

2017 Regular Session

SENATE BILL NO. 232

BY SENATOR LAFLEUR

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

FUNDS/FUNDING. Provides relative to funds and state funds. (7/1/17)

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AN ACT

To amend and reenact R.S. 39:371 and 451 and to enact R.S. 49:320.2, relative to funds and state funds in the state treasury; to provide relative to the Bond Security and Redemption Fund; to provide for monies received, collected, deposited, or withdrawn by state agencies; to provide for a procedure for the classification of state funds; to provide for the definition and establishment of suspense sub-funds in the escrow fund in the state treasury; to provide for the definition and establishment of escrow sub-funds in the escrow fund in the state treasury; to provide relative to the composition and duties of the Cash Management Review Board; to provide for the duties of the Joint Legislative Committee in the Budget; to provide for an effective date; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 39:371 and 451 are hereby amended and reenacted to read as follows:

§371. Cash management review board; creation

The cash management review board is hereby created to be composed of the state treasurer, the legislative auditor, ~~and~~ the commissioner of administration, **the**

1 chairman of the Senate Committee on Finance, and the chairman of the House  
2 Committee on Appropriations, or their designees.

3 \* \* \*

4 §451. Bond Security and Redemption Fund

5 A. There is hereby established in the state treasury a special fund to be  
6 designated and hereafter referred to as the bond security and redemption fund, ~~and~~  
7 ~~subject to prior constitutional and statutory dedications and subject to any pledge,~~  
8 ~~dedication or other contractual allocations heretofore made by the Constitution or~~  
9 ~~statutes of the state of Louisiana to the holders of outstanding obligations of the state~~  
10 ~~of Louisiana or any of the state agencies, boards or commissions, all revenues of the~~  
11 ~~state from whatever source derived, except the amounts payable into the long range~~  
12 ~~highway fund as provided in Section 23 of Article VI of the Louisiana Constitution,~~  
13 ~~including without limiting the generality of the foregoing and all moneys, receipts~~  
14 ~~and funds received from taxes, licenses, fees, and permits, or portions thereof~~  
15 ~~heretofore or hereafter levied or imposed, including all bonus receipts collected from~~  
16 ~~the sale of mineral leases, lease rentals, royalties and other miscellaneous revenues,~~  
17 ~~receipts and surplus funds heretofore levied, imposed or dedicated or hereafter~~  
18 ~~dedicated to or collected for the state's general fund shall hereafter be paid into the~~  
19 ~~bond security and redemption fund established by this Chapter.~~ **All money received**  
20 **by the state or by any state board, agency, or commission shall be deposited**  
21 **immediately upon receipt in the state treasury, except that received:**

22 **(1) As a result of grants or donations or other forms of assistance when**  
23 **the terms and conditions thereof or of agreements pertaining thereto require**  
24 **otherwise.**

25 **(2) By trade or professional associations.**

26 **(3) By the employment security administration fund or its successor.**

27 **(4) By retirement system funds.**

28 **(5) By state agencies operating under authority of this constitution**  
29 **preponderantly from fees and charges for the shipment of goods in international**

1 maritime trade and commerce.

2 (6) By a state board, agency, or commission, but pledged by it in  
3 connection with the issuance of revenue bonds as provided in Article VII,  
4 Section 6(C) of the Louisiana Constitution, other than any surplus as may be  
5 defined in the law authorizing such revenue bonds.

6 B. Subject to contractual obligations existing on the effective date of the  
7 Louisiana Constitution, all state money deposited in the state treasury shall be  
8 credited to a special fund designated as the Bond Security and Redemption  
9 Fund, except money received as the result of grants or donations or other forms  
10 of assistance when the terms and conditions thereof or of agreements pertaining  
11 thereto require otherwise. In each fiscal year an amount shall be allocated from  
12 the bond security and redemption fund sufficient to pay all obligations which  
13 are secured by the full faith and credit of the state and which become due and  
14 payable within the current fiscal year, including principal, interest, premiums,  
15 sinking or reserve fund, and other requirements. Thereafter, except as  
16 otherwise provided by law, money remaining in the fund shall be credited to the  
17 state general fund.

18 C. Nothing in this Section shall apply to a levee district or political  
19 subdivision unless the full faith and credit of the state is pledged to the payment  
20 of the bonds of the levee district or political subdivision.

21 Section 2. R.S. 49:320.2 is hereby enacted to read as follows:

22 §320.2. Classification of revenues; suspense sub-funds; escrow sub-funds

23 A. The division of administration, office of statewide reporting and  
24 accounting policy, shall develop a policy manual for the classification of state  
25 revenues which shall define the revenues being classified, and the procedures  
26 necessary to provide uniformity in the classification of revenues as statutory  
27 dedications, fees and self-generated revenue, state general fund, interagency  
28 transfers, or federal funds. The manual shall also contain policies relative to the  
29 creation of suspense sub-funds and escrow sub-funds, utilizing the definitions

1 contained in Paragraphs (B)(1) and (C)(1) of this Section. Prior to  
2 implementation of the manual, the office of statewide reporting and accounting  
3 policy shall submit the proposed manual to the Joint Legislative Committee on  
4 the Budget for review.

5 B.(1) For purposes of this Section, a "suspense sub-fund" is a sub-fund  
6 in the escrow fund in the state treasury in which unclassified monies are held  
7 temporarily pending classification by the depositing agency. When the monies  
8 are classified, the monies shall be transferred out of the suspense sub-fund into  
9 another account in the state treasury or to nonstate individual or entity.

10 (2) Any monies determined to have been paid by a party to the state in  
11 error or in cases in which a refund of the amount paid to the state is due, may  
12 be withdrawn from the suspense sub-fund without a specific appropriation, if  
13 the commissioner of administration and the Joint Legislative Committee on the  
14 Budget are notified in advance of the withdrawal.

15 (3) All deposits to a suspense sub-fund shall be classified and transferred  
16 out of the suspense sub-fund within ninety days from the date of a deposit into  
17 the sub-fund. If the agency is unable to classify and transfer the monies out of  
18 the suspense sub-fund within the ninety day period, the agency shall notify the  
19 commissioner of administration and the Joint Legislative Committee on the  
20 Budget.

21 C. (1) For purposes of this Section, an "escrow sub-fund" is a sub-fund  
22 established in the escrow fund in the state treasury on behalf of a state agency  
23 and a non-state party that are in the process of completing a transaction.

24 (2) No agency shall establish an escrow sub-fund unless the Cash  
25 Management Review Board has authorized the establishment of the escrow sub-  
26 fund in writing and the Joint Legislative Committee on the Budget has  
27 approved the establishment of the escrow sub-fund.

28 (3) The state agency which requested the establishment of the escrow  
29 sub-fund shall submit a monthly report to the Cash Management Review Board

1 and the Joint Legislative Committee on the Budget setting forth the date of the  
 2 establishment of the sub-fund, the beginning balance, any additional deposits  
 3 to the sub-fund, any withdrawals from the sub-fund, the balance in the sub-fund  
 4 as of the date of the report, and any other information requested by the Cash  
 5 Management Review Board or the Joint Legislative Committee on the Budget.

6 (4) No money shall be transferred from an escrow sub-fund to a state  
 7 agency's account without the approval of the commissioner of administration  
 8 and the Joint Legislative Committee on the Budget.

9 D. Beginning July 1, 2017, and each month thereafter, the treasurer  
 10 shall submit a report to the Cash Management Review Board and the Joint  
 11 Legislative Committee on the Budget on suspense sub-funds and escrow  
 12 sub-funds which were in existence on January 1, 2017, and thereafter. The  
 13 report shall utilize the definitions contained in Paragraphs (B)(1) and (C)(1) of  
 14 this Section and shall include the date of the establishment of each suspense  
 15 sub-fund and escrow sub-fund, the sub-fund's beginning balance, deposits made  
 16 to the sub-fund, withdrawals from the sub-fund, the balance in the sub-fund as  
 17 of the date of the report, whether the sub-fund is a suspense sub-fund or an  
 18 escrow sub-fund, and any other information requested by the Cash  
 19 Management Review Board or the Joint Legislative Committee on the Budget.

20 Section 3. This Act shall become effective on July 1, 2017.

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The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Martha Hess.

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SB 232 Original	DIGEST 2017 Regular Session	LaFleur
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Present law provides for the Cash Management Review Board with the authority to approve the establishment of banking and checking accounts of state agencies. The members are the treasurer, the legislative auditor, and the commissioner of administration, or their designees.

Proposed law retains present law and adds the Chairman of the Senate Committee on Finance and the Chairman of the House Committee on Appropriations, or their designees, to the composition of the Cash Management Review Board.

Present law establishes the Bond Security and Redemption Fund in the state treasury as a

special fund. Present law further provides that subject to prior constitutional and statutory dedications and subject to any pledge, dedication or other contractual allocations heretofore made to the holders of outstanding obligations of the state or any of the state agencies, boards or commissions, all revenues of the state from whatever source derived, except the amounts payable into the long range highway fund, including all moneys, receipts, and funds received from taxes, licenses, fees, and permits, all bonus receipts collected from the sale of mineral leases, lease rentals, royalties, and other miscellaneous revenues, receipts, and surplus funds shall be paid into the bond security and redemption fund.

Proposed law revises present law to make it consistent with the provisions of Article VII, Section 9 of the Louisiana Constitution which establishes the Bond Security and Redemption Fund.

Proposed law provides that all money received by the state or by any state board, agency, or commission shall be deposited immediately upon receipt in the state treasury, except that received:

- (1) As a result of grants or donations or other forms of assistance when the terms and conditions thereof or of agreements pertaining thereto require otherwise.
- (2) By trade or professional associations.
- (3) By the employment security administration fund or its successor.
- (4) By retirement system funds.
- (5) By state agencies operating under authority of this constitution preponderantly from fees and charges for the shipment of goods in international maritime trade and commerce.
- (6) By a state board, agency, or commission, but pledged by it in connection with the issuance of revenue bonds as provided in Article VII, Section 6(C) of the Louisiana Constitution, other than any surplus as may be defined in the law authorizing such revenue bonds.

Proposed law further provides that subject to contractual obligations existing on the effective date of the Louisiana Constitution, all state money deposited in the state treasury shall be credited to a special fund designated as the Bond Security and Redemption Fund, except money received as the result of grants or donations or other forms of assistance when the terms and conditions thereof or of agreements pertaining thereto require otherwise.

Proposed law further provides that in each fiscal year an amount shall be allocated from the bond security and redemption fund sufficient to pay all obligations which are secured by the full faith and credit of the state and which become due and payable within the current fiscal year, including principal, interest, premiums, sinking or reserve fund, and other requirements. Thereafter, except as otherwise provided by law, money remaining in the fund shall be credited to the state general fund.

Proposed law provides that it does not apply to a levee district or political subdivision unless the full faith and credit of the state is pledged to the payment of the bonds of the levee district or political subdivision.

Proposed law provides that the division of administration, office of statewide reporting and accounting policy, shall develop a policy manual for the classification of state revenues which shall define the revenues being classified, and the procedures necessary to provide uniformity in the classification of revenues as statutory dedications, fees and self-generated revenue, state general fund, interagency transfers, or federal funds. The manual shall also contain the policies and procedures relative to the creation of suspense sub-funds and escrow

sub-funds, utilizing the definitions contained in Paragraphs (B)(1) and (C)(1) of proposed law. Proposed law further provides that prior to implementation of the manual, the office of statewide reporting and accounting policy shall submit the manual to the Joint Legislative Committee on the Budget for review.

Proposed law provides for the establishment of "suspense sub-funds" in the state treasury which is defined as an account in the escrow fund in which unclassified monies are held temporarily pending classification by the depositing agency.

Proposed law provides that when the monies in the suspense sub-fund are classified, the monies shall be transferred out of the suspense sub-fund into another account in the state treasury or to an individual or a non-state entity.

Proposed law authorizes monies paid to the state in error or in cases in which a refund of the amount paid to the state is due, may be withdrawn from the suspense sub-fund without a specific appropriation, if the commissioner of administration and the Joint Legislative Committee on the Budget are notified in advance of the withdrawal.

Proposed law requires all deposits to the suspense sub-fund to be classified and transferred out of the suspense sub-fund within 90 days from the date of a deposit into the suspense sub-fund. If the agency is unable to classify and transfer the monies out of the suspense sub-fund within the 90 day period, the agency shall notify the commissioner of administration and the Joint Legislative Committee on the Budget.

Proposed law provides for the establishment of an "escrow sub-fund" which is defined as an account established in the escrow fund in the state treasury on behalf of a state agency and a non-state party that are in the process of completing a transaction.

Proposed law prohibits an agency from establishing an escrow sub-fund unless the Cash Management Review Board has authorized the establishment of the escrow sub-fund in writing and the Joint Legislative Committee on the Budget has approved the establishment of the escrow sub-fund.

Proposed law further provides that the state agency which requested the establishment of the escrow sub-fund shall submit a monthly report to the Cash Management Review Board and the Joint Legislative Committee on the Budget setting forth the date of the establishment of the escrow sub-fund, the beginning balance, any additional deposits to the sub-fund, any withdrawals from the sub-fund, the balance in the sub-fund as of the date of the report, and any other information requested by the Cash Management Review Board or the Joint Legislative Committee on the Budget.

Proposed law prohibits any money from being withdrawn from an escrow sub-fund into an account of a state agency without the approval of the commissioner of administration and the Joint Legislative Committee on the Budget.

Proposed law further requires that beginning July 1, 2017, and each month thereafter, the treasurer shall submit a report to the Cash Management Review Board and the Joint Legislative Committee on the Budget on suspense sub-funds and escrow sub-funds which are in existence on January 1, 2017, and thereafter. The report shall utilize the definitions contained in Paragraphs (B)(1) and (C)(1) of this Section and shall include the date of the establishment of each suspense sub-fund and escrow sub-fund, the sub-fund's beginning balance, deposits made to the sub-fund, withdrawals from the sub-fund, the balance in the sub-fund as of the date of the report, whether the sub-fund is a suspense sub-fund or an escrow sub-fund, and any other information requested by the Cash Management Review Board or the Joint Legislative Committee on the Budget.

Effective July 1, 2017.

(Amends R.S. 39:371 and 451; adds R.S. 49:320.2))