

2025 Regular Session

SENATE BILL NO. 54

BY SENATOR MIZELL

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

LOCAL AGENCIES. Provides for a limited fiscal administrator for political subdivisions.
(8/1/25)

AN ACT

To amend and reenact R.S. 39:1351(A)(1)(b), (2)(a) and (c), (3), (B)(1)(a) and (b), 1355, 1356(E) and 1357(A), (C), (D), (H) and (I) and to enact R.S. 39:1358, 1358.1, 1358.2, and 1358.3, relative to fiscal administrators; to provide relative to financial stability; to provide relative to the appointment of a limited jurisdiction fiscal administrator; to provide for the duties of a limited jurisdiction fiscal administrator; to provide relative to budget amendments to address emergencies; to provide for the termination of the appointment of limited jurisdiction fiscal administrator; to provide relative to violations by an officer, official, or employee of a political subdivision; to provide relative to penalties; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 39:1351(A)(1)(b), (2)(a) and (c), (3), (B)(1)(a) and (b), 1355, 1356(E) and 1357(A), (C), (D), (H) and (I) are hereby amended and reenacted and R.S. 39:1358, 1358.1, 1358.2, and 1358.3 are hereby enacted to read as follows:

§1351. Appointment of a fiscal administrator

A.(1)(a) * * *

(b) As used in this Chapter, "financial stability" is defined as a condition in

1 which the political subdivision is capable of meeting its financial obligations in a
2 timely manner as they become due without substantial disposition of assets outside
3 the ordinary course of business, substantial layoffs of personnel, or interruption of
4 statutorily or other legally required services of the political subdivision, restructuring
5 of debt, revision of operations, or similar actions. A political subdivision shall not
6 be considered financially stable if any of the conditions described in
7 Subparagraph (2)(a)(i) through (x) of this Section exist. The existence of a single
8 such condition is sufficient to remove a political subdivision from the category
9 of "financial stability" regardless of its other financial metrics or
10 circumstances.

11 (2)(a) The attorney general shall file a rule to show cause to appoint a
12 fiscal administrator for the political subdivision as provided for in this Chapter
13 if If it is determined by the unanimous decision of the legislative auditor, the attorney
14 general, and the state treasurer at a public meeting to consider such matters that a
15 political subdivision is reasonably certain to not maintain financial stability including
16 but not limited to any of the following conditions:

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

19 (ii) ~~failing~~ **Failure** to make a debt service payment,.

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

23 (iv) File or maintain false public records including knowingly filing,
24 maintaining, or certifying false, fraudulent, or materially misleading financial
25 documents, reports, or records.

26 (v) Receive an audit opinion other than an unmodified opinion, or having
27 a material weakness, significant deficiency, or growing concern, or uncertainty
28 identified in the independent audit.

29 (vi) Violate or is in technical default of bond covenants or financing

1 agreements.

2 (vii) Recurring or significant reliance on nonrecurring sources of
3 revenue to cover routine operating expenditures. "Significant reliance" includes
4 cashing certificates or deposits or other long-term investments to pay operating
5 expenses, or using funds from loans that are intended for a purpose other than
6 paying operating expenses.

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

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

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

15 * * *

16 (c)(i) Failure of a political subdivision to provide an audit required by R.S.
17 24:513 to the legislative auditor for a period of ~~three~~ two consecutive fiscal years
18 shall automatically remove the political subdivision from the category of "financial
19 stability" as defined in this Section and shall be prima facie evidence that the
20 political subdivision is reasonably certain not to have sufficient revenue to pay
21 current expenditures, excluding civil judgments.

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

29 (3) Upon making the decision authorized by Paragraph (2) of this Subsection,

1 the attorney general shall, on motion in the district court of the domicile of the
2 political subdivision, ~~take~~ file a rule on the political subdivision to show cause why
3 a fiscal administrator should not be appointed for the political subdivision as
4 provided for in this Chapter. The hearing on the rule to show cause ~~may~~ shall be
5 tried out of term ~~and in chambers~~, shall always be tried by preference, and shall be
6 held in not less than ten nor more than twenty days from the date the motion is filed.

7 If the political subdivision consents to the appointment of a fiscal administrator, a
8 joint motion by the attorney general and the political subdivision, along with a
9 consent judgment, shall be filed in the district court of the domicile of the political
10 subdivision within forty-five days of the decision authorized by Paragraph (2) of this
11 Subsection. The court shall appoint a fiscal administrator within twenty days of filing
12 the joint motion and consent judgment according to the terms of the consent
13 judgment.

14 B.(1) * * *

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

23 (b) If a political subdivision has failed to provide an audit required by R.S.
24 24:513 to the legislative auditor for a period of ~~three~~ two consecutive fiscal years,
25 unless the political subdivision provides sufficient evidence to establish that the
26 political subdivision has an audit for one or more of ~~three~~ two such years.

27 * * *

28 §1355. Violations

29 In addition to other violations of this Chapter, it shall be a violation of this

Chapter for any officer, official, or employee of a political subdivision or public water system:

(1) To neglect, fail, or refuse to furnish the fiscal administrator or limited jurisdiction fiscal administrator with such papers, accounts, books, documents, films, tapes, and other forms of recordation, including but not limited to computer and recording devices, whether confidential, privileged, or otherwise, that the fiscal administrator or limited jurisdiction fiscal administrator has the right to inspect and examine.

(2) To deny the fiscal administrator, receiver, or limited jurisdiction fiscal administrator access to the office, or to papers, accounts, books, documents, films, tapes, and other forms of recordation, including but not limited to computer and recording devices, whether confidential, privileged, or otherwise, that the fiscal administrator, receiver, or judicial administrator has the right to inspect or examine.

(3) To refuse, fail, or neglect to transmit to the fiscal administrator, receiver, or limited jurisdiction fiscal administrator reports, statements of accounts, or other documents upon request as provided by law.

(4) To obstruct or impede the fiscal administrator, receiver, or limited jurisdiction fiscal administrator, in any manner, in making the examination authorized by law.

§1356. Penalties

* * *

E. Neither costs nor attorney fees related to any legal action pursuant to charges of misconduct or malfeasance or to any other matter related to or resulting from the appointment of a fiscal administrator, receiver, or limited jurisdiction fiscal administrator initiated by either the political subdivision or an officer, official, or employee of a political subdivision or public water system shall be reimbursed to an officer, official, or employee of a political subdivision or public water system unless the officer, official, or employee is acquitted or the suit is

dismissed.

§1357. Fiscal Administrator Revolving Loan Fund

A. There is hereby established a revolving fund in the state treasury to be known as the "Fiscal Administrator and Receiver Revolving Loan Fund", hereinafter referred to as the "fund", which shall be maintained and operated by the Department of the Treasury. The source of monies deposited in and credited to the fund shall be all grants, gifts, and donations received by the state for the purpose of funding fiscal administrators, limited fiscal administrators or receivers; any money appropriated by the legislature to the fund; the repayment of principal of and interest on loans and other obligations made to political subdivisions or public water system financed from the fund; and other revenues as may be provided by law.

* * *

C. Notwithstanding any provisions of law to the contrary, and in addition to the authority to borrow money or incur debt under any other provisions of law, any political subdivision or public water system for which a fiscal administrator, limited fiscal administrators or receiver is in the process of being appointed or which has been appointed as provided in this Chapter, R.S. 40:5.9, or R.S. 40:5.9.1, is hereby authorized to borrow money from and incur debt payable to the fund in accordance with the provisions of this Section. Such borrowing shall be subject to the approval of:

* * *

(2) The fiscal administrator, limited fiscal administrators, or receiver if one has been appointed by the court.

* * *

D. The monies in the fund shall be appropriated and used only for the purpose of providing financial assistance to a political subdivision or public water system for which a court has appointed a fiscal administrator, limited fiscal administrators, or receiver as provided in this Chapter, R.S. 40:5.9, or R.S.

40:5.9.1 by providing a source of funds from which the political subdivision **or public water system** may borrow in order to pay the costs and expenses associated with the independent fiscal administration **or receivership** of the political subdivision **or public water system**, including but not limited to all costs and expenses incurred by the fiscal administrator, **limited fiscal administrators or receiver** the legislative auditor, the attorney general, the state treasurer, and any other persons engaged in connection with the independent fiscal administration, **limited fiscal administrators or receiver**.

* * *

H. Monies in, credited to the account of, or to be received by the Fiscal Administrator **and Receiver** Revolving Loan Fund shall be expended in a manner consistent with the terms and conditions of the loans made from the fund.

I. The repayment of principal of and interest on loans and other obligations made to political subdivisions or public water systems financed from the Fiscal Administrator and Receiver Revolving Loan Fund shall be deposited into the Fiscal Administrator and Receiver Revolving Loan Fund and may be used to finance loans and obligations to other political subdivisions or public water systems for which a fiscal administrator, limited fiscal administrators or receiver is appointed pursuant to this Chapter, R.S. 40:5.9, or R.S. 40:5.9.1, provided that reserves for expenditures for the administration of the fund that the Department of the Treasury deems necessary and prudent may be retained in the fund.

* * *

§1358. Appointment of a limited jurisdiction fiscal administrator

A.(1) The legislative auditor, the attorney general, and the state treasurer, or his designee, shall meet to review the necessity for the appointment of a limited jurisdiction fiscal administrator for political subdivisions of the state to address emergencies affecting the fiscal stability and public health, safety, and welfare of the citizens of a political subdivision or the state.

(2) As used in this Chapter, a limited jurisdiction fiscal administrator

1 shall be a fiscal administrator whose oversight is limited to a specific
2 department or functions of a political subdivision necessary to address the
3 emergency affecting the fiscal stability and public health, safety, and welfare of
4 citizens of a political subdivision of the state.

5 (3) Grounds for appointment of a limited jurisdiction fiscal
6 administrator pursuant to this Chapter shall include but not be limited to the
7 inability of the political subdivision pursuant to R.S. 39:72.1 to receive state and
8 local funds or federal funds due to noncompliance with the audit law, R.S.
9 24:513 et seq.

10 (4) If it is determined by unanimous decision of the legislative auditor,
11 attorney general, and state treasurer at a public meeting to consider matters
12 that the appointment of a limited jurisdiction fiscal administrator is required
13 in order to address an emergency, the attorney general shall file a rule to
14 appoint a limited jurisdiction fiscal administrator as provided in this Chapter.

15 B. Upon making the decision authorized in Subsection A of this Section,
16 the attorney general shall, upon motion in the district court of the domicile of
17 the political subdivision, file a rule to show cause why a limited jurisdiction
18 fiscal administrator should not be appointed for the political subdivision as
19 provided in this Chapter. The hearing on the rule to show cause may be tried
20 out of term and in chambers, shall always be tried by preference, and shall be
21 held not less than ten, nor more than twenty days from the date the motion was
22 filed. If the political subdivision consents to the appointment of a limited
23 jurisdiction fiscal administrator, then the parties shall file a joint motion and
24 a consent judgment for the appointment of a limited jurisdiction fiscal
25 administrator for the political subdivision within forty-five days. The court shall
26 appoint a limited jurisdiction fiscal administrator according to the terms of the
27 consent judgment within twenty days from the date that the joint motion and
28 consent judgment were filed.

29 C.(1) The trial court, in the absence of a joint motion and consent

1 judgment, shall appoint a limited jurisdiction fiscal administrator in the
2 following instances:

3 (a) If after a hearing, the court finds by a preponderance of the evidence
4 from the facts and evidence that the political subdivision is reasonably certain
5 to be unable to address an emergency affecting the fiscal stability and public
6 health, safety, and welfare of the citizens of a political subdivision or the state.

7 (b) If a political subdivision is prohibited from receiving state or local
8 assistance or federal funds necessary to address an emergency affecting public
9 health, safety, or welfare of the citizens of a political subdivision or the state
10 pursuant to R.S. 39:72.1.

11 (2) The limited jurisdiction fiscal administrator shall be recommended
12 by the legislative auditor and attorney general and approved by the court as
13 having sufficient education, experience, and qualifications to perform the duties
14 of limited jurisdiction fiscal administrator as provided in this Chapter.

15 (3) The limited jurisdiction fiscal administrator appointed pursuant to
16 this Chapter shall be subject to indemnification as a covered individual as
17 defined in R.S. 13:5108.1.

18 (4) All costs and expenses associated with the independent limited
19 jurisdiction fiscal administration of a political subdivision, including but not
20 limited to all costs and expenses incurred by the limited jurisdiction fiscal
21 administrator, legislative auditor, attorney general, state treasurer, and any
22 other person involved with the independent limited jurisdiction fiscal
23 administration of a political subdivision shall be assessed to the political
24 subdivision subject to independent limited jurisdiction fiscal administration.

25 D. A limited jurisdiction fiscal administrator may be removed by the
26 court only by request of the fiscal administrator, or as provided in R.S. 39:1354,
27 or for fraud, negligence, or misconduct.

28 §1358.1. Duties of a limited jurisdiction fiscal administrator

29 A.(1) The limited jurisdiction fiscal administrator shall have access to all

1 papers, books, records, documents, films, tapes, and other forms of recordation
2 of the political subdivision or, as related to the political subdivision of the state
3 or emergency.

4 (2) The limited jurisdiction fiscal administrator, subject to state law,
5 shall have authority to direct all fiscal operations of departments and functions
6 of the political subdivision and to take whatever action he considers necessary
7 to address an emergency affecting public health, safety, or welfare of the
8 citizens of a political subdivision or the state. The limited jurisdiction fiscal
9 administrator's authority shall include but not be limited to, authority to take
10 one or more of the following actions as necessary to address the emergency:

11 (a) Amend, formulate, and execute the annual budget and supplemental
12 budgets of the political subdivision.

13 (b) Amend, formulate, and execute capital budgets, including authority
14 to amend borrowing authorization or finance or refinance debt in accordance
15 with law.

16 (c) Review and approve or disapprove all contracts for goods or services.

17 (d) Appoint, remove, supervise, and control all personnel.

18 (e) Alter or eliminate the responsibilities of officials, officers, or
19 employees of the political subdivision as required by the emergency.

20 (f) Employ, retain, and supervise managerial, professional, and clerical
21 staff necessary to carry out the limited jurisdiction fiscal administrator's
22 responsibilities.

23 (g) Reorganize, consolidate, or abolish departments, commissions,
24 authorities, boards, offices, or functions of the political subdivision.

25 (h) Make an appropriation, contract, expenditure, or loan, create a new
26 position, or fill a vacancy, or approve or disapprove any such action.

27 (3) Upon the appointment of a limited jurisdiction fiscal administrator,
28 the officer, officials, and employees of the political subdivision shall serve in an
29 advisory capacity to the limited jurisdiction fiscal administrator concerning the

1 departments and functions necessary to address the emergency. The limited
2 jurisdiction fiscal administrator shall allow the officers, officials, and employees
3 to serve constituents and fulfill duties by providing advice to the fiscal
4 administrator on matters relating to the emergency. If a conflict arises, the
5 decision of the limited jurisdiction fiscal administrator shall prevail.

6 B.(1) Upon appointment by the court, the limited jurisdiction fiscal
7 administrator shall perform an investigation and file a written report of his
8 findings with the court, the governing authority of the political subdivision,
9 state treasurer, attorney general, and legislative auditor. The report shall be
10 updated quarterly during the term of fiscal administration.

11 (2) The report shall contain the following:

12 (a) Amendments to the comprehensive budget of the political
13 subdivisions adopted pursuant to R.S. 39:1309, or a proposed comprehensive
14 budget if the budget has not been previously adopted, which insures
15 appropriation of funds to address the emergency.

16 (b) An estimate of the financial aid or new revenue needed by the
17 political subdivision if the limited jurisdiction fiscal administrator determines
18 that revenues and available funds of the political subdivision are, or will be,
19 insufficient to address the emergency.

20 (3) The final report shall also contain a proposed two-year plan with the
21 goal of resolving and addressing any further matters concerning the emergency.

22 (4) The limited jurisdiction fiscal administrator shall file any other
23 reports required by the court.

24 C. In order to perform the investigation and reporting required of the
25 limited jurisdiction fiscal administrator pursuant to this Chapter, the officers,
26 officials, and employees of the political subdivision shall provide within three
27 business days, all information the limited jurisdiction fiscal administrator
28 requests in the performance of his duties. If the officer, official, or employee is
29 unable to provide the information within the required time, then the officer,

1 official, or employee shall send a written notice to the limited jurisdiction fiscal
2 administrator within the three business days of the reason why the information
3 has not been provided. If the officer, official, or employee fails to respond within
4 the three business days, or if the limited jurisdiction fiscal administrator fails
5 to receive the requested information, then the attorney general or his designee
6 shall file either or both of the following with the district court:

7 (1) A writ of mandamus to compel the officer or official to perform the
8 mandatory or ministerial duties.

9 (2) A motion for injunctive relief seeking to compel the officer, official,
10 or employee to act or refrain from acting, pending final resolution of the matter.

11 §1358.2. Adoption of budget amendments to address emergencies

12 A. Within seven days after receipt of the initial report, the governing
13 authority of the political subdivision shall adopt in an open meeting the
14 comprehensive budget, or amendments to the original comprehensive budget
15 of the political subdivision, as proposed in the report of the limited jurisdiction
16 fiscal administrator, which are necessary to address the emergency during the
17 remainder of the current fiscal year and the following fiscal year.

18 B. If the governing authority of the political subdivision fails to adopt the
19 budget or budget amendments, or if the revisions made by the governing
20 authority of the political subdivision are not approved by the limited
21 jurisdiction fiscal administrator, then the attorney general shall file a rule to
22 show cause in the manner provided in R.S. 39:1351, why the court should not
23 order the adoption and implementation of the budget without the unapproved
24 revisions. The court shall order the adoption and implementation of the budget
25 proposed by the limited jurisdiction fiscal administrator which includes the
26 revisions by the governing authority of the political subdivision, except the
27 revisions which the court finds with reasonable certainty that the political
28 subdivision will not have sufficient funds to address the emergency.

29 §1358.3. Termination of appointment of limited jurisdiction fiscal

administrator

A. The limited jurisdiction fiscal administrator shall monitor revenues and expenditures of the political subdivision under the adopted budget and make supplemental reports which he considers necessary, but not less than required pursuant to R.S. 39:1352(B)(1), until the emergency has been resolved. The supplemental reports shall be subject to adoption, approval, and court review as provided in R.S. 39:1352.

B. The appointment of the limited jurisdiction fiscal administrator shall terminate upon his own motion, or upon the motion of the attorney general or the political subdivision, if the court finds that the emergency has been resolved.

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Senate Legislative Services. The keyword, summary, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

DIGEST

SB 54 Reengrossed

2025 Regular Session

Mizell

Present law provides that "financial stability" is defined as a condition in which the political subdivision is capable of meeting its financial obligations in a timely manner as they become due without substantial disposition of assets outside the ordinary course of business, substantial layoffs of personnel, or interruption of statutorily or other legally required services of the political subdivision, restructuring of debt, revision of operations, or similar actions.

Proposed law retains present law but provides that a political subdivision shall not be considered financially stable if any of the conditions described in proposed law exist.

Proposed law provides that the existence of a single such condition is sufficient to remove a political subdivision from the category of "financial stability" regardless of its other financial metrics or circumstances.

Proposed law provides that the attorney general shall file a rule to show cause to appoint a fiscal administrator for the political subdivision as provided for in proposed law if it is determined by the unanimous decision of the legislative auditor, the attorney general, and the state treasurer at a public meeting to consider such matters that a political subdivision is reasonably certain to not maintain financial stability including but not limited to any of the following conditions:

- (1) Having insufficient revenue to pay twelve months of operating expenditures, excluding civil judgments.
- (2) Failure to make a debt service payment.
- (3) Material fraud, misappropriation, or intentional misrepresentation in financial records that has been discovered by any regulatory body, law enforcement agency, auditor, or governmental entity.

- (4) File or maintain false public records including knowingly filing, maintaining, or certifying false, fraudulent, or materially misleading financial documents, reports, or records.
- (5) Receive an audit opinion other than an unmodified opinion, or having a material weakness, significant deficiency, or growing concern, or uncertainty identified in the independent audit.
- (6) Violate or is in technical default of bond covenants or financing agreements.
- (7) Recurring or significant reliance on nonrecurring sources of revenue to cover routine operating expenditures. "Significant reliance" includes 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.
- (8) Failure to timely adopt a balanced annual budget or repeated mid-year budget adjustments indicative of structural financial imbalance.
- (9) Failure to make timely payments to retirements systems or health benefit programs for employees.
- (10) Failure to make timely payments to the IRS or the La. Dept. of Revenue for employees' payroll taxes.

Present law provides that present law failure of a political subdivision to provide an audit required by R.S. 24:513 to the legislative auditor for a period of three 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.

Proposed law retains present law but changes the time period for a political subdivision to provide an audit required by present law to the legislative auditor from a period of three consecutive fiscal years to two consecutive fiscal years.

Present law provides that failure of a city, parish, or other local public school board to provide an audit required by present law to the legislative auditor for a period of three 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 BESE.

Proposed law retains present law but changes the time period for a city, parish, or other local public school board to provide an audit required by present law to the legislative auditor from a period of three consecutive fiscal years to two consecutive fiscal years.

Present law provides that upon making the decision authorized by present law, the attorney general shall, on motion in the district court of the domicile of the political subdivision, take rule on the political subdivision to show cause why a fiscal administrator should not be appointed for the political subdivision as provided for in present law. The hearing on the rule to show cause may be tried out of term and in chambers, shall always be tried by preference, and shall be held in not less than 10 nor more than 20 days from the date the motion is filed.

Present law provides that 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 45 days of the decision authorized by present law. The court shall appoint a fiscal administrator within 20 days of filing the joint motion and consent judgment

according to the terms of the consent judgment.

Proposed law retains present law but provides that the hearing on the rule to show cause shall be tried out of term and does not have to be held in chambers.

Present law provides that 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, 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 BESE.

Proposed law retains present law but further provides an exception for not having sufficient revenue to pay current expenditures to include conditions set forth in proposed law.

Present law provides that 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 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.

Proposed law retains present law but changes the time period for a political subdivision to provide an audit required by present law to the legislative auditor from a period of three consecutive fiscal years to two consecutive fiscal years.

Present law (R.S. 39:1355) provides that it shall be a violation of present law for any officer, official, or employee of a political subdivision or public water system:

- (1) To neglect, fail, or refuse to furnish the fiscal administrator with such papers, accounts, books, documents, films, tapes, and other forms of recordation, including but not limited to computer and recording devices, whether confidential, privileged, or otherwise, that the fiscal administrator has the right to inspect and examine.
- (2) To deny the fiscal administrator access to the office, or to papers, accounts, books, documents, films, tapes, and other forms of recordation, including but not limited to computer and recording devices, whether confidential, privileged, or otherwise, that the fiscal administrator has the right to inspect or examine.
- (3) To refuse, fail, or neglect to transmit to the fiscal administrator reports, statements of accounts, or other documents upon request as provided by law.
- (4) To obstruct or impede the fiscal administrator in any manner, in making the examination authorized by law.

Present law provides that there is hereby established a revolving fund in the state treasury to be known as the "Fiscal Administrator Revolving Loan Fund", hereinafter referred to as the "fund", which shall be maintained and operated by the Department of the Treasury.

Proposed law retains present law but changes the name of the revolving fund to the "Fiscal Administrator and Receiver Revolving Loan Fund".

Present law provides that the source of monies deposited in and credited to the fund shall be all grants, gifts, and donations received by the state for the purpose of funding fiscal administrators; any money appropriated by the legislature to the fund; the repayment of principal of and interest on loans and other obligations made to political subdivisions financed from the fund; and other revenues as may be provided by law.

Proposed law retains present law but adds all grants, gifts, and donations received by the state for the purpose of funding limited fiscal administrators or receivers and the repayment

of principal of and interest on loans and other obligations made to public water systems financed from the fund as source of monies to deposited in and credited to the fund.

Present law provides that in addition to the authority to borrow money or incur debt under any other provisions of law, any political subdivision for which a fiscal administrator, is in the process of being appointed or which has been appointed as provided in proposed law, is hereby authorized to borrow money from and incur debt payable to the fund in accordance with the provisions of present law.

Proposed law retains present law but adds public water systems.

Present law provides that the monies in the fund shall be appropriated and used only for the purpose of providing financial assistance to a political subdivision for which a court has appointed a fiscal administrator as provided in this proposed law by providing a source of funds from which the political subdivision may borrow in order to pay the costs and expenses associated with the independent fiscal administration of the political subdivision, including but not limited to all costs and expenses incurred by the fiscal administrator, the legislative auditor, the attorney general, the state treasurer, and any other persons engaged in connection with the independent fiscal administration.

Proposed law retains present law but adds public water systems as entities that may receive money from the fund.

Proposed law retains present law and provides a receiver or limited jurisdiction fiscal administrator with the same authority as a fiscal administrator for inspection and examination purposes.

Present law (R.S. 39:1356(E)) provides that neither costs nor attorney fees related to any legal action pursuant to charges of misconduct or malfeasance or to any other matter related to or resulting from the appointment of a fiscal administrator initiated by either the political subdivision or an officer, official, or employee of a political subdivision shall be reimbursed to an officer, official, or employee of a political subdivision unless the officer, official, or employee is acquitted or the suit is dismissed.

Proposed law retains present law and provides that neither costs nor attorney fees related to any legal action pursuant to charges of misconduct or malfeasance or to any other matter related to or resulting from the appointment of a receiver or fiscal administrator or limited jurisdiction fiscal administrator initiated by either the political subdivision or an officer, official, or employee of a political subdivision or public water system shall be reimbursed to an officer, official, or employee of a political subdivision or public water system unless the officer, official, or employee is acquitted or the suit is dismissed.

Proposed law provides that the legislative auditor, attorney general, and state treasurer, or his designee, shall meet as often as deemed necessary to review the necessity for the appointment of a limited jurisdiction fiscal administrator for political subdivisions of the state to address emergencies affecting the fiscal stability and public health, safety, and welfare of the citizens of a political subdivision or the state.

Proposed law provides that a limited jurisdiction fiscal administrator shall be a fiscal administrator whose oversight is limited to a specific department or functions of a political subdivision necessary to address the emergency affecting the fiscal stability and public health, safety, and welfare of citizens of a political subdivision of the state.

Proposed law provides that the grounds for appointment of a limited jurisdiction fiscal administrator pursuant to present law shall include, but not be limited to the inability of the political subdivision pursuant to present law (R.S. 39:72.1) to receive state and local funds or federal funds due to noncompliance with La. audit law.

Proposed law provides that if it is determined by the unanimous decision of the legislative auditor, attorney general, and state treasurer at a public meeting to consider matters that the appointment of a limited jurisdiction fiscal administrator is required in order to address an emergency, the attorney general shall file a rule to show cause to appoint a limited jurisdiction fiscal administrator.

Proposed law provides that upon making the decision authorized in proposed law, the attorney general shall, on motion in the district court of the domicile of the political subdivision, take a rule on the political subdivision to show cause why a limited jurisdiction fiscal administrator should not be appointed for the political subdivision as provided in proposed law.

Proposed law provides that the hearing on the rule to show cause may be tried out of term and in chambers, shall always be tried by preference, and shall be held not less than 10, nor more than 20 days from the date the motion was filed.

Proposed law provides that, if the political subdivision consents to the appointment of a limited jurisdiction fiscal administrator, then the parties shall file a joint motion and a consent judgment for the appointment of a limited jurisdiction fiscal administrator for the political subdivision within 45 days.

Proposed law provides that the court shall appoint a limited jurisdiction fiscal administrator according to the terms of the consent judgment within 20 days from the date that the joint motion and consent judgment were filed.

Proposed law provides that the trial court, in the absence of a joint motion and consent judgement, shall appoint a limited jurisdiction fiscal administrator in the following instances:

- (1) If after a hearing, the court finds by a preponderance of the evidence from the facts and evidence that the political subdivision is reasonably certain to be unable to address an emergency affecting the fiscal stability and public health, safety, and welfare of the citizens of a political subdivision or the state.
- (2) If a political subdivision is prohibited from receiving state or local assistance or federal funds necessary to address an emergency affecting public health, safety, or welfare of the citizens of a political subdivision or the state pursuant to present law.

Proposed law provides that the limited jurisdiction fiscal administrator appointed pursuant to proposed law shall be subject to indemnification as a covered individual pursuant to present law.

Proposed law provides that all costs and expenses associated with the independent limited jurisdiction fiscal administration of a political subdivision, including but not limited to all costs and expenses incurred by the limited jurisdiction fiscal administrator, legislative auditor, attorney general, state treasurer, and any other person involved with the independent limited jurisdiction fiscal administration of a political subdivision shall be assessed to the political subdivision subject to independent limited jurisdiction fiscal administration.

Proposed law provides that the limited jurisdiction fiscal administrator shall be recommended by the legislative auditor and attorney general and approved by the court as having sufficient education, experience, and qualifications to perform the duties of limited jurisdiction fiscal administrator.

Proposed law provides that a limited jurisdiction fiscal administrator may be removed by the court only by request of the fiscal administrators, or as provided for in proposed law, or for fraud, negligence, or misconduct.

Proposed law provides that the limited jurisdiction fiscal administrator shall have access to

all papers, books, records, documents, films, tapes, and other forms of recordation of the political subdivision or, as related to the political subdivision of the state or emergency.

Proposed law provides that the limited jurisdiction fiscal administrator, subject to state law, shall have authority to direct all fiscal operations of departments and functions of the political subdivision and to take whatever action he deems necessary to address an emergency affecting public health, safety, or welfare of the citizens of a political subdivision or the state. The authority shall include but not be limited to authority to take one or more of the following actions as necessary to address the emergency:

- (1) Amend, formulate, and execute the annual budget and supplemental budgets of the political subdivision.
- (2) Amend, formulate, and execute capital budgets, including authority to amend borrowing authorization or finance or refinance debt in accordance with law.
- (3) Review and approve or disapprove all contracts for goods or services.
- (4) Appoint, remove, supervise, and control all personnel.
- (5) Alter or eliminate the responsibilities of officials, officers, or employees of the political subdivision as required by the emergency.
- (6) Employ, retain, and supervise managerial, professional, and clerical staff necessary to carry out the limited jurisdiction fiscal administrator's responsibilities.
- (7) Reorganize, consolidate, or abolish departments, commissions, authorities, boards, offices, or functions of the political subdivision.
- (8) Make an appropriation, contract, expenditure, or loan, create a new position, fill a vacancy, or approve or disapprove any such action.

Proposed law provides that upon the appointment of a limited jurisdiction fiscal administrator, the officer, officials, and employees of the political subdivision shall serve in an advisory capacity to the limited jurisdiction fiscal administrator concerning the departments and functions necessary to address the emergency. If a conflict arises, the decision of the limited jurisdiction fiscal administrators shall prevail.

Proposed law provides that upon appointment by the court, the limited jurisdiction fiscal administrator shall perform an investigation and file a written report of his findings with the court, governing authority of the political subdivision, state treasurer, attorney general, and legislative auditor. The report shall be updated quarterly during the term of fiscal administration.

Proposed law provides that the report shall contain the following:

- (1) Amendments to the comprehensive budget of the political subdivisions adopted pursuant to present law, or a proposed comprehensive budget if the budget has not been previously adopted, which insures appropriation of funds to address the emergency.
- (2) An estimate of the financial aid or new revenue needed by the political subdivision if the limited jurisdiction fiscal administrator determines that revenues and available funds of the political subdivision are, or will be, insufficient to address the emergency.
- (3) The final report shall also contain a proposed two-year plan with the goal of resolving and addressing any further matters concerning the emergency.

- (4) The limited jurisdiction fiscal administrator shall file any other reports required by the court.

Proposed law provides that in order to perform the investigation and reporting required of the limited jurisdiction fiscal administrator pursuant to present law, the officers, officials, and employees of the political subdivision shall provide within three business days, all information the limited jurisdiction fiscal administrator requests in the performance of his duties. If the officer, official, or employee is unable to provide the information within the required time, then the officer, official, or employee shall send written notice within the three business days of the reason why the information has not been provided to the limited jurisdiction fiscal administrator. If the officer, official, or employee fails to respond within the three business days, or if the limited jurisdiction fiscal administrator fails to receive the requested information, then the attorney general or his designee shall file either or both of the following with the district court:

- (1) A writ of mandamus to compel the officer or official to perform the mandatory or ministerial duties.
- (2) A motion for injunctive relief seeking to compel the officer, official, or employee to act or refrain from acting, pending final resolution of the matter.

Proposed law provides that within seven days after receipt of the initial report, the governing authority of the political subdivision shall adopt in an open meeting the comprehensive budget, or amendments to the original comprehensive budget of the political subdivision, as proposed in the report of the limited jurisdiction fiscal administrator which are necessary to address the emergency during the remainder of the current fiscal year and the following fiscal year.

Proposed law provides that if the governing authority of the political subdivision fails to adopt the budget or budget amendments, or if the revisions made by the governing authority of the political subdivision are not approved by the limited jurisdiction fiscal administrator, then the attorney general shall file a rule to show cause in the manner provided for in proposed law, why the court should not order the adoption and implementation of the budget without the unapproved revisions. The court shall order the adoption and implementation of the budget proposed by the limited jurisdiction fiscal administrator which includes the revisions by the governing authority of the political subdivision, except the revisions which the court finds with reasonable certainty that the political subdivision will not have sufficient funds to address the emergency.

Proposed law provides that the limited jurisdiction fiscal administrator shall monitor revenues and expenditures of the political subdivision under the adopted budget, and make supplemental reports which he considers necessary, but not less than required pursuant to proposed law, until the emergency has been resolved. The supplemental reports shall be subject to adoption, approval, and court review as provided by proposed law.

Proposed law provides that the appointment of the limited jurisdiction fiscal administrator shall terminate upon his own motion, or upon the motion of the attorney general or the political subdivision, if the court finds that the emergency has been resolved.

Effective August 1, 2025.

(Amends R.S. 39:1351(A)(1)(b), (2)(a) and (c), (3), (B)(1)(a) and (b), 1355, 1356(E) and 1357(A), (C), (D), (H) and (I); adds R.S. 39:1358, 1358.1, 1358.2 and 1358.3)

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Local and Municipal Affairs to the original bill

1. Provides exceptions that exclude a political subdivision from being considered financially unstable.
2. Provides the conditions that necessitate the attorney general appointing a fiscal administrator.
3. Changes the time periods of the required audit to the legislative auditor by certain political subdivisions and entities.

Senate Floor Amendments to engrossed bill

1. Makes technical changes.
2. Provides a receiver with the same authority as a limited jurisdiction fiscal administrator or fiscal administrator for inspection and examination purposes.
3. Adds officers, officials, or employees of public water systems to the entities that shall not be reimbursed due to legal actions pursuant to charges of misconduct or malfeasance or to any matter related to or resulting from the appointment of a fiscal administrator, receiver, or limited jurisdiction fiscal administrator.
4. Changes the name of the revolving fund in the state treasury from the "Fiscal Administrator Revolving Loan Fund" to the "Fiscal Administrator and Receiver Revolving Loan Fund".
5. Adds all grants, gifts, and donations received by the state for the purpose of funding limited fiscal administrators or receivers and the repayment of principal of and interest on loans and other obligations made to public water systems financed from the fund as source of monies to be deposited in and credited to the fund.
6. Adds public water systems to the group of entities that may receive money from the fund.