SLS 161ES-94 **ORIGINAL**

2016 First Extraordinary Session

SENATE BILL NO. 26

BY SENATOR APPEL

FUNDS/FUNDING. Provides for the abolition of certain statutory dedications. (Item #7) (gov sig)

AN ACT

To enact R.S. 49:308.2 and to repeal R.S. 49:308.3, relative to special funds and dedications of money; to provide for legislative intent; to provide for the abolition of certain special treasury funds and dedications; to provide for an effective date; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 49:308.2 is hereby enacted to read as follows:

<u>§308.2. Special funds and dedications of money; legislative intent</u>

<u>A. The legislature finds that the proliferation of funds over more than a decade has created a complex patchwork of financing mechanisms that has complicated budget planning and execution each year. The legislature finds that the growth in the number of funds has reduced the flexibility to address changing problems because of the fractionalization of the funding sources into single purpose special funds. Therefore, it is the intent of the legislature to restore budgetary and fiscal control by abolishing the vast majority of the special treasury funds and restoring funding to the state general fund (direct). Finally, it is the legislature's intent to repeal other provisions that might be in</u>

Coding: Words which are ~~struck through~~ are deletions from existing law; words in **<u>boldface type and underscored</u>** are additions.

conflict with these provisions.

B. Notwithstanding any other law to the contrary and except as provided by the Constitution of Louisiana and Subsection C of this Section, all special funds in the state treasury are abolished and any and all laws of the state which dedicate or otherwise provide for the use of money required by the Constitution of Louisiana to be deposited in the state treasury are superseded on the effective date of this Act. The treasurer is therefore authorized and directed to transfer the unobligated balances of the abolished funds and deposit them into the general fund. Notwithstanding the laws requiring certain money to be deposited in and credited to such abolished special funds, the treasurer, upon receipt of such money, and after compliance with the requirements of Article VII, Section 9(B) of the constitution relative to the Bond Security and Redemption Fund, shall deposit the money in and credit it to the general fund. All interest earned on investment of the money shall be deposited in and credited to the general fund.

C. This Section shall not apply to or affect the laws which dedicate or otherwise provide for the use of the following money or the laws which provide for the following special funds in the state treasury:

(1) Special funds or dedications of money established in or protected by the Constitution of Louisiana or special funds containing money not required by the constitution to be deposited in the state treasury.

(2) Special funds established in the treasury or dedications of money established solely as a requirement of the terms and conditions of, or as a requirement of an agreement pertaining to, the following:

(a) Grants, donations, or other forms of assistance when the terms require otherwise.

(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, or other evidence of

indebtedness.

(d) A contract concerning the satisfaction of final judgments, settlements, or compromises.

(3) Special funds and dedications of money provided by law funded by assessments or surcharges for the satisfaction of final judgments, settlements, orders, awards, or compromises.

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

(5) Any funds including interest earned thereon which are paid or deposited on a voluntary basis by persons or other nonstate or private legal entities for their protection or benefit.

D. This Section shall not apply to that portion of any special fund or dedication of funds allocated or distributed to a local governmental or nongovernmental entity which authorizes the issuance of bonds, notes, and other evidences of indebtedness to such entity and only in the event that such monies are pledged for the payment of bonds, notes, and other evidences of indebtedness as of the effective date of this Act.

E. Not later than February first of each fiscal year, the treasurer shall submit to the Joint Legislative Committee on the Budget and the legislative fiscal office a report on special funds which shall include but not be limited to a listing of all currently authorized special funds created by the legislature, together with the legal citation, date of creation, cash balance in the fund as of the end of the prior fiscal year, and a notation of whether or not any revenue or expenditure activity has occurred during the prior fiscal year.

Section 2. R.S. 49:308.3 is hereby repealed.

Section 3. The Louisiana State Law Institute is hereby authorized and requested to review all statutes relative to special treasury funds and dedicated funds abolished in this Act and change any references it deems appropriate in other locations of the Louisiana Revised Statutes of 1950.

Section 4. This Act shall become effective upon signature by the governor or, if not signed by the governor, upon expiration of the time for bills to become law without signature by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If vetoed by the governor and subsequently approved by the legislature, this Act shall become effective on the day following such approval.

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Jay R. Lueckel.

DIGEST

SB 26 Original 2016 First Extraordinary Session Appel

Proposed law expresses legislative intent to abolish the proliferation of special treasury funds which has created a barrier to budget planning and execution each year. Abolishing the funds will also restore the control and flexibility in the budgeting process. The legislature also expresses its intent to repeal provisions which might be in conflict with the proposed law.

Proposed law specifically provides that notwithstanding any other law to the contrary and except as provided by the Constitution of Louisiana and the exceptions provided below, all special funds in the state treasury are abolished and any and all laws of the state which dedicate or otherwise provide for the use of money required by the Constitution of Louisiana to be deposited in the state treasury are superseded on the effective date of this Act.

Proposed law provides that the treasurer is authorized and directed to transfer the balances of the abolished funds and deposit them into the general fund. Notwithstanding laws requiring certain money to be deposited in and credited to such abolished special funds, the treasurer, upon receipt of such money, and after compliance with the requirements of Article VII, Section 9(B) of the constitution relative to the Bond Security and Redemption Fund, shall deposit the money in and credit it to the general fund. All interest earned on investment of the money shall be deposited in and credited to the general fund.

Proposed law provides that the abolition of special treasury funds shall not apply to or affect the laws which dedicate or otherwise provide for the use of the following money or the laws which provide for the following:

(1) Special funds or dedications of money established in or protected by the Constitution of Louisiana or special funds containing money not required by the constitution to be deposited in the state treasury.

(2) Special funds established in the treasury or dedications of money established solely as a requirement of the terms and conditions of, or as a requirement of an agreement pertaining to, the following:

(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.

(d) A contract concerning the satisfaction of final judgments, settlements, or compromises.

(3) Special funds and dedications of money provided by law funded by assessments or surcharges for the satisfaction of final judgments, settlements, orders, awards, or compromises.

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

(5) Any funds including interest earned thereon which are paid or deposited on a voluntary basis by persons or other private legal entities for their protection or benefit.

Proposed law provides that the abolition shall not apply to that portion of any special fund or dedication of funds allocated or distributed to a local governmental or non-governmental entity which authorizes the issuance of bonds, notes, and other evidences of indebtedness to such entity and only in the event that such monies have been obligated into bonds, notes, and other evidences of indebtedness as of the effective date of this Act.

Proposed law also provides that upon the effective date of this Act, the state treasurer is hereby authorized and directed to create a subfund within the state general fund and to deposit monies sufficient for the satisfaction of the obligations of such local governmental or non-governmental entity.

Proposed law further provides that not later than March first of each fiscal year, the treasurer shall submit to the Joint Legislative Committee on the Budget and the legislative fiscal office a report on special funds which shall include but not be limited to a listing of all currently authorized special funds created by the legislature, together with the legal citation, date of creation, cash balance in the fund as of the end of the prior fiscal year, and a notation of whether or not any revenue or expenditure activity has occurred during the prior fiscal year.

Proposed law repeals provisions of present law which abolished certain special treasury funds, including certain excluded funds therein, as provided in R.S. 49:308.3, and originally enacted under the provisions of Act 5 of the First Extraordinary Session of 1988, effective July 1, 1988, and subsequent statutory changes which may be in conflict with the proposed law statutory provisions.

Proposed law repeals several exclusions in present law relative to the abolition of laws dedicating money or special funds, as follows:

(1) The Hazardous Waste Site Cleanup Fund created and maintained pursuant to R.S. 30:2205 and the Environmental Trust Fund created and maintained pursuant to R.S. 30:2015.

(2) This Section shall not apply to or affect R.S. 47:5001 et seq. relative to the State Tax Revenue Limit.

(3) This Section shall not apply to the Motorcycle Safety, Awareness, and Operator Training Program Fund as provided in R.S. 32:412(C)(2), the Proprietary School Student Protection Fund as provided for in R.S. 17:3141.16.

Proposed law provides that the Louisiana State Law Institute is authorized and requested to review all statutes relative to special treasury funds and dedicated funds abolished in this Act and change any references it deems appropriate in other locations of the Louisiana Revised Statutes of 1950.

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

(Adds R.S. 49:308.2; repeals R.S. 49:308.3)