C)(2)(c) of this constitution, the~~ The rate of the tax levied pursuant to
14 R.S. 47:841(B)(3) shall not be less than the rate set forth in that provision as it exists
15 on January 1, 2012.

16 * * *

17 §5. Motor Vehicle License Tax

18 Section 5. The legislature shall impose an annual license tax of not more
19 than one dollar per each one thousand dollars of actual value on automobiles for
20 private use based on the actual value of the vehicle, as provided by law. However,
21 the annual license tax shall not be less than ten dollars per automobile for private
22 use. On other motor vehicles, the legislature shall impose an annual license tax
23 based upon carrying capacity, horsepower, value, weight, or any of these. After
24 satisfying the requirements of Section 9(B) of this Article, and after satisfying
25 pledges respecting that portion of the revenues attributable to the tax rates in effect
26 at the time of such pledges for the payment of obligations for bonds or other
27 evidences of indebtedness ~~and upon the creation of a Transportation Trust Fund~~
28 ~~within this constitution,~~ the revenues from the license tax on automobiles for private
29 use shall be deposited ~~therein~~ into the state general fund. ~~In the event no such trust~~

1 ~~fund is established in this constitution, the revenues shall be used exclusively and~~
 2 ~~solely as provided by law for the construction, maintenance, and safety of the federal~~
 3 ~~and state system of roads and bridges, for the parish and municipal road systems, for~~
 4 ~~the operations of the office of state police, Department of Public Safety and~~
 5 ~~Corrections or its successor, and for the payment of any obligation for bonds issued~~
 6 ~~or indebtedness incurred in connection with any of the foregoing, which bonds may~~
 7 ~~be issued as revenue bonds under Article VII, Section 6(C) of this constitution,~~
 8 ~~subject to existing pledges only as to that portion of the tax collections attributable~~
 9 ~~to the rates in effect at the time of such pledges for the payment of any obligations~~
 10 ~~for bonds or other evidences of indebtedness outstanding on the effective date of this~~
 11 ~~Section.~~ No parish or municipality may impose a license fee on motor vehicles.

12 * * *

13 §10. Expenditure of State Funds

14 * * *

15 (F) Projected Deficit.

16 * * *

17 (2)(a) Notwithstanding any other provision of this constitution to the
 18 contrary, adjustments to any constitutionally protected or mandated allocations or
 19 appropriations, and transfer of monies associated with such adjustments, are
 20 authorized when state general fund allocations or appropriations have been reduced
 21 in an aggregate amount equal to at least seven-tenths of one percent of the total of
 22 such allocations and appropriations for a fiscal year. Such adjustments may not
 23 exceed five percent of the total appropriation or allocation from a fund for the fiscal
 24 year. ~~For purposes of this Subsubparagraph, reductions to expenditures required by~~
 25 ~~Article VIII, Section 13(B) of this constitution shall not exceed one percent and such~~
 26 ~~reductions shall not be applicable to instructional activities included within the~~
 27 ~~meaning of instruction pursuant to the Minimum Foundation Program formula.~~
 28 Notwithstanding any other provisions of this constitution to the contrary, monies
 29 transferred as a result of such budget adjustments are deemed available for

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored are additions.

1 appropriation and expenditure in the year of the transfer from one fund to another,
2 but in no event shall the aggregate amount of any transfers exceed the amount of the
3 deficit.

4 (b) Notwithstanding any other provision of this constitution to the contrary,
5 for the purposes of the budget estimate and enactment of the budget for the next
6 fiscal year, when the official forecast of recurring revenues for the next fiscal year
7 is at least one percent less than the official forecast for the current fiscal year, the
8 following procedure may be employed to avoid a budget deficit in the next fiscal
9 year. An amount not to exceed five percent of the total appropriations or allocations
10 for the current fiscal year from any fund established by law or this constitution shall
11 be available for expenditure in the next fiscal year for a purpose other than as
12 specifically provided by law or this constitution. ~~For the purposes of this~~
13 ~~Subsubparagraph, an amount not to exceed one percent of the current fiscal year~~
14 ~~appropriation for expenditures required by Article VIII, Section 13(B) of this~~
15 ~~constitution shall be available for expenditures for other purposes in the next fiscal~~
16 ~~year.~~ Notwithstanding any other provisions of this constitution to the contrary,
17 monies made available as authorized under this Subsubparagraph may be transferred
18 to a fund for which revenues have been forecast to be less than the revenues in the
19 current fiscal year for such fund. Monies transferred as a result of the budget actions
20 authorized by this Subsubparagraph are deemed available for appropriation and
21 expenditure, but in no event shall the aggregate amount of any such transfers exceed
22 the amount of the difference between the official forecast for the current fiscal year
23 and the next fiscal year.

24 * * *

25 (K) Prohibition of the creation of statutory dedications; exceptions

26 Beginning on July 1, 2016, the legislature shall not create any special funds
27 or accounts in the state treasury unless the source of monies in the dedicated fund are
28 federal funds or funds from the collection of fees, licenses, permits, penalties, or
29 interest earnings.

1 §10.1. Quality Trust Fund;~~Education~~

2 Section 10.1.(A) Louisiana ~~Education~~ Quality Trust Fund. (1) Effective
3 January 1, 1987, there shall be established in the state treasury as a special permanent
4 trust fund the Louisiana ~~Education~~ Quality Trust Fund, hereinafter referred to as the
5 "Permanent Trust Fund." After allocation of money to the Bond Security and
6 Redemption Fund as provided in Article VII, Section 9(B) of this constitution, and
7 notwithstanding Article XIV, Section 10 of this constitution, the treasurer shall
8 deposit in and credit to the Permanent Trust Fund all money which is received after
9 the first one hundred million dollars from the federal government under Section
10 1337(g) of Title 43 of the United States Code which is attributable to mineral
11 production activity or leasing activity on the Outer Continental Shelf which has been
12 held in escrow pending a settlement between the United States and the state of
13 Louisiana; twenty-five percent of the recurring revenues received under Section
14 1337(g) of Title 43 of the United States Code which are attributable to mineral
15 production activity or leasing activity on the Outer Continental Shelf; twenty-five
16 percent of the interest income earned on investment of monies in the Permanent
17 Trust Fund; seventy-five percent of the realized capital gains on investment of the
18 Permanent Trust Fund, unless such percentage is changed by law enacted by two-
19 thirds of the elected members of each house of the legislature; and twenty-five
20 percent of the dividend income earned on investment of the Permanent Trust Fund.
21 No appropriation shall be made from the Permanent Trust Fund. If any such money
22 has been received prior to the effective date of this Section, the treasurer shall
23 transfer from the state general fund to the Permanent Trust Fund on the effective date
24 of this Section an amount of money which shall make the Permanent Trust Fund
25 balance equal to the amount of such money previously received, except for the first
26 one hundred million dollars. ~~After six hundred million dollars has been credited to~~
27 ~~the Permanent Trust Fund, the sum of fifty million dollars shall be credited to the~~
28 ~~Coastal Environment Protection Trust Fund, as established in R.S. 30:313, from~~
29 ~~those monies~~ Monies received from the federal government under Section 1337(g)

1 of Title 43 of the United States Code which is attributable to mineral production
2 activity or leasing activity on the Outer Continental Shelf and which has been held
3 in escrow pending a settlement between the United States and the state of Louisiana;
4 ~~all funds in excess of seven hundred fifty million dollars~~ shall be credited to the
5 Permanent Trust Fund.

6 (2) After allocation of money to the Bond Security and Redemption Fund as
7 provided in Article VII, Section 9(B) of the constitution, and notwithstanding Article
8 XIV, Section 10 of the constitution, seventy-five percent of the recurring revenues
9 received under Section 1337(g) of Title 43 of the United States Code which are
10 attributable to mineral production activity or leasing activity, and the percent
11 remaining of the realized capital gains and interest income and dividend income
12 earned on investment of the Permanent Trust Fund after the deposit required to the
13 Permanent Trust Fund in Paragraph A(1) of this Section shall be deposited and
14 credited to ~~a special fund which is hereby created in the state treasury and which~~
15 ~~shall be known as the Louisiana Quality Education Support Fund, hereinafter~~
16 ~~referred to as the "Support Fund"~~ the State General Fund.

17 (3) All recurring revenues and interest earnings shall be credited to the
18 respective funds as provided in Subparagraphs (1) and (2) above until the balance in
19 the Permanent Trust Fund equals two billion dollars. After the Permanent Trust
20 Fund reaches a balance of two billion dollars, all interest earnings on the Permanent
21 Trust Fund ~~shall be credited to the Support Fund~~ and all recurring revenues shall be
22 credited to the State General Fund.

23 (B) Investment. The money credited to the Permanent Trust Fund pursuant
24 to Paragraph (A) of this Section shall be permanently credited to the Permanent Trust
25 Fund and shall be invested by the treasurer. Notwithstanding any provision of this
26 constitution or other law to the contrary, a portion of money in the Permanent Trust
27 Fund, not to exceed thirty-five percent, may be invested in stock. The legislature
28 shall provide for procedures for the investment of such monies by law. The treasurer
29 shall contract, subject to the approval of the State Bond Commission, for the

1 management of such investments. ~~The amounts in the Support Fund shall be~~
2 ~~available for appropriation to pay expenses incurred in the investment and~~
3 ~~management of the Permanent Trust Fund and for educational purposes only as~~
4 ~~provided in Paragraphs (C) and (D) of this Section.~~

5 * * *

6 §10.8. Millennium Trust

7 Section 10.8. Millennium Trust

8 (A) Creation

9 (1) There shall be established in the state treasury as a special permanent
10 trust the "Millennium Trust". After allocation of money to the Bond Security and
11 Redemption Fund as provided in Article VII, Section 9(B) of this constitution, the
12 treasurer shall deposit in and credit to the Millennium Trust certain monies received
13 as a result of the Master Settlement Agreement, hereinafter the "Settlement
14 Agreement", executed November 23, 1998, and approved by Consent Decree and
15 Final Judgment entered in the case "Richard P. Ieyoub, Attorney General, ex rel.
16 State of Louisiana v. Philip Morris, Incorporated, et al.", bearing Number 98-6473
17 on the docket of the Fourteenth Judicial District for the parish of Calcasieu, state of
18 Louisiana; and all dividend and interest income and all realized capital gains on
19 investment of the monies in the Millennium Trust. The treasurer shall deposit in and
20 credit to the Millennium Trust ~~the following amounts of~~ any monies received as a
21 result of the Settlement Agreement;.

22 ~~(a) Fiscal Year 2000-2001, forty-five percent of the total monies received~~
23 ~~that year.~~

24 ~~(b) Fiscal Year 2001-2002, sixty percent of the total monies received that~~
25 ~~year.~~

26 ~~(c) Fiscal Year 2002-2003 and each fiscal year thereafter, seventy-five~~
27 ~~percent of the total monies received that year. However, beginning in Fiscal Year~~
28 ~~2011-2012~~ Beginning on July 1, 2016, after the balance in the Millennium Trust
29 reaches a total of one billion three hundred eighty million dollars, the monies

1 deposited in and credited to the Millennium Trust, received as a result of the
2 Settlement Agreement, and all earnings on the investment of the Millennium Trust,
3 shall be allocated to the various funds within the Millennium Trust as provided in
4 Subsubparagraphs (2)(b), (3)(b), and (4)(b) and (c) of this Paragraph deposited into
5 the State General Fund.

6 (d) ~~For Fiscal Year 2000-2001, Fiscal Year 2001-2002, and Fiscal Year~~
7 ~~2002-2003, ten percent of the total monies received in each of those years for credit~~
8 ~~to the Education Excellence Fund which, notwithstanding the provisions of~~
9 ~~Subparagraph (C)(1) of this Section, shall be appropriated for the purposes provided~~
10 ~~in Subsubparagraph (d) of Subparagraph (3) of Paragraph (C) of this Section.~~

11 * * *

12 (B) Investment. Monies credited to the Millennium Trust pursuant to
13 Paragraph (A) of this Section shall be invested by the treasurer with the same
14 authority and subject to the same restrictions as the Louisiana Education Quality
15 Trust Fund. However, the portion of monies in the Millennium Trust which may be
16 invested in stock may be increased to no more than fifty percent by a specific
17 legislative instrument which receives a favorable vote of two-thirds of the elected
18 members of each house of the legislature. The legislature shall provide for
19 procedures for the investment of such monies by law. The treasurer may contract,
20 subject to the approval of the State Bond Commission, for the management of such
21 investments and, if a contract is entered into, amounts necessary to pay the costs of
22 the contract shall be appropriated from the Millennium Trust.

23 * * *

24 §11. Budgets

25 Section 11.(A) Budget Estimate. The governor shall submit to the
26 legislature, at the time and in the form fixed by law, a budget estimate for the next
27 fiscal year setting forth all proposed state expenditures. This budget shall include
28 a recommendation for appropriations from the state general fund and from dedicated
29 funds, ~~except funds allocated by Article VII, Section 4, Paragraphs (D) and (E),~~

1 which shall not exceed the official forecast of the Revenue Estimating Conference
2 and the expenditure limit for the fiscal year. The recommendation shall also comply
3 with the provisions of Article VII, Section 10(D). ~~This budget shall include a~~
4 ~~recommendation for funding of state salary supplements for full-time law~~
5 ~~enforcement and fire protection officers of the state, as provided in Article VII,~~
6 ~~Section 10(D)(3) of this constitution.~~

7 * * *

8 §27. Transportation Trust Fund

9 Section 27.(A) Creation of fund. Effective January 1, 1990, there shall be
10 established in the state treasury as a special permanent trust fund the Transportation
11 Trust Fund ("the trust fund") in which shall be deposited the "excess revenues" as
12 defined herein which are a portion of the avails received in each year from all taxes
13 levied on gasoline and motor fuels and on special fuels (said avails being referred to
14 as the "revenues") as provided herein. After satisfying pledges respecting that
15 portion of the revenues attributable to the tax rates in effect at the time of such
16 pledges for the payment of obligations for bonds or other evidences of indebtedness
17 on the effective date of this Section, the treasurer shall allocate such portion of the
18 revenues received in each year as necessary to pay all principal, interest, premium,
19 if any, and other obligations incident to the issuance, security, and payment in
20 respect of bonds as authorized in Paragraph (C) hereof. Thereafter, the portion of the
21 revenues remaining shall be deposited in the Bond Security and Redemption Fund
22 in the state treasury. After (1) the payment of any obligations for bonds or other
23 evidences of indebtedness in existence on the effective date of this Section which are
24 secured by revenues; (2) payments in respect of bonds authorized in Paragraph (C)
25 hereof; and (3) credit to the Bond Security and Redemption Fund, the treasurer shall
26 deposit in and credit to the trust fund all of the revenues remaining (the "excess
27 revenues") from the avails of all taxes levied on gasoline and motor fuels and on
28 special fuels, as follows: for the fiscal year beginning July 1, 1989, the avails of
29 twelve cents per gallon of said taxes received on and after January 1, 1990; for the

1 fiscal year beginning on July 1, 1990, the avails of fourteen cents per gallon of said
2 taxes; for the fiscal year beginning on July 1, 1991, through the fiscal year beginning
3 on July 1, 2015, and thereafter, the avails of all taxes levied on gasoline and motor
4 fuels and on special fuels; for the fiscal year beginning on July 1, 2016, and
5 thereafter, the avails of taxes levied on gasoline and motor fuels and on special fuels
6 necessary to satisfy pledges respecting that portion of the revenues attributable to the
7 tax rates in effect at the time of such pledges for the payment of bond obligations or
8 other evidences of indebtedness on January 1, 2016, and the avails of other taxes
9 levied on gasoline and motor fuels and on special fuels as may be provided by law.

10 Purchases of gasoline, diesel fuel, or special fuels which are subject to excise tax
11 under Chapter 7 of Subtitle II of Title 47 of the Louisiana Revised Statutes of 1950
12 shall be exempt from the state sales tax and any sales tax levied by a political
13 subdivision as defined by Article VI, Section 44(2). All monies appropriated by the
14 Federal Highway Administration and the Federal Aviation Administration, or their
15 successors, either reimbursed or paid directly, shall be paid directly or deposited in
16 and credited to the trust fund.

17 (B) The monies in the trust fund shall be appropriated or dedicated solely
18 and exclusively for the costs for and associated with construction and maintenance
19 of the roads and bridges of the state and federal highway systems, the Statewide
20 Flood-Control Program or its successor, ports, airports, transit, state police for traffic
21 control purposes, and the Parish Transportation Fund or its successor and for the
22 payment of all principal, interest, premium, if any, and other obligations incident to
23 the issuance, security, and payment in respect of bonds or other obligations payable
24 from the trust fund as authorized in Paragraph (D) hereof. Unless pledged to the
25 repayment of bonds authorized in Paragraphs (C) or (D) of this Section, the monies
26 in the trust fund allocated to ports, airports, flood control, parish transportation, and
27 state highway construction shall be appropriated annually by the legislature only
28 pursuant to programs established by law which establish a system of priorities for the
29 expenditure of such monies, except that the Transportation Infrastructure Model for

1 Economic Development, which shall include only those projects enumerated in
 2 House Bill 17 of the 1989 First Extraordinary Session of the Legislature* and US
 3 Highway 61 from Thompson Creek to the Mississippi Line, in lieu of "US 61-Bains
 4 to Mississippi Line", and US Highway 165 from I-10 to Alexandria to Monroe to
 5 Bastrop and thence on US Highway 425 from Bastrop to the Arkansas Line, in lieu
 6 of "US 165-I-10 Alexandria-Monroe-Bastrop-Arkansas Line",² and LA 15-Natchez,
 7 Mississippi to Chase in lieu of "LA 15-Natchez, Mississippi to Monroe", shall be
 8 funded as provided by law. The state generated tax monies appropriated for ports,
 9 Parish Transportation Fund, or its successor, and the Statewide Flood-Control
 10 Program, or its successor, and state police for traffic control purposes shall not
 11 exceed twenty percent annually of the state generated tax revenues in the trust fund;³
 12 ~~provided, however, that no less than the avails of one cent of the tax on gasoline and~~
 13 ~~special fuels shall be appropriated each year to the Parish Transportation Fund, or its~~
 14 ~~successor. The annual appropriation for airports shall be a sum equal to, but not~~
 15 ~~greater than, the annual estimated revenue to be derived from the state taxes to be~~
 16 ~~collected and received on aviation fuel.~~ Unencumbered and unexpended balances
 17 at the end of each fiscal year shall remain in the trust fund. The earnings realized in
 18 each fiscal year on the investment of monies in the trust fund shall be deposited in
 19 and credited to the trust fund.

* * *

20
 21 Section 2. Be it resolved by the Legislature of Louisiana, two-thirds of the members
 22 elected to each house concurring, that there shall be submitted to the electors of the state of
 23 Louisiana, for their approval or rejection in the manner provided by law, a proposal to
 24 amend Article VIII, Section 13(B) of the Constitution of Louisiana, to read as follows:

25 §13. Funding; Apportionment

26 Section 13.

27 * * *

28 (B) ~~Minimum Foundation Program.~~ Public Elementary and Secondary
 29 Schools Formula. The State Board of Elementary and Secondary Education, or its

1 successor, shall annually develop and adopt a formula ~~which shall be used to~~
2 ~~determine the cost of a minimum foundation program of~~ for education in all public
3 elementary and secondary schools ~~as well as~~ to equitably allocate ~~the~~ funds to parish
4 and city school systems. Such formula shall provide for a contribution by every city
5 and parish school system. Prior to approval of the formula by the legislature, the
6 legislature may return the formula adopted by the board to the board and may
7 recommend to the board an amended formula for consideration by the board and
8 submission to the legislature for approval. ~~The legislature shall annually appropriate~~
9 ~~funds sufficient to fully fund the current cost to the state of such a program as~~
10 ~~determined by applying the approved formula in order to insure a minimum~~
11 ~~foundation of education in all public elementary and secondary schools. Neither the~~
12 ~~governor nor the legislature may reduce such appropriation, except that the governor~~
13 ~~may reduce such appropriation using means provided in the act containing the~~
14 ~~appropriation provided that any such reduction is consented to in writing by~~
15 ~~two-thirds of the elected members of each house of the legislature. The funds~~
16 ~~appropriated shall be equitably allocated to parish and city school systems according~~
17 ~~to the formula as adopted by the State Board of Elementary and Secondary~~
18 ~~Education, or its successor, and approved by the legislature prior to making the~~
19 ~~appropriation. Whenever the legislature fails to approve the formula most recently~~
20 ~~adopted by the board, or its successor, the last formula adopted by the board, or its~~
21 ~~successor, and approved by the legislature shall be used for the determination of the~~
22 ~~cost of the minimum foundation program and for the allocation of funds~~
23 ~~appropriated.~~

* * *

25 Section 3. Be it resolved by the Legislature of Louisiana, two-thirds of the members
26 elected to each house concurring, that there shall be submitted to the electors of the state of
27 Louisiana, for their approval or rejection in the manner provided by law, a proposal to
28 amend Article XII, Section 6(A)(1) of the Constitution of Louisiana, to read as follows:

29 §6. Lotteries; Gaming, Gambling, or Wagering

1 enforcement, free school books, the minimum foundation program, certain
2 deposits into the Lottery Proceeds Fund, Hospital Stabilization Fund and
3 formula, Louisiana Medical Assistance Trust Fund, the Louisiana Quality
4 Education Support Fund, the Education Excellence Fund, the Health
5 Excellence Fund, the TOPS Fund, the Louisiana Fund, the Millennium
6 Leverage Fund, the Coastal Protection and Restoration Fund, the Barrier
7 Island Stabilization and Preservation Fund, the Mineral Revenue Audit and
8 Settlement Fund, certain deposits into the Transportation Trust Fund, the
9 Parish Transportation Fund, the Louisiana Investment Fund for
10 Enhancement, the Higher Education Louisiana Partnership Fund, parish
11 allocations of severance tax, the Atchafalaya Basin Conservation Fund, and
12 the Revenue Sharing Fund and prohibit the creation of additional statutory
13 dedications unless the dedication source is federal funds, fees, licenses,
14 permits, penalties, or interest earnings? (EFFECTIVE-July 1, 2016) (Amends
15 Article Article VII, Sections 4.1, 5, 10(F)(2)(a) and (b), 10.1(A) and (B),
16 10.8(A)(1) and (B), 11(A), and 27(A) and (B), Article VIII, Section 13(B),
17 and Article XII, Section 6(A)(1); Adds Article VII, Section 10(K); Repeals
18 Article VI, Section 38.1(C) and Article VII, Sections 4(D) and (E), 10(D)(3)
19 and (F)(4)(b) through (e) and (g), 10.1(C) and (D), 10.2, 10.4, 10.5,
20 10.8(A)(2), (3), (4) and (5) and (C), 10.9, 10.10, 10.13, 10.14, and 26, Article
21 VIII, Section 13(A) and Article IX, Section 10)

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)]

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)