

2017 Regular Session

HOUSE BILL NO. 590

BY REPRESENTATIVES HILFERTY AND DAVIS

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

FUNDS/FUNDING: Provides for a review of and recommendation on certain dedicated funds

1 AN ACT

2 To amend and reenact R.S. 49:308.5 and to enact R.S. 24:653(N), relative to the review of
3 special treasury funds; to provide for the submission of a plan to review special
4 treasury funds; to provide for the review of and recommendation on certain special
5 treasury funds; to provide for exceptions; to provide for a dedicated fund review
6 subcommittee of the Joint Legislative Committee on the Budget; to provide for an
7 effective date; and to provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 24:653(N) is hereby enacted to read as follows:

10 §653. Duties and functions

11 * * *

12 N.(1) The committee shall have a dedicated fund review subcommittee
13 which shall review and make recommendations on special funds in the state treasury
14 that dedicate state revenue.

15 (2) The committee, by its own rules, motions, or resolutions, shall provide
16 for the size, membership, appointment, all administrative matters, and the delegated
17 powers and duties of the dedicated fund review subcommittee. The committee shall
18 provide that the membership of the subcommittee is bipartisan and diverse.

19 (3) No later than September 1, 2017, and every two years thereafter the
20 committee shall provide for the dedicated fund review subcommittee.

1 (4) The dedicated fund review subcommittee shall conduct the review of
2 special funds and submit recommendations to the committee as required in R.S.
3 49:308.5.

4 Section 2. R.S. 49:308.5 is hereby amended and reenacted to read as follows:

5 §308.5. ~~Special~~ Legislative review and recommendation on special funds and
6 dedication of money

7 A. The legislature hereby finds that due to the number of special funds in the
8 state treasury that dedicate state revenue, it is difficult for the governor, the
9 legislature, and the public to assess the return on investment of the activities
10 supported by such funds. In order to address this situation, the legislature finds that
11 a system of transparency and accountability needs to be established and that the
12 authority for such funds should be routinely sunset unless reviewed. Unless the
13 recommendations resulting from the review conclude that the return on investment
14 of the activities funded by monies deposited in such fund warrants the continuation
15 of this method of funding, the legislature should take such action as is necessary to
16 eliminate such special funds and the dedication of state revenues to such activities.

17 Further, inducing competition for funding from the state general fund will put all
18 activities on an equal footing and will allow the governor and the legislature to better
19 prioritize funding.

20 B.(1) The division of administration shall establish a procedure to assure that
21 the activities supported by a special fund are subject to the same level of
22 transparency and accountability as activities supported by the state general fund. The
23 procedure shall include the annual submission of reports no later than December first
24 of each year for all entities and activities supported by appropriations from the fund.

25 (2) The reports shall be submitted to the president of the Senate, the speaker
26 of the House of Representatives, and the division of administration. The reports to
27 the division of administration shall be submitted electronically in a form and format
28 as specified and established by the commissioner of administration. The division of

1 administration shall publish the reports in an electronic database so as to ensure
2 transparency and accountability.

3 (3)(a) ~~Beginning October 1, 2009~~ No later than October 1, 2017, and every
4 two years thereafter, the division of administration shall ~~develop~~ submit a plan ~~and~~
5 ~~schedule for the review~~ of the special funds and dedications to the Joint Legislative
6 Committee on the Budget that specifies at least fifty percent of the special dedicated
7 funds in law as of the date of the submission of the plan. The Joint Legislative
8 Committee on the Budget shall review the plan and may add special funds to the plan
9 submitted by the division of administration prior to approval by the committee. ~~The~~
10 ~~plan and schedule shall be submitted to the Joint Legislative Committee on the~~
11 ~~Budget for its review and approval. The plan may be adjusted annually as needed.~~

12 (b) ~~Each plan and schedule shall provide for the review of not more than~~
13 ~~twenty-five percent of the special funds and dedications. The plan and schedule shall~~
14 ~~specify the funds and dedications that are to be reviewed.~~ The Joint Legislative
15 Committee on the Budget shall ensure that after two consecutive plans have been
16 approved, all special funds established by law on the date of the submission of the
17 second consecutive plan will have been approved in a plan at least once in the
18 previous four years.

19 ~~(c)~~(4) Once the plan for review of special funds is approved by the Joint
20 Legislative Committee on the Budget, the Dedicated Fund Review Subcommittee of
21 the Joint Legislative Committee on the Budget, hereinafter referred to as "the
22 subcommittee", ~~The Joint Legislative Committee on the Budget, hereinafter referred~~
23 ~~to as "the committee", shall conduct a review of the special funds and dedications as~~
24 ~~specified in each such plan, and schedule~~ resulting in a recommendation for each
25 specified fund in the plan.

26 C.(1) No later than fifteen days after the approval of the plan by the Joint
27 Legislative Committee on the Budget, the subcommittee shall cause to be posted on
28 the website of the Louisiana Legislature, notification of a hearing schedule which
29 shall include a date for presentation and discussion of each specified special fund in

1 the approved plan. Additionally, the Joint Legislative Committee on the Budget shall
2 notify the commissioner of administration and the treasurer of the hearing schedule.
3 The commissioner of administration shall notify any agency or entity receiving an
4 appropriation from a special fund specified in the plan in the previous five fiscal
5 years of the hearing schedule.

6 (2)(a) No later than thirty days after the approval of the plan, the treasurer
7 shall submit to the subcommittee a summary of the terms, sources, conditions, and
8 uses of the special fund as required by law and a five-year history of the following:

9 (i) Sources and amounts of revenue into the fund.

10 (ii) Amounts appropriated or allocated from the fund and the recipients of
11 each appropriation or allocation.

12 (iii) Investments and earnings of the fund.

13 (iv) Annual balance in the fund.

14 (b) The treasurer or his staff shall be in attendance and available to provide
15 information at any hearing that the subcommittee holds on any special fund.

16 (3)(a) No later than thirty days after the approval of the plan, the head of
17 each agency or entity receiving an appropriation or allocation from the special
18 dedicated fund within the previous five years shall submit to the subcommittee the
19 following:

20 (i) Five-year history of the amount of the appropriation or allocation of the
21 fund to the agency or entity.

22 (ii) Detailed use of the fund in each of the previous five years in which the
23 agency or entity received an appropriation or dedication from the fund, including the
24 total amount of funding for each activity financed with the fund and the amount of
25 financing for the activity from the fund.

26 (iii) Outcomes or other relevant performance information for any activity
27 receiving financing from the fund.

1 **(b) The head of the agency or entity, or his staff, shall be in attendance and**
2 **available to provide information at any hearing on a special fund received by their**
3 **agency or entity.**

4 **(4) The subcommittee shall allow public comment on each special fund**
5 **included in the plan.**

6 **(5) The subcommittee may request any other information which the**
7 **subcommittee believes is necessary in conducting the review of the special funds.**

8 **D.(1) Following the review of each special fund as required in this Section,**
9 **members of the subcommittee shall offer motions as are necessary to produce a**
10 **report of findings and recommendations on each special dedicated fund reviewed.**
11 **Such findings and recommendations may include but are not limited to no change**
12 **to the fund, a change to the revenue source into the fund, a change in the amount**
13 **dedicated into the fund, a change in the use of the fund, or elimination of the fund.**

14 **(2) The subcommittee shall report the findings and recommendations to the**
15 **Joint Legislative Committee on the Budget for review. The Joint Legislative**
16 **Committee on the Budget may recommend modifications to the report submitted by**
17 **the subcommittee, however, such modifications shall be noted in the report along**
18 **with any original findings or recommendations of the subcommittee.**

19 **(4) E. No later than ~~February 15, 2010~~ February 15, 2018, and every two**
20 **years thereafter, the ~~committee~~ Joint Legislative Committee on the Budget shall**
21 **report the findings and recommendations of each biennial review to the ~~speaker of~~**
22 **~~the House of Representatives, the president of the Senate~~ presiding officer of each**
23 **house of the legislature for electronic distribution to each member of the legislature,**
24 **the governor, the treasurer, and the commissioner of administration.**

25 **€ F. This Section shall not apply to or affect the laws which dedicate or**
26 **otherwise provide for the use of the following money or the laws which provide for**
27 **the following special funds in the state treasury:**

28 **(1) Special funds or dedications of money received by the state or by any**
29 **state board, agency, or commission which is protected by the Constitution of**

1 Louisiana and laws effectuating such special funds and dedications or special funds
2 containing money which is not required by the constitution to be deposited in the
3 state treasury pursuant to Article VII, Section 9(A) of the Constitution of Louisiana.

4 (2) Special funds in the state treasury established solely as a requirement of
5 the terms, conditions, or requirements of:

6 (a) Grants, donations, or other forms of assistance.

7 (b) Court or regulatory agency orders or judgments.

8 (c) Contracts of the state or of its agencies, boards, or commissions,
9 including contracts related to the issuance of bonds, notes, and other indebtedness.

10 (3) Special funds and dedications of money provided by law for money
11 received by or on behalf of a state board, agency, authority, or commission which is
12 mainly composed of and represents members of a trade, business, or professional
13 association from fees or assessments paid by the members of the trade, business, or
14 professional association and which expends the money on market or product research
15 and development.

16 (4) Special funds and dedications of money provided by law related to the
17 judiciary.

18 (5) Special funds and dedications of money provided by law related to
19 retirement funds.

20 Section 3. This Act shall become effective upon signature by the governor or, if not
21 signed by the governor, upon expiration of the time for bills to become law without signature
22 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
23 vetoed by the governor and subsequently approved by the legislature, this Act shall become
24 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 590 Reengrossed

2017 Regular Session

Hilferty

Abstract: Provides for a subcommittee of the Joint Legislative Committee on the Budget to review and make recommendations on certain statutory dedications.

Proposed law establishes a dedicated fund review subcommittee of the Joint Legislative Committee on the Budget (JLCB) to review and make recommendations on special funds in the state treasury that dedicate state revenue as required in proposed law. JLCB is required to provide for size, membership, appointment, all administrative matters, and the delegated powers and duties of the subcommittee by its own rules, motions, or resolutions. Further requires JLCB to provide for the subcommittee no later than September 1, 2017, and every two years thereafter.

Present law requires every two years that the division of administration submit to JLCB a plan of not more than 25% of the special dedicated funds in law. JLCB is required to approve the plan submitted, review the funds in each plan, and report the findings of each review to speaker of the House of Representatives, the president of the Senate, the governor, and the commissioner of administration.

Proposed law changes the percentage of the funds in the plan for review in present law from not more than 25% to at least 50%. Further authorizes JLCB to add funds to the plan submitted by the division of administration prior to approval of the plan by the committee.

Proposed law requires JLCB to ensure that after two consecutive plans have been approved, all special funds established by law on the date of the submission of the second consecutive plan will have been reviewed at least once.

Proposed law changes the committee required in present law to review the funds in the approved plan from JLCB to the Dedicated Fund Review Subcommittee of the Joint Legislative Committee on the Budget (subcommittee). Further requires the review of the funds in the approved plans to result in a recommendation for each fund in the plan.

Proposed law requires the subcommittee to post the hearing schedule for the plan on the website of the Louisiana Legislature and to notify the commissioner of administration and the treasurer of the schedule.

Proposed law requires the treasurer to provide to the subcommittee certain specified information on each fund and requires attendance of the treasurer, or his staff, at each subcommittee hearing.

Proposed law further requires the head of each state agency or entity receiving an appropriation from a fund in the previous five years to provide to the subcommittee certain specified information on each fund. Further requires attendance of the head of each agency or entity, or their staff, at each subcommittee hearing.

Proposed law requires the subcommittee to allow public comment on each fund included in the plan.

Proposed law authorizes the subcommittee to request any other information which the subcommittee believes is necessary in conducting the review of the funds.

Proposed law requires, following the review of each fund in a plan, the subcommittee to offer motions that will produce a report of findings and recommendations on each fund reviewed. Further requires the subcommittee to report the findings and recommendations to JLCB for review.

Proposed law retains reporting of the fund review in present law, but specifies that the speaker of the House of Representatives and the president of the Senate distribute the report to the members of the legislature. Proposed law further requires the findings and recommendations to be reported to the treasurer.

Present law excepts the following from the review of funds:

- (1) Funds or dedications protected by the Constitution of Louisiana or special funds containing money which is not required by the constitution to be deposited in the state treasury.
- (2) Funds in the state treasury established solely as a requirement of the terms, conditions, or requirements of:
 - (a) Grants, donations, or other forms of assistance.
 - (b) Court or regulatory agency orders or judgments.
 - (c) Contracts of the state or of its agencies, boards, or commissions, including contracts related to the issuance of bonds, notes, and other indebtedness.
- (3) Funds and dedications of money received by or on behalf of a state board, agency, authority, or commission which is mainly composed of and represents members of a trade, business, or professional association from fees or assessments paid by the members of the trade, business, or professional association and which expends the money on market or product research and development.
- (4) Funds and dedications of money provided by law related to the judiciary.
- (5) Funds and dedications of money provided by law related to retirement funds.

Proposed law retains exceptions in present law.

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

(Amends R.S. 49:308.5; Adds 24:653(N))

Summary of Amendments Adopted by House

The House Floor Amendments to the engrossed bill:

1. Change the requirements of the plan for review regarding the percentage of funds reviewed in each plan and the schedule for reviewing all funds.
2. Make technical amendments.