SLS 23RS-203

ORIGINAL

2023 Regular Session

SENATE CONCURRENT RESOLUTION NO. 26

BY SENATOR BERNARD

MUNICIPALITIES. Creates a task force to study the dissolution or absorption of fiscally distressed municipalities.

1	A CONCURRENT RESOLUTION
2	To create a task force to meet, study, and make recommendations regarding the dissolution
3	or absorption of fiscally distressed municipalities, benefits, costs, and limitations of
4	employing such processes.
5	WHEREAS, there are certain municipalities that do not provide adequate fiscal
6	management over billing, collections, budgeting, and expenditure control resulting in
7	deficits, poor cash flow, and limited municipal resources to conduct daily public business;
8	and
9	WHEREAS, there are certain municipalities that have lost the ability to generate
10	sufficient revenue to cover expenditures due to such factors as population loss and/or the loss
11	of business; and
12	WHEREAS, there are certain municipalities that do not have sufficient financial
13	resources to ensure that they are able to provide the most basic of services to their
14	constituents such as healthy drinking water and environmentally safe sewer systems; and
15	WHEREAS, there are certain municipalities that do not have sufficient revenue to
16	make principal and interest payments on debt; and
17	WHEREAS, there are certain municipalities that are delinquent with submitting their

1	annual audit reports to the Louisiana legislative auditor for three or more years; and
2	WHEREAS, certain municipalities have requested to be dissolved, but current
3	process may not offer them suitable options or may be cost prohibitive; and
4	WHEREAS, there is a clear need to review current dissolution, absorption, and
5	incorporation laws and procedures and to consider alternative ways of addressing dissolution
6	and absorption so that officials can address fiscally failing municipalities in a more effective
7	and efficient manner.
8	THEREFORE, BE IT RESOLVED that the Legislature of Louisiana creates a task
9	force to study and make recommendations with respect to the dissolution or absorption of
10	fiscally distressed municipalities including any specific proposals for legislation, by written
11	report to the legislature and to the David R. Poynter Legislative Research Library as required
12	by R.S. 24:771 and 772, no later March 1, 2024.
13	BE IT FURTHER RESOLVED that the study task force shall consist of the
14	following members:
15	(1) The president of the Senate, or his designee.
16	(2) The speaker of the House of Representatives, or his designee.
17	(3) The chairman of the House Municipal, Parochial and Cultural Affairs Committee,
18	or his designee.
19	(4) The chairman of the Senate Local and Municipal Affairs Committee, or his
20	designee.
21	(5) The legislative auditor, or his designee.
22	(6) A representative from the legislative fiscal office.
23	(7) The attorney general, or his designee.
24	(8) The state treasurer, or his designee.
25	(9) The commissioner of administration, or his designee.
26	(10) A representative from the Louisiana Municipal Association.
27	(11) A bond attorney appointed by the president of the Senate.
28	BE IT FURTHER RESOLVED, that the president of the Senate shall select a
29	chairman from among these members; and
30	BE IT FURTHER RESOLVED that each designating authority shall submit the

- 1 names of designees to the task force to the secretary of the Senate no later than July 15, 2023. 2
- 3 BE IT FURTHER RESOLVED that no later than August 1, 2023, the chairman of 4 the task force shall convene the first meeting of the task force. At the first meeting, the members may elect a vice chairman and other officers as the task force deems appropriate. 5 6 BE IT FURTHER RESOLVED that a majority of the task force shall constitute a
- 7 quorum for the transaction of business. All official actions of the task force shall require the 8 affirmative vote of a majority of the members.
- 9 BE IT FURTHER RESOLVED that the task force shall study such items as those 10 presented below and will recommend any action or legislation which the task force deems 11 necessary or appropriate. Such recommendations shall be made by the task force prior to the 12 2024 Regular Session of the legislature. These recommendations shall include suggestions 13 regarding necessary legislation and related time lines for drafting and introducing such 14 legislation. Study items shall include, but not be limited to, the following:
- 15

(1) Examples of how other states have dealt with fiscally failing municipalities.

- 16 (2) Examples of how other states have dealt with dissolution or abolition and absorption issues and processes when addressing fiscally failing municipalities. 17
- 18

(3) Dissolution and absorption process that are currently available to Louisiana 19 municipalities, including their benefits and limitations.

- 20 (4) Continuance of revenue sources for a dissolved or absorbed entity.
- (5) Continuance of revenue sources administered by an absorbing entity. 21
- 22 (6) Parcel fees employed on residents of dissolved or absorbed entities.
- (7) Process related to overall transfer of assets when entities are dissolved or 23 24 absorbed.
- 25 (8) Assets used to pay off any debts remaining in a dissolved or absorbed entity and transfer of assets. 26
- 27 (9) Tax incentives for absorbing entities.
- (10) Issues related to transfer of debt. 28
- 29 (11) Strategies to employ if there are remaining debits in a dissolved or absorbed 30 entity, such as: any debts not paid by asset liquidation (in parameters of the dissolved entity)

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- 1 should be restructured, as available, and the remaining amounts would be paid by an Ad 2 Valorem tax on citizens within the boundaries of the dissolved entity until paid in full.
- 3 (12) Possible expenditure decreases or increases to residents as a result of dissolution 4 or absorption.
- 5

(13) Effect on services provided to residents of dissolved or absorbed entities as well 6 those in the absorbing entity.

- 7 (14) If consolidation of larger governments like school boards or parishes also be 8 considered.
- 9 (15) If the study task force should become a more permanent task force that could 10 conduct feasibility studies to determine the need for dissolution or absorption of certain 11 municipalities and recommend such action to the legislature. The feasibility study could 12 focus on financial viability, ability to provide services, and qualifications of management 13 and staff to provide such services and if the task force should be the only task force to hear 14 and decide such actions.
- 15 BE IT FURTHER RESOLVED that the chairman shall call all meetings of the task 16 force. The task force may conduct such meetings at such places and at such times as it may deem necessary or convenient to enable it to exercise fully and effectively its powers, 17 18 perform its duties, and accomplish the objectives and purposes of this Resolution.
- 19 BE IT FURTHER RESOLVED that the members of the task force shall serve 20 without compensation, but may be reimbursed for travel expenses.
- 21 BE IT FURTHER RESOLVED that the Louisiana House of Representatives, Louisiana Senate, legislative auditor's office, state treasurer's office, and any other applicable 22 23 government entity may be called upon to provide staff to carry out the functions of the task 24 force.
- 25 BE IT FURTHER RESOLVED that the task force shall terminate on the date of the submission of its report or March 1, 2024, whichever occurs first. 26

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by James Benton.

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DIGEST 2023 Regular Session

Bernard

Creates a task force to study and make recommendations regarding the dissolution or absorption of fiscally distressed municipalities.

Recommendations of the study task force shall be made prior to 2024 Regular Session of the legislature.