

Regular Session, 2014

HOUSE RESOLUTION NO. 223

BY REPRESENTATIVE BARROW

A RESOLUTION

To urge and request the House Committee on Municipal, Parochial and Cultural Affairs to study and make recommendations relative to the duties and responsibilities that fiscal administrators have while investigating the financial stability of political subdivisions of the state of Louisiana.

WHEREAS, the Great Recession has caused a significant decrease in state aid to local governments and during the same time period property tax revenues also have declined; and

WHEREAS, the loss of revenue has had a devastating impact on local governments as the demand for government services has increased, driven by consistently high unemployment rates, population changes, and other factors; and

WHEREAS, many local governments, including some of the nation's largest cities, are facing heightened fiscal stress and are unable to meet their financial responsibilities causing some to file for bankruptcy; and

WHEREAS, over the years, several states have been proactive in establishing intervention programs in order to help local governments avoid financial disaster while others have held to a long-standing tradition of leaving it up to local officials to fix their broken finances; and

WHEREAS, R.S. 39:1351 et seq. requires the attorney general, to file a rule to appoint a fiscal administrator for a political subdivision of the state of Louisiana if the legislative auditor, the attorney general, and the state treasurer decide that a political

subdivision is reasonably certain to not have sufficient revenue to pay current expenditures, excluding civil judgments, or to fail to make a debt service payment; and

WHEREAS, R.S. 39:1351 et seq. requires the court to appoint a fiscal administrator when a political subdivision has failed to provide an audit required by law to the legislative auditor for a period of three consecutive fiscal years; and

WHEREAS, R.S. 39:1351 et seq. grants the fiscal administrator, subject to approval of the court, authority to direct all fiscal operations of the political subdivision and to take whatever action he deems necessary to return the political subdivision to financial stability including the authority to appoint, remove, supervise, and control all personnel and to reorganize, consolidate, or abolish departments, commissions, authorities, boards, offices, or functions; and

WHEREAS, R.S. 39:1351 et seq. requires the fiscal administrator to file a report with the court after his investigation containing specified estimates, proposals, and recommendations and to file other reports the court requires; and

WHEREAS, House Bill No. 1164 of the 2014 Regular Session of the Legislature proposes to amend R.S. 39:1352(A)(3)(h) and to repeal R.S. 39:1352(A)(3)(e) in order to limit the powers granted to the fiscal administrator by authorizing him to appoint, remove, supervise, and control all personnel only if he takes action to reorganize, consolidate, or abolish departments, commissions, authorities, boards, offices, or functions; and

WHEREAS, House Bill No. 1164 of the 2014 Regular Session of the Legislature also proposes to amend R.S. 39:1352(A)(1) and (B)(1) to require the fiscal administrator, during his investigation, to file a written status report with the political subdivision on the last day of each month and further to require him to complete his investigation within six months if the political subdivision has an annual budget of five hundred thousand dollars or less; and

WHEREAS, although the state of Louisiana has a vested interest in the financial stability of its local governments, the state should be careful not to infringe upon the rights of the citizens of its local governments by granting too much power to fiscal administrators and taking too much power away from the local officials elected by those citizens and arguably leaving them without representation.

THEREFORE, BE IT RESOLVED that the House of Representatives of the Legislature of Louisiana does hereby urge and request the House Committee on Municipal, Parochial and Cultural Affairs to study and make recommendations relative to the duties and responsibilities that fiscal administrators have while investigating the financial stability of political subdivisions of the state of Louisiana.

BE IT FURTHER RESOLVED that the committee shall report its findings and recommendations to the legislature not later than sixty days prior to the convening of the 2015 Regular Session of the Legislature.

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SPEAKER OF THE HOUSE OF REPRESENTATIVES