

Regular Session, 2010

SENATE BILL NO. 455

BY SENATOR DONAHUE

FUNDS/FUNDING. Provides relative to the sunset and abolition of certain special funds in the state treasury. (6/30/11)

1 AN ACT

2 To amend and enact R.S. 49:308.5(A) and (B) and the introductory paragraph of R.S.
3 49:308.5(C), relative to certain special funds in the state treasury and dedications of
4 money; to sunset and abolish certain funds and certain statutory dedications; to
5 provide for exceptions; to provide for an effective date; and to provide for related
6 matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 49:308.5(A) and (B) and the introductory paragraph of R.S.
9 49:308.5(C) are hereby amended and enacted to read as follows:

10 §308.5. **Abolition and recreation of certain** special funds and dedications of
11 money **in the state treasury**

12 A. The legislature hereby finds that due to the number of special funds in the
13 state treasury it is difficult for the governor, the legislature, and the public to assess
14 the return on investment of the activities supported by such funds. In order to address
15 this situation, the legislature finds that a system of transparency and accountability
16 needs to be established and that the authority for such funds should routinely sunset
17 **after a full and comprehensive review of such funds** unless the return on

1 investment of the activities funded by monies deposited in such fund warrants the
2 continuation of this method of funding. Further inducing competition for funding
3 from the state general fund will put all activities on an equal footing and will allow
4 the governor and the legislature to better prioritize funding.

5 ~~B.(1) The division of administration shall establish a procedure to assure that~~
6 ~~the activities supported by a special fund are subject to the same level of~~
7 ~~transparency and accountability as activities supported by the state general fund. The~~
8 ~~procedure shall include the annual submission of reports no later than December first~~
9 ~~of each year for all entities and activities supported by appropriations from the fund.~~

10 ~~(2) The reports shall be submitted to the president of the Senate, the speaker~~
11 ~~of the House of Representatives, and the division of administration. The reports to~~
12 ~~the division of administration shall be submitted electronically in a form and format~~
13 ~~as specified and established by the commissioner of administration. The division of~~
14 ~~administration shall publish the reports in an electronic database so as to ensure~~
15 ~~transparency and accountability.~~

16 ~~(3)(a) Beginning October 1, 2009, and every two years thereafter, the division~~
17 ~~of administration shall develop a plan and schedule for the review of the special~~
18 ~~funds and dedications. The plan and schedule shall be submitted to the Joint~~
19 ~~Legislative Committee on the Budget for its review and approval. The plan may be~~
20 ~~adjusted annually as needed.~~

21 ~~(b) Each plan and schedule shall provide for the review of not more than~~
22 ~~twenty-five percent of the special funds and dedications. The plan and schedule shall~~
23 ~~specify the funds and dedications that are to be reviewed.~~

24 ~~(c) The Joint Legislative Committee on the Budget, hereinafter referred to as~~
25 ~~"the committee," shall conduct a review of the special funds and dedications as~~
26 ~~specified in each such plan and schedule.~~

27 ~~(4) No later than February 15, 2010 and every two years thereafter, the~~
28 ~~committee shall report the findings of each biennial review to the speaker of the~~
29 ~~House of Representatives, the president of the Senate, the governor, and the~~

1 commissioner of administration.

2 B. Beginning June 30, 2011, and every four years thereafter,
 3 notwithstanding any other law to the contrary and except as provided by the
 4 Constitution of Louisiana and as further provided by Subsections C and D of
 5 this Section, all special funds in the state treasury are hereby abolished and any
 6 and all laws of the state which dedicate or otherwise provide for the use of
 7 money required to be deposited in the state treasury are repealed and
 8 superseded. The treasurer is therefore authorized and directed to transfer the
 9 balances of the abolished funds and deposit them into the general fund. The
 10 treasurer, upon receipt of such money, and after compliance with the
 11 requirements of Article VII, Section 9(B) of the constitution relative to the Bond
 12 Security and Redemption Fund, shall deposit the money in and credit it to the
 13 general fund. All interest earned on the investment of the money shall be
 14 deposited in and credited to the general fund.

15 C. Prior to the abolition of any special funds as provided in Subsection
 16 B of this Section, the Joint Legislative Committee on the Budget shall, no later
 17 than December 31 of the year before such funds shall be abolished, perform a
 18 full and comprehensive review of all such special funds. Unless the Joint
 19 Legislative Committee on the Budget recommends and the legislature enacts a
 20 law to continue or modify a fund, the fund shall be abolished in accordance with
 21 the provisions of Subsection B of this Section.

22 D. This Section shall not apply to or affect the laws which dedicate, **allocate,**
 23 or otherwise provide for the use of the following money or the laws which provide
 24 for the following special funds in the state treasury:

25 * * *

26 Section 2. This Act shall become effective on July 1, 2010; if vetoed by the governor
 27 and subsequently approved by the legislature, this Act shall become effective on July 1,
 28 2010, or on the day following such approval by the legislature, whichever is later.

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

DIGEST

Present law provides for legislative intent establishing a system of transparency and accountability as well as sunset over special treasury funds.

Present law requires the division of administration to establish a procedure to assure that the activities supported by the special funds in the state treasury are subject to the same level of transparency and accountability as activities supported by the state general fund.

Present law provides that beginning October 1, 2009 and every two years thereafter, the division of administration shall develop a plan and schedule for the review of the special funds and dedications, which plan and schedule shall be submitted to the Joint Legislative Committee on the Budget for its review and approval.

Proposed law deletes provisions in present law relative to the review of special funds by the Joint Legislative Committee on the Budget which began October 1, 2009 and every two years thereafter.

Proposed law provides that beginning June 30, 2011, and every four years thereafter, and except as provided by the Constitution of Louisiana and except as exempted in present law, 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 to be deposited in the state treasury are repealed and superseded. Proposed law directs the treasurer to transfer the balances of the abolished funds and deposit them into the general fund.

Proposed law provides, however, that prior to the abolition of any special funds, the Joint Legislative Committee on the Budget shall, no later than December 31 of the year before such funds shall be abolished, perform a full and comprehensive review of all such special funds. Unless the Joint Legislative Committee on the Budget recommends, and the legislature enacts a law to continue or modify a fund, the fund shall be abolished.

Present law provides for exemptions for the laws which dedicate or otherwise provide for the use of money for the following special funds in the state treasury:

- (1) Special funds or dedications of money received by the state or by any state board, agency, or commission which is, protected by the Constitution of Louisiana and laws effectuating such special funds and dedications or special funds containing money which is, not required by the constitution to be deposited in the state treasury.
- (2) Special funds in the state treasury established solely as a requirement of the terms, conditions, or requirements of:
 - (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.

- (3) Special funds and dedications of money provided by law for money received by or on behalf of a state board, agency, authority, or commission which is mainly composed of and represents members of a trade, business, or professional association from fees or assessments paid by the members of the trade, business, or professional association and which expends the money on market or product research and development.
- (4) Special funds and dedications of money provided by law related to the judiciary.
- (5) Special funds and dedications of money provided by law related to retirement funds.

Proposed law retains present law and extends the exclusion to laws which "allocate" money in special funds.

Effective July 1, 2010.

(Amends R.S. 49:308.5(A), (B), and (C) (intro para))