

2026 Regular Session

HOUSE BILL NO. 383

BY REPRESENTATIVE MCFARLAND

APPROPRIATIONS/ANCILLARY: Provides for the ancillary expenses of state government

1 AN ACT

2 To provide for the establishment and reestablishment of agency ancillary funds, to be
3 specifically known as internal service funds, auxiliary accounts, or enterprise funds
4 for certain state institutions, officials, and agencies; to provide for appropriation of
5 funds for Fiscal Year 2026-2027; to provide for an effective date; to regulate the
6 administration of said funds; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1.A. There are hereby appropriated the amounts shown below, which shall
9 be payable out of the state general fund, to the extent of funds deposited, unless otherwise
10 specified, for the establishment and reestablishment of agency ancillary funds which shall
11 be specifically known as internal service funds, auxiliary accounts, or enterprise funds. The
12 monies in each fund shall be used for working capital in the conduct of business enterprises
13 rendering public service, auxiliary service, and interagency service.

14 B. In the conduct of each such business, receipts shall be deposited in the state
15 treasury and disbursements made by the state treasurer to the extent of the amount deposited
16 to the credit of each ancillary fund, for the current fiscal year. All funds appropriated herein
17 shall be expended in compliance with the public bid laws of the state.

18 Section 2.A. Except as otherwise provided by law or as herein otherwise provided,
19 any fund equity resulting from prior year operations shall be included as a resource of the
20 fund from which the ancillary fund is directly or indirectly derived.

1 B. Funds on deposit with the state treasury at the close of the fiscal year are
2 authorized to be transferred to each fund respectively, as equity for the next fiscal year. All
3 unexpended cash balances as of June 30, 2027, shall be remitted to the state treasurer on or
4 before August 14, 2027. If not reestablished in the subsequent year's Act, the agency must
5 liquidate all assets and return all advances no later than August 14, 2027.

6 C. The program descriptions contained in this Act are not part of the law and are not
7 enacted into law by virtue of their inclusion into this Act.

8 Section 3.A. All money from federal, interagency transfers, statutory dedications,
9 or fees and self-generated revenues shall be available for expenditure in the amounts herein
10 appropriated.

11 B. Any increase in such revenues shall be available for allotment and expenditure
12 by an agency on approval of an increase in the appropriation by the commissioner of
13 administration and the Joint Legislative Committee on the Budget. Any increase in such
14 revenues for an agency without an appropriation from the respective revenue source shall
15 be incorporated into the agency's appropriation on approval of the commissioner of
16 administration and the Joint Legislative Committee on the Budget.

17 Section 4.A. The figures in parentheses following the designation of a budget entity
18 are the total authorized positions and authorized other charges positions for that entity. The
19 number of employees approved for each agency, as a result of the passage of this Act, may
20 be increased by the commissioner of administration when sufficient documentation is
21 presented and the request is deemed valid. However, any request which exceeds five
22 positions shall be approved by the commissioner of administration and the Joint Legislative
23 Committee on the Budget.

24 B. The budget request of any agency with an appropriation level of thirty million
25 dollars or more shall include within its existing table of organization positions which
26 perform the function of internal auditing, including the position of a chief audit executive.
27 The chief audit executive shall be responsible for ensuring that the internal audit function
28 adheres to the Institute of Internal Auditors, Global Internal Audit Standards. The chief
29 audit executive shall maintain organizational independence in accordance with these
30 standards and shall have direct and unrestricted access to the commission, board, secretary,

1 or equivalent head of the agency. The chief audit executive shall certify to the commission,
2 board, secretary, or equivalent head of the agency that the internal audit function conforms
3 to the Institute of Internal Auditors, Global Internal Audit Standards.

4 Section 5. All key and supporting performance objectives and indicators for the
5 departments, agencies, programs, and budget units contained in the Governor's Executive
6 Budget Supporting Document shall be adjusted by the commissioner of administration to
7 reflect the funds appropriated therein. The commissioner of administration shall report on
8 these adjustments to the Joint Legislative Committee on the Budget each year by August
9 fifteenth.

10 Section 6. The following definition is provided for the terms of this Act: "working
11 capital" shall be considered the excess of current assets over current liabilities on an accrual
12 basis.

13 Section 7. Should any section, subsection, clause, sentence, phrase, or part of the Act
14 for any reason be held, deemed, or construed to be unconstitutional or invalid, such decisions
15 shall not affect the remaining provisions of the Act, and the legislature hereby declares that
16 it would have passed the Act, and each section, subsection, clause, sentence, phrase, or part
17 thereof, irrespective of the fact that one or more of the sections, subsections, clauses,
18 sentences, phrases, or parts thereof, is declared unconstitutional or invalid. To this end, the
19 provisions of this Act are hereby declared severable.

20 Section 8. Internal Service Funds. These funds account for the financing of goods
21 or services provided by one department or agency to other departments or agencies of the
22 governmental unit, or to other governmental units, on a cost-reimbursement basis. Excess
23 cash funds, excluding cash funds arising from working capital advances, shall be invested
24 by the state treasurer with the interest proceeds therefrom credited to each account and shall
25 not be transferred to the state general fund.

26 Section 9. In conjunction with the continuing assessment of the existing staff, assets,
27 contracts, and facilities of each department, agency, program or budget unit's information
28 technology resources and procurement resources, upon completion of this assessment and
29 to the extent optimization of these resources will result in the projected cost savings through
30 staff reductions, realization of operational efficiencies, cost avoidance, and elimination of

1 asset duplication, the commissioner of administration is authorized to transfer the functions,
 2 positions, assets, and funds from any other department, agency, program, or budget units
 3 related to these optimizations to a different department. The provisions of this Section shall
 4 not apply to the Department of Culture, Recreation and Tourism, or any agency contained
 5 in Schedule 04, Elected Officials, of the General Appropriation Act.

6 **SCHEDULE 21**

7 **ANCILLARY APPROPRIATIONS**

8 **21-800 OFFICE OF GROUP BENEFITS**

9 EXPENDITURES:	<u>FY 26 EOB</u>	<u>FY 27 REC</u>
10 State Group Benefits -		
11 Authorized Positions	(56)	(56)
12 Expenditures	<u>\$ 1,979,124,719</u>	<u>\$ 2,170,674,411</u>

13 **Program Description:** *Provides for the administration of group health and accidental*
 14 *insurance and group life insurance for current and former state employees and other*
 15 *participating groups.*

16 TOTAL EXPENDITURES	<u>\$ 1,979,124,719</u>	<u>\$ 2,170,674,411</u>
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17 MEANS OF FINANCE:		
18 State General Fund by:		
19 Interagency Transfers	\$ 1,098,733	\$ 1,098,733
20 Fees & Self-generated Revenues	<u>\$ 1,978,025,986</u>	<u>\$ 2,169,575,678</u>

21 TOTAL MEANS OF FINANCING	<u>\$ 1,979,124,719</u>	<u>\$ 2,170,674,411</u>
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22 **21-804 OFFICE OF RISK MANAGEMENT**

23 EXPENDITURES:	<u>FY 26 EOB</u>	<u>FY 27 REC</u>
24 Risk Management -		
25 Authorized Positions	(43)	(43)
26 Expenditures	<u>\$ 305,700,399</u>	<u>\$ 305,409,497</u>

27 **Program Description:** *Provides for the overall executive leadership and management of*
 28 *the office, support services, policy analysis, management direction of the state's self-*
 29 *insurance program; provides funding for the payment of losses on medical, malpractice,*
 30 *property, comprehensive general liability, personal injury, automobile liability, automobile*
 31 *physical damage, bonds, crime, aviation, wet marine boiler and machinery and*
 32 *miscellaneous tort claims; provides funding for the payment of contracts issued for*
 33 *professional legal defense of claims made against the state; provides funding for the*
 34 *reimbursement of the Division of Risk Litigation in the Office of the Attorney General for*
 35 *costs incurred for professional legal defense of claims made against the state.*

36 TOTAL EXPENDITURES	<u>\$ 305,700,399</u>	<u>\$ 305,409,497</u>
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37 MEANS OF FINANCE:		
38 State General Fund by:		
39 Interagency Transfers	\$ 281,158,551	\$ 281,202,131
40 Fees & Self-generated Revenues	\$ 22,541,848	\$ 22,207,366
41 Statutory Dedications:		
42 Future Medical Care Fund	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>

1 TOTAL MEANS OF FINANCING \$ 305,700,399 \$ 305,409,497

2 **21-806 LOUISIANA PROPERTY ASSISTANCE AGENCY**

3 EXPENDITURES:	<u>FY 26 EOB</u>	<u>FY 27 REC</u>
4 Louisiana Property Assistance -		
5 Authorized Positions	(37)	(37)
6 Expenditures	\$ <u>20,476,316</u>	\$ <u>20,310,725</u>

7 **Program Description:** *Provides for the accountability of the state's movable property*
8 *through the development and implementation of sound management practices.*

9 TOTAL EXPENDITURES \$ 20,476,316 \$ 20,310,725

10 MEANS OF FINANCE:

11 State General Fund by:		
12 Interagency Transfers	\$ 1,615,846	\$ 1,615,846
13 Fees & Self-generated Revenues	\$ <u>18,860,470</u>	\$ <u>18,694,879</u>

14 TOTAL MEANS OF FINANCING \$ 20,476,316 \$ 20,310,725

15 **21-807 LOUISIANA FEDERAL PROPERTY ASSISTANCE AGENCY**

16 EXPENDITURES:	<u>FY 26 EOB</u>	<u>FY 27 REC</u>
17 Federal Property Assistance -		
18 Authorized Positions	(9)	(9)
19 Expenditures	\$ <u>3,509,325</u>	\$ <u>3,298,837</u>

20 **Program Description:** *Seeks to assure the fair and equitable distribution of federal*
21 *property allocated to Louisiana by the General Services Administration to eligible Louisiana*
22 *donees.*

23 TOTAL EXPENDITURES \$ 3,509,325 \$ 3,298,837

24 MEANS OF FINANCE:

25 State General Fund by:		
26 Interagency Transfers	\$ 1,084,342	\$ 1,084,342
27 Fees & Self-generated Revenues	\$ <u>2,424,983</u>	\$ <u>2,214,495</u>

28 TOTAL MEANS OF FINANCING \$ 3,509,325 \$ 3,298,837

29 **21-811 PRISON ENTERPRISES**

30 EXPENDITURES:	<u>FY 26 EOB</u>	<u>FY 27 REC</u>
31 Prison Enterprises -		
32 Authorized Positions	(72)	(72)
33 Expenditures	\$ <u>37,142,506</u>	\$ <u>36,992,277</u>

34 **Program Description:** *Utilizes the resources of the Department of Public Safety and*
35 *Corrections in the production of food, fiber, and other necessary items used by offenders in*
36 *order to lower the cost of incarceration; provides products and services to state agencies*
37 *and agencies of parishes, municipalities, and other political subdivisions; and provides work*
38 *opportunities for offenders. Prison Enterprises conducts both industry operations and*
39 *agriculture operations.*

40 TOTAL EXPENDITURES \$ 37,142,506 \$ 36,992,277

41 MEANS OF FINANCE:

42 State General Fund by:		
43 Interagency Transfers	\$ 27,464,660	\$ 27,332,778
44 Fees & Self-generated Revenues	\$ <u>9,677,846</u>	\$ <u>9,659,499</u>

1 TOTAL MEANS OF FINANCING \$ 37,142,506 \$ 36,992,277

2 **21-815 OFFICE OF TECHNOLOGY SERVICES**

3 EXPENDITURES:	<u>FY 26 EOB</u>	<u>FY 27 REC</u>
4 Technology Services -		
5 Authorized Positions	(847)	(884)
6 Authorized Other Charges Positions	(9)	(0)
7 Expenditures	\$ <u>670,850,471</u>	\$ <u>713,627,872</u>

8 **Program Description:** *The mission of the Office of Technology Services (OTS) is to*
 9 *establish competitive, cost-effective technology systems and services while acting as the sole*
 10 *centralized customer for the acquisition, billing and record keeping of those technology*
 11 *services. OTS shall charge respective user agencies for the cost of the technology and*
 12 *services provided including the cost of the operation of the office in a fair, equitable, and*
 13 *consistent manner, in full compliance with State of Louisiana statutes.*

14 TOTAL EXPENDITURES \$ 670,850,471 \$ 713,627,872

15 MEANS OF FINANCE:		
16 State General Fund by:		
17 Interagency Transfers	\$ 669,331,998	\$ 708,501,540
18 Fees & Self-generated Revenues	\$ <u>1,518,473</u>	\$ <u>5,126,332</u>

19 TOTAL MEANS OF FINANCING \$ 670,850,471 \$ 713,627,872

20 **21-816 DIVISION OF ADMINISTRATIVE LAW**

21 EXPENDITURES:	<u>FY 26 EOB</u>	<u>FY 27 REC</u>
22 Administration -		
23 Authorized Positions	(59)	(59)
24 Expenditures	\$ <u>9,634,438</u>	\$ <u>11,965,367</u>

25 **Program Description:** *Provides a neutral forum for handling administrative hearings for*
 26 *certain state agencies, with respect for the dignity of individuals and their due process*
 27 *rights.*

28 TOTAL EXPENDITURES \$ 9,634,438 \$ 11,965,367

29 MEANS OF FINANCE:		
30 State General Fund by:		
31 Interagency Transfers	\$ 9,605,541	\$ 11,936,470
32 Fees & Self-generated Revenues	\$ <u>28,897</u>	\$ <u>28,897</u>

33 TOTAL MEANS OF FINANCING \$ 9,634,438 \$ 11,965,367

34 **21-820 OFFICE OF STATE PROCUREMENT**

35 EXPENDITURES:	<u>FY 26 EOB</u>	<u>FY 27 REC</u>
36 Office of State Procurement -		
37 Authorized Positions	(99)	(99)
38 Expenditures	\$ <u>13,254,634</u>	\$ <u>13,399,493</u>

39 **Program Description:** *The mission of the Office of State Procurement is to provide cost-*
 40 *effective services that satisfy the needs of approved governmental units of the State of*
 41 *Louisiana through the management of products and services.*

42 TOTAL EXPENDITURES \$ 13,254,634 \$ 13,399,493

1	MEANS OF FINANCE:		
2	State General Fund by:		
3	Interagency Transfers	\$ 2,583,342	\$ 2,612,070
4	Fees & Self-generated Revenues	<u>\$ 10,671,292</u>	<u>\$ 10,787,423</u>
5	TOTAL MEANS OF FINANCING	<u>\$ 13,254,634</u>	<u>\$ 13,399,493</u>

6 **21-829 OFFICE OF AIRCRAFT SERVICES**

7	EXPENDITURES:	<u>FY 26 EOB</u>	<u>FY 27 REC</u>
8	Flight Maintenance -		
9	Authorized Positions	(4)	(4)
10	Expenditures	<u>\$ 3,814,159</u>	<u>\$ 3,239,783</u>

11 **Program Description:** *The mission of the Office of Aircraft Services is to manage the*
 12 *overall maintenance and provide all needed and required support for safe, proper, and*
 13 *economic operation of the State’s various aircraft. Flight Maintenance Operations ensures*
 14 *flight safety, maintains high safety standards while minimizing aircraft downtime for repairs,*
 15 *and provides high quality, efficient, and economical repair and fueling services for state-*
 16 *operated aircraft.*

17	TOTAL EXPENDITURES	<u>\$ 3,814,159</u>	<u>\$ 3,239,783</u>
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18	MEANS OF FINANCE:		
19	State General Fund by:		
20	Interagency Transfers	\$ 3,634,944	\$ 3,060,568
21	Fees & Self-generated Revenues	<u>\$ 179,215</u>	<u>\$ 179,215</u>
22	TOTAL MEANS OF FINANCING	<u>\$ 3,814,159</u>	<u>\$ 3,239,783</u>

23 **21-860 ENVIRONMENTAL STATE REVOLVING LOAN FUNDS**

24	EXPENDITURES:	<u>FY 26 EOB</u>	<u>FY 27 REC</u>
25	Environmental State Revolving Loan Fund	<u>\$ 126,519,000</u>	<u>\$ 126,519,000</u>

26 **Program Description:** *The Water Planning and Assessment Division in conjunction with*
 27 *the Financial Services Division - State Revolving Fund Section strive to uphold Title VI and*
 28 *amended section 221 of the federal Clean Water Act and to protect the health and welfare*
 29 *of the citizens of the state, as well as to enhance the environment of the state by*
 30 *administering the Clean Water State Revolving Fund and the Sewer Overflow and*
 31 *Stormwater Reuse Municipal Grants Program. The Remediation Division's Brownfields*
 32 *Program, in conjunction with the Financial Services Division, strives to uphold the Small*
 33 *Business Liability Relief and Brownfields Revitalization Act and 2018 Brownfields*
 34 *Utilization, Investment, and Local Development (BUILD) Act to address environmental*
 35 *concerns at vacant and underutilized properties to facilitate their reuse and to support*
 36 *community revitalization.*

37	TOTAL EXPENDITURES	<u>\$ 126,519,000</u>	<u>\$ 126,519,000</u>
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38	MEANS OF FINANCE:		
39	State General Fund by:		
40	Statutory Dedications:		
41	Clean Water State Revolving Fund	\$ 125,000,000	\$ 123,969,000
42	Brownfields Cleanup Revolving		
43	Loan Fund	\$ 350,000	\$ 350,000
44	Federal Funds	<u>\$ 1,169,000</u>	<u>\$ 2,200,000</u>
45	TOTAL MEANS OF FINANCING	<u>\$ 126,519,000</u>	<u>\$ 126,519,000</u>

1 **21-861 DRINKING WATER REVOLVING LOAN FUND**

2 EXPENDITURES: FY 26 EOB FY 27 REC

3 Drinking Water Revolving Loan Fund \$ 66,707,202 \$ 66,707,202

4 **Program Description:** *Assist public water systems in financing needed drinking water*
5 *infrastructure improvements (e.g. treatment plant, distribution main replacement, storage*
6 *facilities, new wells). The Drinking Water Revolving Loan Fund provides assistance in the*
7 *form of low-interest loans and technical assistance to public water systems in Louisiana to*
8 *assist them with complying with state and federal drinking water regulations, ensuring that*
9 *their customers are provided with safe drinking water thereby protecting the public health.*

10 TOTAL EXPENDITURES \$ 66,707,202 \$ 66,707,202

11 MEANS OF FINANCE:

12 State General Fund by:

13 Statutory Dedications:

14 Drinking Water Revolving Loan Fund \$ 66,707,202 \$ 66,707,202

15 TOTAL MEANS OF FINANCING \$ 66,707,202 \$ 66,707,202

16 Section 10. This Act shall become effective on July 1, 2026.

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 383 Engrossed

2026 Regular Session

McFarland

Abstract: Appropriates funds and provides for ancillary expenses of state government, including internal service funds, auxiliary accounts, and enterprise funds.

Provides \$1,038,444,478 of interagency transfers, \$2,238,473,784 of fees and self-generated revenues, \$193,026,202 of statutory dedications, and \$2,200,000 of federal funds to provide for the ancillary expenses of state government.

Proposed law provides for the establishment and reestablishment of agency ancillary funds, to be specifically known as internal service funds, auxiliary accounts, or enterprise funds for certain state institutions, officials, and agencies. Requires the appropriated funds, to the extent deposited, unless otherwise specified, to be used for working capital in the conduct of business enterprises rendering public, auxiliary, and interagency services. Requires receipts from the conduct of such businesses to be deposited to the credit of each ancillary fund for FY 2026-2027. Requires all funds to be expended in accordance with public bid laws.

Proposed law requires, except as otherwise provided, any fund equity resulting from prior year operations be included as a resource of the fund from which it is derived. Provides that all funds on deposit with the state treasury at the close of the fiscal year are authorized to be transferred to each fund as equity for FY 2026-2027. Further provides that all unexpended cash balances as of June 30, 2027, shall be remitted to the state treasurer on or before Aug. 14, 2027. Further provides that if not reestablished in the subsequent year's act, the agency must liquidate all assets and return all advances no later than Aug. 14, 2027.

Proposed law provides that the program descriptions contained in the Act are not enacted into law by virtue of their inclusion in the Act.

Proposed law provides that all money from federal, interagency, statutory dedications, or self-generated revenues of an agency be deemed available for expenditures in the amounts appropriated, and any increase in such revenues over the amounts appropriated shall only be available for expenditure by the agency with approval of the division of administration and the Joint Legislative Committee on the Budget (JLCB).

Proposed law provides that the number of employees approved for each agency may be increased by the commissioner of administration, subject to JLCB approval, when appropriate documentation is deemed valid.

Proposed law requires any agency with an appropriation level of \$30 million or more to include positions within its table of organization which perform internal auditing services, including the position of a chief audit executive responsible for adhering to the Institute of Internal Auditors, Global International Audit Standards.

Proposed law directs the commissioner of administration to adjust performance objectives and indicators contained in the Executive Budget Supporting Document to reflect the funds appropriated and to report such adjustments to the JLCB by Aug. 15, 2026.

Proposed law provides that the treasurer shall invest excess cash funds, excluding those arising from working capital advances, with the interest earned being credited to the account.

Proposed law authorizes the commissioner of administration to transfer functions, positions, assets, and funds between and within departments in conjunction with the continuing assessment of the existing staff, assets, contracts, and facilities of each department, agency, program, or budget unit's information technology resources, and procurement resources, in order to optimize resources and provide cost savings. Proposed law does not apply to the Dept. of Culture, Recreation and Tourism, or any agency contained in Schedule 04, Elected Officials, of the General Appropriation Act.

Effective July 1, 2026.

Summary of Amendments Adopted by House

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

1. Updates references to auditing standards from International Standards for the Professional Practice of Internal Auditing to Global Internal Audit Standards.