

## RÉSUMÉ DIGEST

ACT 459 (HB 463)

2025 Regular Session

McFarland

New law appropriates funds for Fiscal Year 2025-2026 for the ancillary expenses of state government with total funding of \$3,236,733,169 from the following sources: \$997,577,957 in interagency transfers; \$2,043,929,010 in fees and self-generated revenues; \$194,057,202 in statutory dedications; and \$1,169,000 in federal funds.

New 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 2025-2026. Requires all funds to be expended in accordance with public bid laws.

New 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 2025-2026. Further provides that all unexpended cash balances as of June 30, 2026, shall be remitted to the state treasurer on or before Aug. 14, 2026. 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, 2026.

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

New 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).

New 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.

New 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, International Standards for the Professional Practice of Internal Auditing.

New 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, 2025.

New 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.

New 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. New 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, 2025.

## **VETO MESSAGE:**

"Please allow this letter to inform you that I have signed House Bill No. 463 of the 2025 Regular Session. However, I have exercised the line item veto authority granted to me to veto one item.

Louisiana is no stranger to tough challenges. We are fighting one of the highest obesity rates in the country, and at the same time, we are facing serious pressure on our state budget. That is why it is important to not only support smart health policies, but also protect taxpayers from costly commitments we cannot sustain.

House Bill 463 would require the Office of Group Benefits (OGB) to cover weight loss medications like Semaglutide, but only if doing so does not increase costs to the health plan during the next fiscal year.

Helping our state employees live healthier lives is a worthy goal, and I applaud the Legislature for recognizing that. However, I am concerned that some of these new weight loss medications may be offered at little or no cost upfront - only to carry sky-high prices later. These drugs can cost over \$1,000 a month per person. Even temporary coverage could set expectations for long-term use that Louisiana simply cannot afford. If just a small portion of eligible employees begin using them, the long-term costs could quickly climb into the tens of millions.

If this turns into a recurring expense, it could seriously weaken OGB's financial stability, lead to higher premiums for workers and their families, and add yet another burden to the state budget. In short: it risks more financial strain on everyday Louisianans - now and in the years ahead.

To be clear, OGB will continue covering Semaglutide for members who need it to treat Type II Diabetes. But when it comes to expanding coverage for weight loss, we have to be honest about the real costs - not just for this year, but for the future. We need to put our people's health first, but we also need to protect our State's finances from unsustainable promises.

Accordingly, I have exercised my by line item veto authority as follows:

**Veto No. 1**                      Delete Lines 17-21 on Page 4 of 8

Enclosed is a copy of the signed version of House Bill 463. I have sent the original to the Secretary of State."