

2023 Regular Session

HOUSE BILL NO. 170

BY REPRESENTATIVE TURNER

FUNDS/FUNDING: Dedicates a portion of the 0.45% state sales tax to payment of the Teachers' Retirement System of La. initial unfunded accrued liability and to highway and bridge preservation projects

1 AN ACT

2 To amend and reenact R.S. 47:321.1(G), relative to state sales and use tax; to dedicate a
3 portion of the avails of certain taxes to payment of certain liabilities of the Teachers'
4 Retirement System of Louisiana; to dedicate a portion of the avails of certain taxes
5 to highway preservation projects; to provide exceptions; to provide requirements; to
6 provide for an effective date; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 47:321.1(G) is hereby amended and reenacted to read as follows:

9 §321.1. Imposition of tax

10 * * *

11 G.(1) ~~The~~ Through June 30, 2023, the avails of the tax collected under this
12 Section shall be deposited immediately into the state treasury, and, after compliance
13 with the requirements of Article VII, Section 9(B) of the Constitution of Louisiana,
14 the state treasurer shall pay the remainder of the monies into the state general fund.

15 (2) The Louisiana Preservation Fund, hereafter referred to in this Subsection
16 as the "fund", is hereby established in the state treasury as a special fund. On and
17 after July 1, 2023, after allocation to the Bond Security and Redemption Fund as
18 provided in Article VII, Section 9(B) of the Constitution of Louisiana, the treasurer
19 is authorized and directed to deposit into the fund the avails of the tax collected

1 pursuant to this Section with the exception of any avails dedicated pursuant to R.S.
2 48:77. Unexpended and unencumbered monies in the fund at the end of the fiscal
3 year shall remain in the fund. Subject to appropriation, monies in the fund shall be
4 used in accordance with the provisions of this Section.

5 (3) In fiscal year 2023-2024:

6 (a) Each month an amount equal to one-twelfth of the amount required
7 pursuant to R.S. 11:102 and 102.2 for that fiscal year's payment necessary to
8 amortize the system's original amortization base shall be drawn from the fund and
9 applied to the original amortization base. Notwithstanding any provision of law to
10 the contrary, after the application of such amount toward the original amortization
11 base the system shall credit each employer with its proportionate share of such
12 amount based on their aggregate Fiscal Year 2022-2023 payroll as reported to the
13 system.

14 (b) After all draws required pursuant to Subparagraph (a) of this Paragraph
15 are made, the balance in the fund, less eighteen million dollars, shall be drawn by the
16 system prior to the end of the fiscal year and applied to the system's original
17 amortization base. Such payment shall be in addition to and shall in no way supplant
18 any payment toward such base otherwise required by law.

19 (4) In fiscal year 2024-2025:

20 (a) An amount equal to the first twenty-five percent of each deposit into the
21 fund shall be deposited into the Highway Subfund, hereby established within the
22 fund, and shall be used by the Department of Transportation and Development for
23 highway and bridge preservation projects.

24 (b) The remainder shall be deposited into the IUAL Subfund, hereby
25 established within the fund to be used as follows:

26 (i) Each month an amount equal to one-twelfth of the amount required
27 pursuant to R.S. 11:102 and 102.2 for that fiscal year's payment necessary to
28 amortize the system's original amortization base shall be drawn from the fund and
29 applied to the original amortization base. Notwithstanding any provision of law to

1 the contrary, after the application of such amount toward the original amortization
2 base the system shall credit each employer with its proportionate share of such
3 amount based on their aggregate Fiscal Year 2023-2024 payroll as reported to the
4 system.

5 (ii) After all draws required pursuant to Item (i) of this Subparagraph are
6 made, the balance in the fund shall be drawn by the system prior to the end of the
7 fiscal year and applied to the system's original amortization base. Such payment
8 shall be in addition to and shall in no way supplant any payment toward such base
9 otherwise required by law.

10 (5) For the purposes of this Subsection, the following terms shall have the
11 following meanings:

12 (a) "Original amortization base" shall have the same meaning as in R.S.
13 11:102.2.

14 (b) "System" shall mean the Teachers' Retirement System of Louisiana.

15 * * *

16 Section 2.(A) Notwithstanding any provision of law or this Act to the contrary, no
17 draws from any subfund of the Louisiana Preservation Fund shall be approved until the
18 Revenue Estimating Conference has adopted an official forecast with a projected balance for
19 the applicable subfund. If such a forecast is adopted after July 1, 2023, the first draw by the
20 Teachers' Retirement System of Louisiana shall be for an amount sufficient to cover all
21 missed monthly draws to date plus the current month's draw, with monthly draws in
22 accordance with the provisions of this Act to commence thereafter.

23 (B) Notwithstanding any provision of this Act to the contrary, draws may only be
24 made on the IUAL Subfund until the original amortization base, as defined in R.S. 11:102.2,
25 is liquidated. The director of the Teachers' Retirement System of Louisiana shall notify the
26 state treasurer immediately if the system's original amortization base is liquidated prior to
27 expiration of the tax levied pursuant to R.S. 47:321.1. In such case, deposits into the IUAL
28 Subfund shall cease and the monies that otherwise would have been deposited into such
29 subfund shall be deposited into the state general fund. At the end of the fiscal year in which

1 the system's original amortization base is liquidated, after the last draw required pursuant to
 2 R.S. 47:321.1(G)(4)(a) as enacted by this Act is made, the treasurer is hereby authorized and
 3 directed to transfer any remaining balances in the IUAL Subfund to the state general fund.

4 Section 3. This Act shall become effective upon signature by the governor or, if not
 5 signed by the governor, upon expiration of the time for bills to become law without signature
 6 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
 7 vetoed by the governor and subsequently approved by the legislature, this Act shall become
 8 effective on the day following such approval.

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 170 Reengrossed

2023 Regular Session

Turner

Abstract: Dedicates to the payment of Initial Unfunded Accrued Liability (IUAL) at the Teachers' Retirement System of La. (TRSL) and to highway and bridge preservation projects the avails of the 0.45% state sales and use tax that are not otherwise dedicated to the Transportation Trust Fund and the Megaprojects Leverage Fund pursuant to present law.

Present law (R.S. 47:321.1) levies a temporary 0.45% state sales and use tax on the sale, use, consumption, storage, or lease of tangible personal property and certain services in La. The imposition of this tax expires on June 30, 2025. Present law further provides various exemptions from such levy. Proposed law retains present law.

Present law (R.S. 48:77) dedicates a portion of the 0.45% state sales and use tax avails to the Transportation Trust Fund and the Megaprojects Leverage Fund. Proposed law retains present law.

Proposed law dedicates the remainder of the 0.45% state sales and use tax avails to payment of the IUAL at TRSL and to highway and bridge preservation projects. Beginning July 1, 2023, proposed law requires deposit of the remaining 0.45% tax avails into the La. Preservation Fund. Provides that unexpended and unencumbered monies in the fund at the end of the fiscal year shall remain in the fund. Further provides that, subject to appropriation, monies in the fund shall be used as provided in proposed law.

In FY 2023-2024, monies in the fund are to be applied to the TRSL IUAL debt as follows:

- (1) Each month an amount equal to one-twelfth of the amount required pursuant to present law necessary to make that fiscal year's amortization payment on the IUAL debt shall be drawn from the fund and applied to the original amortization base. After the application of such amount toward the original amortization base, requires the system to credit each employer with its proportionate share of such amount based on the employer's aggregate FY 2022-2023 payroll, as reported to the system.
- (2) After all draws required pursuant to Paragraph (1), above, are made, the balance in the fund, less \$18M, shall be drawn by the system prior to the end of the fiscal year

and applied to the system's original amortization base. Provides that such payment shall be in addition to and shall in no way supplant any payment toward such base otherwise required by law.

In FY 2024-2025, monies in the fund are to be split between two subfunds established within the fund and used for TRSL IUAL debt and road and bridge preservation projects as follows:

- (1) An amount equal to the first 25% of each deposit into the fund shall be deposited into the Highway Subfund, established within the fund, and shall be used by the Dept. of Transportation and Development for highway and bridge preservation projects.
- (2) The remainder shall be deposited into the IUAL Subfund, established within the fund to be used as follows:
 - (a) Each month an amount equal to one-twelfth of the amount required pursuant to present law necessary to make that fiscal year's amortization payment on the IUAL debt shall be drawn from the fund and applied to the original amortization base. After the application of such amount toward the original amortization base, requires the system to credit each employer with its proportionate share of such amount based on the employer's aggregate FY 2023-2024 payroll, as reported to the system.
 - (b) After all draws required pursuant to Paragraph (1), above, are made, the balance in the fund, less eighteen million dollars, shall be drawn by the system prior to the end of the fiscal year and applied to the system's original amortization base. Provides that such payment shall be in addition to and shall in no way supplant any payment toward such base otherwise required by law.

Proposed law provides that the term "original amortization base" shall have the same meaning as in present law (R.S. 11:102.2) and the term "system" shall mean TRSL.

Proposed law further provides that, notwithstanding any provision of law or proposed law to the contrary, no draws from the any subfund shall be approved until the Revenue Estimating Conference has adopted an official forecast with a projected balance for the applicable subfund. If such a forecast is adopted after July 1, 2023, the first draw by the TRSL shall be for an amount sufficient to cover all missed monthly draws to date plus the current month's draw, with monthly draws in accordance with the provisions of this Act to commence thereafter.

Proposed law further provides that draws may only be made on the IUAL Subfund until the IUAL is liquidated. Requires the director of the TRSL to notify the state treasurer immediately if the system's IUAL is liquidated prior to expiration of the 0.45% state sales and use tax levy. If the IUAL is liquidated, requires deposits into the IUAL Subfund to cease and the monies that otherwise would have been deposited into the subfund to be deposited into the state general fund. Upon notification by the director of TRSL of liquidation of the IUAL, proposed law directs the treasurer to transfer any remaining balances in the fund to the state general fund.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 47:321.1(G))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Appropriations to the original bill:

1. Change the name of the fund from the Teachers' Retirement Initial Unfunded Accrued Liability Fund to the Louisiana Preservation Fund.
2. Change the use of monies in the fund from exclusive use for extra payments toward TRSL IUAL to use for payments toward the system's IUAL on behalf of employers, extra payments towards the IUAL, and highway and bridge preservation projects.
3. Establish subfunds within the fund for the highway and bridge preservation projects and the IUAL payments.
4. Prohibit withdrawals from a subfund until the Revenue Estimating Conference has adopted a forecast for that subfund.
5. Prohibit deposits into the IUAL Subfund once the debt is fully paid off.
6. Requires the Public Retirement Systems Actuarial Committee to meet as soon as practicable after the effective date of proposed law and prior to June 30, 2023, to adopt a new FY 23-24 employer contribution rate for TRSL in conformity with the provisions of proposed law.

The House Floor Amendments to the engrossed bill:

1. Delete provisions providing that some of the payments made from the IUAL subfund are in lieu of equivalent payments toward the IUAL debt that otherwise would have been made through employer contributions.
2. Require instead that the system apply a credit to each employer's account in the amount of the employer's proportionate share of the total debt payment. Bases the calculation of such credit on the employer's aggregate fiscal year payroll (as reported to the system) for the immediately prior fiscal year.
3. Delete provision requiring the Public Retirement Systems Actuarial Committee to meet prior to June 30, 2023, to adopt a new employer contribution rate for the system in accordance with proposed law.
4. Make technical changes.