

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 590** HLS 17RS 359

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 9, 2017	5:52 PM	Author: HILFERTY
Dept./Agy.: Statewide		Analyst: Alan M. Boxberger
Subject: Provides review and recommendation on certain dedications		

FUNDS/FUNDING EG INCREASE GF EX See Note
Provides for a review of and recommendation on certain dedicated funds

Present law requires that every two years that the Division of Administration (DOA) develop a plan for the review of no more than 25% of the state's special funds and dedications and submit the plan to the Joint Legislative Committee on the Budget (JLCB); requires that JLCB conduct a review of the funds and dedications in the plan and reports its findings every two years to the speaker of the House of Representatives, the president of the Senate, the governor and the commissioner of administration.

Proposed law establishes a dedicated fund review subcommittee of the JLCB to review and make recommendations on special funds that dedicate state revenue; provides for rulemaking; provides for reporting requirements; changes no more than 25% of funds to at least 25%; provides for a required schedule of fund reviews; requires the review of each fund to result in a

Summary Explanation Continued on Page 2

EXPENDITURES	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						
REVENUES	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

Proposed law will likely result in an indeterminable increase in SGF expenditures associated with periodic or regularly scheduled meetings of the dedicated fund review subcommittee of the JLCB.

Proposed law directs the JLCB to establish a dedicated fund review subcommittee to review and make recommendations on special funds in the state treasury that dedicate state revenue. The JLCB shall provide for the size, membership, appointment, all administrative matters, and delegated powers and duties of the subcommittee. No later than September 1, 2017, and every two years thereafter, the JLCB shall provide for the subcommittee. The subcommittee shall conduct the review of special funds and submit recommendations to the JLCB as required in R.S. 49:308.5.

Proposed law will require the JLCB to review no less than 25% of the special dedicated funds in law as of the date of submission of the plan. The JLCB may review the plan and add any additional special funds prior to approval. JLCBC shall ensure that after four consecutive plans have been approved, all special funds established by law on the date of the submission of the fourth consecutive plan will have been approved at least once in the previous eight years.

Expenditure Explanation Continued on Page 2

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

NOTE: According to the Treasury, there were 383 total statutory and constitutionally dedicated funds at the end of FY 16 with end of year cash balances of approximately \$5.79 billion. Proposed law will not apply to special funds or dedications as enumerated in LA R.S. 49:308.5(C).

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Evan Brasseaux

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Staff Director

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CONTINUED EXPLANATION from page one:

Summary Explanation Continued from Page 1

recommendation by the subcommittee; provides for posting of hearings; requires the treasurer to provide certain information to the subcommittee; requires for state agencies reporting; requires public comment; provides for subcommittee powers; provides for reporting to the JLCB; provides for distribution of the report to all members of the legislature and the treasurer; and provides for certain exceptions from fund review.

Continued Expenditure Explanation from Page 1

Proposed law will likely result in an indeterminable increase in expenditures to conduct meetings of the subcommittee. The impact on expenditures will depend on the number of members appointed to the subcommittee and the number of meetings held to conduct hearings. Members will be eligible for legislative per diem of \$156 plus mileage reimbursement, which is currently \$0.54 per mile. The legislative per diem rate is \$156 and the cost of related benefits (7.65% includes FICA 6.2% and Medicare 1.45%) is approximately \$12 for a daily cost of approximately \$168/day. Such costs could be reduced or eliminated to the degree that subcommittee meetings could potentially coincide with a regularly scheduled JLCB meeting, which typically meets monthly or during the period of a legislative session. However, the legislature's previous experience conducting fund hearings of this nature indicate it may be difficult to meet on the same day as regularly scheduled JLCB meetings due to lengthy agency and public testimony by various interested constituencies.

Proposed law requires the treasurer to submit information regarding the parameters of each fund and a five-year history of revenues, appropriations, investments and earnings and annual balance. Each agency receiving an appropriation from each scheduled fund shall also submit a five-year history of the amount of appropriation or allocation from the fund, detailed use of the fund and outcomes or other relevant performance information for any activity receiving financing from the fund. The subcommittee shall produce a report of findings and recommendations on each special dedicated fund reviewed to be presented to the JLCB for review. The JLCB may make modifications of the report. No later than February 15, 2018, and every two years thereafter, the JLCB shall report the findings and recommendations of each biennial review to each member of the legislature, the treasurer and the commissioner of administration. Certain special funds in the treasury are exempted from review per proposed law.

Preparation of reports and documentation associated with the funds will result in increased periodic workloads for the Division of Administration, the treasury and agency staff, in preparing information for, and attending, the committee's review of each fund. This workload increase is assumed to be attainable with existing staff and resources.

- Senate Dual Referral Rules
- 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
- 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

- House
- 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
- 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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