

1 SB371
2 136954-2
3 By Senator Bedford
4 RFD: Finance and Taxation Education
5 First Read: 28-FEB-12

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8 SYNOPSIS: Current law provides for appropriations to
9 be made from the Education Trust Fund in future
10 years to the PACT Trust Fund for the purpose of
11 fully funding the PACT Program, the terms of which
12 were amended in Act 2010-725.

13 This bill will provide that in any year in
14 which the PACT Program is unable to meet the
15 financial obligations mandated in Act 2010-725, an
16 amount sufficient to off-set such shortfall shall
17 be transferred to the PACT Program from any funds
18 designated to be deposited into the Budget
19 Stabilization Fund under the Code of Alabama 1975,
20 Section 29-9-4.

21
22 A BILL
23 TO BE ENTITLED
24 AN ACT
25

1 To further provide for the full funding of the PACT
2 Program by providing for the transfer of funds designated for
3 the Budget Stabilization Fund provided for in Code of Alabama
4 1975, Section 29-9-4, in any year in which the PACT Program is
5 unable to meet the financial obligations established by Act
6 2010-725.

7 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

8 Section 1. Sections 16-33c-16 and 29-9-4 are hereby
9 amended to read as follows:

10 "§16-33C-16.

11 (a) In addition to the appropriations made in
12 Section 16-33C-14 and Section 16-33C-15, there is annually
13 appropriated from the Education Trust Fund to the PACT Trust
14 Fund the following amounts in the following fiscal years:

15 (1) For the fiscal year ending 2016 -- \$10,000,000

16 (2) For the fiscal year ending 2017 -- \$20,000,000

17 (3) For the fiscal year ending 2018 -- \$20,000,000

18 (4) For the fiscal year ending 2019 -- \$13,000,000

19 (b) These appropriations, along with the
20 appropriations made in Section 16-33C-14 and Section
21 16-33C-15, will make the PACT Program 100 percent fully
22 funded, according to the actuarial professional retained by
23 the PACT board.

24 (c) Beginning in FY 2016, in any fiscal year in
25 which the PACT Trust Fund has insufficient assets in which to
26 pay the financial obligations designated in Section 16-33c-17,

1 an amount needed to meet those obligations shall be
2 transferred from the funds designated to be deposited into the
3 Budget Stabilization Fund established in Code of Alabama 1975,
4 Section 29-9-4.

5 "§29-9-4.

6 There is hereby created in the State Treasury an
7 Education Trust Fund Budget Stabilization Fund and an
8 Education Trust Fund Capital Fund. Any monetary interest which
9 accrues in the Education Trust Fund Budget Stabilization Fund
10 shall be retained in the fund from year to year and shall be
11 subject only to the provisions of this chapter. On or before
12 November 15 of each fiscal year, if the total revenues
13 deposited into the Education Trust Fund during the immediately
14 preceding fiscal year exceed the fiscal year appropriation cap
15 for the immediately preceding fiscal year, the excess shall be
16 transferred to the Education Trust Fund Rainy Day Account
17 until the account has been repaid in full. If the account has
18 been repaid in full, any excess remaining shall be transferred
19 to the PACT Trust Fund if needed to fully fund the tuition and
20 fees mandated to be paid by the PACT Board under Section
21 16-33c-17. Funds remaining each year after such transfers, if
22 any, shall be transferred into the Education Trust Fund Budget
23 Stabilization Fund created in this chapter. The transfers to
24 the Education Trust Fund Budget Stabilization Fund shall be
25 made until the Fund reaches an amount which equals 20 percent
26 of the then current year's appropriations from the Education

1 Trust Fund. After the balance in the Education Trust Fund
2 Budget Stabilization Fund reaches a total of 20 percent, any
3 excess remaining shall be distributed to the Education Trust
4 Fund Capital Fund.

5 Section 2. It is the intent of the Legislature that
6 the PACT program which as amended in Act 2010-725 shall be
7 fully funded as was intended with the passage of that Act.

8 Section 3. The provisions of this act are severable.
9 If any part of this act is declared invalid or
10 unconstitutional, that declaration shall not affect the part
11 which remains.

12 Section 4. This act shall become effective
13 immediately upon its passage and approval by the Governor or
14 its otherwise becoming law.