

SENATE COMMITTEE AMENDMENTS

2025 Regular Session

Amendments proposed by Senate Committee on Local and Municipal Affairs to Original
Senate Bill No. 54 by Senator Mizell

1 AMENDMENT NO. 1

2 On page 1, line 2, after "reenact" delete "R.S. 39:1355" insert "R.S. 39:1351(A)(1)(b), (2)(a)
3 and (c), (3), (B)(1)(a) and (b), 1355"

4 AMENDMENT NO. 2

5 On page 1, line 3, after "fiscal administrators;" insert "to provide relative to financial
6 stability;"

7 AMENDMENT NO. 3

8 On page 1, line 11, after "Section 1" delete "R.S. 39:1355" insert "R.S. 39:1351(A)(1)(b),
9 (2)(a) and (c), (3), (B)(1)(a) and (b), 1355"

10 AMENDMENT NO. 4

11 On page 1, between lines 12 and 13, insert the following:

12 "§1351. Appointment of a fiscal administrator

13 A.(1)(a) * * *

14 (b) As used in this Chapter, "financial stability" is defined as a condition in
15 which the political subdivision is capable of meeting its financial obligations in a
16 timely manner as they become due without substantial disposition of assets outside
17 the ordinary course of business, substantial layoffs of personnel, or interruption of
18 statutorily or other legally required services of the political subdivision, restructuring
19 of debt, revision of operations, or similar actions. **A political subdivision shall not**
20 **be considered financially stable if any of the conditions described in**
21 **Subparagraph (2)(a)(i) through (x) of this Section exist. The existence of a single**
22 **such condition is sufficient to remove a political subdivision from the category**
23 **of "financial stability" regardless of its other financial metrics or**
24 **circumstances.**

25 (2)(a) **The attorney general shall file a rule to show cause to appoint a**
26 **fiscal administrator for the political subdivision as provided for in this Chapter**
27 **if** ~~if~~ it is determined by the unanimous decision of the legislative auditor, the attorney
28 general, and the state treasurer at a public meeting to consider such matters that a
29 political subdivision is reasonably certain to not maintain financial stability including
30 but not limited to **any of the following conditions:**

31 (i) ~~having~~ **Having** insufficient revenue to pay ~~current~~ **twelve months of**
32 **operating** expenditures, excluding civil judgments, ~~or~~ .

33 (ii) ~~failing~~ **Failure** to make a debt service payment; .

34 (iii) **Material fraud, misappropriation, or intentional misrepresentation**
35 **in financial records that has been discovered by any regulatory body, law**
36 **enforcement agency, auditor, or governmental entity.**

37 (iv) **File or maintain false public records including knowingly filing,**
38 **maintaining, or certifying false, fraudulent, or materially misleading financial**
39 **documents, reports, or records.**

40 (v) **Receive an audit opinion other than an unmodified opinion, or having**
41 **a material weakness, significant deficiency, or growing concern, or uncertainty**
42 **identified in the independent audit.**

43 (vi) **Violate or is in technical default of bond covenants or financing**
44 **agreements.**

45 (vii) **Recurring or significant reliance on nonrecurring sources of**
46 **revenue to cover routine operating expenditures. "Significant reliance" includes**
47 **cashing certificates or deposits or other long-term investments to pay operating**

expenses, or using funds from loans that are intended for a purpose other than paying operating expenses.

(viii) Failure to timely adopt a balanced annual budget or repeated mid-year budget adjustments indicative of structural financial imbalance.

(ix) Failure to make timely payments to retirements systems or health benefit programs for employees.

(x) Failure to make timely payments to the Internal Revenue Service or the Louisiana Department of Revenue for employees' payroll taxes. ~~the attorney general shall file a rule to appoint a fiscal administrator for the political subdivision as provided for in this Chapter.~~

* * *

(c)(i) Failure of a political subdivision to provide an audit required by R.S. 24:513 to the legislative auditor for a period of ~~three~~ **two** consecutive fiscal years shall automatically remove the political subdivision from the category of "financial stability" as defined in this Section and shall be prima facie evidence that the political subdivision is reasonably certain not to have sufficient revenue to pay current expenditures, excluding civil judgments.

(ii) Failure of a city, parish, or other local public school board to provide an audit required by R.S. 24:513 to the legislative auditor for a period of ~~three~~ **two** consecutive fiscal years shall automatically place that political subdivision in the category of "financially at risk" and shall be prima facie evidence that the political subdivision is reasonably certain to fail to resolve its status as financially at risk as that status is defined by rule by the State Board of Elementary and Secondary Education.

(3) Upon making the decision authorized by Paragraph (2) of this Subsection, the attorney general shall, on motion in the district court of the domicile of the political subdivision, ~~take file a~~ **file a** rule on the political subdivision to show cause why a fiscal administrator should not be appointed for the political subdivision as provided for in this Chapter. The hearing on the rule to show cause ~~may~~ **shall** be tried out of term ~~and in chambers~~, shall always be tried by preference, and shall be held in not less than ten nor more than twenty days from the date the motion is filed. If the political subdivision consents to the appointment of a fiscal administrator, a joint motion by the attorney general and the political subdivision, along with a consent judgment, shall be filed in the district court of the domicile of the political subdivision within forty-five days of the decision authorized by Paragraph (2) of this Subsection. The court shall appoint a fiscal administrator within twenty days of filing the joint motion and consent judgment according to the terms of the consent judgment.

B.(1) * * *

(a) If the court finds by a preponderance of the evidence from the facts and evidence deduced at the hearing of the rule that the political subdivision is reasonably certain to fail to make a debt service payment or reasonably certain to not have sufficient revenue to pay current expenditures, excluding civil judgments, **or any of the conditions set forth in Paragraph (A)(2)(a)(iii) through (x) of this Section exists** or, in the case of a city, parish, or other local public school board, reasonably certain to fail to resolve its status as financially at risk as that status has been defined by rule by the State Board of Elementary and Secondary Education.

(b) If a political subdivision has failed to provide an audit required by R.S. 24:513 to the legislative auditor for a period of ~~three~~ **two** 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~~ **two** such years.

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