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## DIGEST

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Katrina Jackson

HB No. 1164

**Abstract:** Relative to fiscal administrators for political subdivisions, provides for time limits on and reports of investigations by fiscal administrators, limits certain powers of fiscal administrators related to personnel, and provides that Act No. 336 of the 2013 Regular Session shall not be applied retroactively.

Present law provides relative to fiscal administrators for political subdivisions. Provides for appointment of a fiscal administrator for a political subdivision if the political subdivision is: (1) reasonably certain to fail to make a debt service payment; (2) reasonably certain to not have sufficient revenue to pay current expenditures, excluding civil judgments; (3) in the case of a local public school board, reasonably certain to fail to resolve its status as financially at risk as that status has been defined by BESE rule; or (4) 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, unless the political subdivision provides sufficient evidence to establish that the political subdivision has an audit for one or more of three such years. Present law provides for the powers of a fiscal administrator, including an investigation of the fiscal affairs of the political subdivision and issuance of a report and authority to direct all fiscal operations of the political subdivision and to take action to return the political subdivision to financial stability. Provides for budget changes by the political subdivision. Provides for further monitoring of revenues and expenditures and for termination of appointment of the fiscal administrator. Provides for violations and penalties.

Present law provides that a fiscal administrator shall perform such investigation of the financial affairs of the political subdivision as he deems necessary. Proposed law provides, if the political subdivision has an annual budget of less than \$500,000, that the fiscal administrator shall complete the investigation in six months or less.

Present law provides that the fiscal administrator, subject to approval of the court, shall have 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 in accordance with all applicable laws, rules, regulations, and policies with which the political subdivision must comply. Provides that his authority includes (among others) authority to: (1) appoint, remove, supervise, and control all personnel and (2) reorganize, consolidate, or abolish departments, commissions, authorities, boards, offices, or functions of the political subdivision. Proposed law limits such personnel authority by providing that if the fiscal administrator reorganizes, consolidates or abolishes departments, commissions, authorities, boards, offices, or functions, he may appoint, remove, supervise, and control personnel affected by such action.

Present law requires, after his investigation, that the fiscal administrator file a written report with the court, the governing authority of the political subdivision, the state treasurer, the attorney general, and the legislative auditor and specifies its contents. Proposed law retains present law and additionally requires that, during the course of his investigation, the fiscal administrator file a written status report with the political subdivision on the last day of each month and that this report include a summary of his activities and findings for the month, together with a proposed schedule of activities for the remainder of the investigation.

Proposed law provides that Act No. 336 of the 2013 R.S., which was effective on August 1, 2013, shall be applicable prospectively from and after that date and shall not be applied retroactively. Act No. 336 of the 2013 R.S. substantially amended the law relative to fiscal administrators, including adding provisions for financial instability and appointment of a fiscal administrator for failure to file an audit with the legislative auditor for three consecutive years, for fiscal administrator authority to direct all fiscal operations of the political subdivision and to take action to return the political subdivision to financial stability, for local personnel to provide information and materials to the fiscal administrator, and for violations and penalties.

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

(Amends R.S. 39:1352(A)(1) and (3)(h) and (B)(1) and (2); Repeals R.S. 39:1352(A)(3)(e))