

**ACT No. 355**

2017 Regular Session

HOUSE BILL NO. 590

BY REPRESENTATIVES HILFERTY AND DAVIS

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AN ACT

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

Be it enacted by the Legislature of Louisiana:

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

§653. Duties and functions

\* \* \*

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

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

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

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

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

2 §308.5. ~~Special~~ Legislative review and recommendation on special funds and  
 3 dedication of money

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

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

22 (2) The reports shall be submitted to the president of the Senate, the speaker  
 23 of the House of Representatives, and the division of administration. The reports to  
 24 the division of administration shall be submitted electronically in a form and format  
 25 as specified and established by the commissioner of administration. The division of  
 26 administration shall publish the reports in an electronic database so as to ensure  
 27 transparency and accountability.

28 (3)(a) ~~Beginning October 1, 2009~~ No later than October 1, 2017, and every  
 29 two years thereafter, the division of administration shall ~~develop~~ submit a plan ~~and~~  
 30 ~~schedule for the review of the~~ special funds and dedications to the Joint Legislative

1 Committee on the Budget that specifies at least fifty percent of the special dedicated  
 2 funds in law as of the date of the submission of the plan. The Joint Legislative  
 3 Committee on the Budget shall review the plan and may add special funds to the plan  
 4 submitted by the division of administration prior to approval by the committee. The  
 5 plan and schedule shall be submitted to the Joint Legislative Committee on the  
 6 Budget for its review and approval. The plan may be adjusted annually as needed.

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

14 ~~(c)(4)~~ Once the plan for review of special funds is approved by the Joint  
 15 Legislative Committee on the Budget, the Dedicated Fund Review Subcommittee of  
 16 the Joint Legislative Committee on the Budget, hereinafter referred to as "the  
 17 subcommittee", The Joint Legislative Committee on the Budget, hereinafter referred  
 18 to as "the committee", shall conduct a review of the special funds and dedications as  
 19 specified in each such plan, and schedule resulting in a recommendation for each  
 20 specified fund in the plan. The subcommittee shall meet only on a day in which the  
 21 Joint Legislative Committee on the Budget is scheduled to convene.

22 C.(1) No later than fifteen days after the approval of the plan by the Joint  
 23 Legislative Committee on the Budget, the subcommittee shall cause to be posted on  
 24 the website of the Louisiana Legislature, notification of a hearing schedule which  
 25 shall include a date for presentation and discussion of each specified special fund in  
 26 the approved plan. Additionally, the Joint Legislative Committee on the Budget shall  
 27 notify the commissioner of administration and the treasurer of the hearing schedule.  
 28 The commissioner of administration shall notify any agency or entity receiving an  
 29 appropriation from a special fund specified in the plan in the previous five fiscal  
 30 years of the hearing schedule.

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

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

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

7                   (iii) Investments and earnings of the fund.

8                   (iv) Annual balance in the fund.

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

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

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

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

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

23                  (iv) If dedication is a fee, the cost of providing the service offset by the fee.

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

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

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

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

7           (2) The subcommittee shall report the findings and recommendations to the  
 8           Joint Legislative Committee on the Budget for review. The Joint Legislative  
 9           Committee on the Budget may recommend modifications to the report submitted by  
 10          the subcommittee, however, such modifications shall be noted in the report along  
 11          with any original findings or recommendations of the subcommittee.

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

18          ~~E.~~ F. This Section shall not apply to or affect the laws which dedicate or  
 19          otherwise provide for the use of the following money or the laws which provide for  
 20          the following special funds in the state treasury:

21                 (1) Special funds or dedications of money received by the state or by any  
 22                 state board, agency, or commission which is protected by the Constitution of  
 23                 Louisiana and laws effectuating such special funds and dedications or special funds  
 24                 containing money which is not required by the constitution to be deposited in the  
 25                 state treasury pursuant to Article VII, Section 9(A) of the Constitution of Louisiana.

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

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

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

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

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

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

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

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

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SPEAKER OF THE HOUSE OF REPRESENTATIVES

\_\_\_\_\_  
PRESIDENT OF THE SENATE

\_\_\_\_\_  
GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: \_\_\_\_\_