

Regular Session, 2013

SENATE BILL NO. 196

BY SENATORS DONAHUE, JOHNS AND MILLS

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

FISCAL CONTROLS. Provides for the annual reporting to the Joint Legislative Committee on the Budget by departments and public postsecondary education management boards on enacted legislation with significant fiscal impact. (7/1/13)

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AN ACT

To enact R.S. 17:3130(C) and 3351(F), R.S. 24:653(L), and R.S. 36:8(A)(6), relative to fiscal oversight; to provide for the annual reporting by executive branch departments and public postsecondary education management boards to the Joint Legislative Committee on the Budget on enacted legislation with significant fiscal impact that exceeds original estimates; to provide for the review and analysis of such reports by the Joint Legislative Committee on 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. 17:3130(C) and 3351(F) are hereby enacted to read as follows:

§3130. Other powers

\* \* \*

**C.(1) The legislature hereby finds that it is critical to utilize a tool such as Joint Rule No. 4 which is an established process for the development and preparation of fiscal notes by the legislative auditor or the legislative fiscal office to estimate the cost for a five-year period of time during deliberations on instruments of a fiscal nature. These fiscal notes provide estimates of the**

1        impact not only for revenue and expenditure costs to state departments,  
2        agencies, and higher education institutions throughout the state, but also session  
3        subject matter, including but not limited to tax increases, decreases, fee  
4        increases and repeals, tax exemptions, suspensions, credits, rebates, exclusions,  
5        and deductions, among others. The legislature hereby finds that in order to  
6        properly track and assess the impact of legislation over time, it is necessary to  
7        periodically evaluate the extent to which fiscal impacts have changed from the  
8        original estimates. The management of state resources requires a comparative  
9        review of the growth of initial projections to actual year-end results. When  
10       expenditure and revenue initiatives exceed original estimates, the maintenance  
11       of balanced budgets becomes exceedingly difficult to achieve. To address this  
12       issue, the Joint Legislative Committee on the Budget should require an annual  
13       examination of the estimated results compared to actual implemented results.  
14       The review of intended versus actual results should apply to both state  
15       departments, agencies, boards, and commissions, as well as higher education  
16       institutions. A process for review shall be established by the Joint Legislative  
17       Committee on the Budget and all findings shall be reported to all members of  
18       the legislature.

19                (2) As provided by R.S. 17:3351(F), beginning October 1, 2013, and each  
20        year thereafter, the Board of Regents shall review the reports of legislation with  
21        significant fiscal impact submitted by the various public postsecondary  
22        education management boards. After the Board of Regents has performed its  
23        review of the reports submitted by the management boards, the reports shall be  
24        submitted to the Joint Legislative Committee on the Budget by October 30 of  
25        each year as required by R.S. 24:653(L).

\* \* \*

§3351. General powers, duties, and functions of college and university boards

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29        F. Each public postsecondary education management board shall

1 annually conduct a review to identify any legislation which has been  
2 implemented and has been operational for at least six months in the prior year  
3 that affects the board or the institutions under its control and has a fiscal  
4 impact which has increased by the amount of one million dollars or more over  
5 the amount of the fiscal note as the bill was enacted. The analysis should also  
6 report the impact to the higher education institutions in terms of operations and  
7 personnel. Each management board shall compile the report and submit the  
8 report to the Board of Regents by September 30 of each year in accordance with  
9 the provisions of R.S. 17:3130(C). The report shall be in a manner as provided  
10 by R.S. 24:653(L)(2).

11 Section 2. R.S. 24:653(L) is hereby enacted to read as follows:

12 §653. Duties and functions

13 \* \* \*

14 L.(1)(a) Upon receipt of the reports from the various departments  
15 within the executive branch of state government as provided by R.S. 36:8(A)(6)  
16 and the public postsecondary education management boards as provided by  
17 R.S. 17:3130(C) and 3351(F), the Joint Legislative Committee on the Budget  
18 shall transmit the reports to the legislative fiscal office for review and analysis  
19 and may conduct hearings to review the reports.

20 (b) The legislative fiscal office shall review the reports and perform any  
21 additional analysis of the reports that is necessary to provide an accurate actual  
22 estimate as compared to the fiscal note as the bill was enacted.

23 (2) The reports required to be submitted under this Section shall be in  
24 a manner as prescribed by the chairman of the Joint Legislative Committee on  
25 the Budget and shall be accompanied by such other information as the  
26 chairman may require. At a minimum, the report shall present the differences  
27 between the original estimate as the bill was enacted and the actual current  
28 revenues or expenditures. Depending upon the scope of the original legislation,  
29 the comparisons between the enacted fiscal note and the actual amounts shall

1 **include but not be limited to tax increases, decreases, fee increases and repeals,**  
 2 **tax exemptions, suspensions, credits, rebates, exclusions, and deductions, among**  
 3 **others.**

4 **(3) No later than February 1 of each year, the committee shall report its**  
 5 **findings in a public meeting relative to any legislation which has been enacted**  
 6 **that affects state revenues, public postsecondary education management boards**  
 7 **and the related institutions or the various departments and the related entities**  
 8 **and which legislation has a fiscal impact which has increased by the amount of**  
 9 **one million dollars or more over the amount of the fiscal note as the bill was**  
 10 **enacted. The review and analysis shall also examine the receipt, expenditure,**  
 11 **allocation, dedication, or means of financing to determine specifically how the**  
 12 **increases impact state revenue, the departments, agencies, boards, commissions,**  
 13 **and like entities within the executive branch of state government, as well as**  
 14 **among the public postsecondary education institutions of the state. The Joint**  
 15 **Legislative Committee on the Budget shall transmit copies of the final report to**  
 16 **the governor, the president of the Senate, and the speaker of the House of**  
 17 **Representatives, and distribute a copy to each member of the legislature.**

18 Section 3. R.S. 36:8(A)(6) is hereby enacted to read as follows:

19 §8. Fiscal oversight and program evaluation

20 A. In discharging the responsibilities of accounting and budget control and  
 21 management and program analysis, the undersecretary shall have the following  
 22 powers:

23 \* \* \*

24 **(6)(a) Each undersecretary under this Section shall conduct a review and**  
 25 **analyze the department and its revenues, agencies, the various boards,**  
 26 **commissions, and other such entities that may be attached to the department.**  
 27 **The review and analysis conducted by the undersecretary shall identify any**  
 28 **legislation which has been implemented and has been operational for at least six**  
 29 **months in the prior year that affects the department, its revenue, agencies, or**

1           **other entities under its control and has a fiscal impact which has increased by**  
 2           **the amount of one million dollars or more over the amount of the fiscal note as**  
 3           **the bill was enacted. The review and analysis shall also examine the impact to**  
 4           **the department and its related entities in terms of operations or personnel.**  
 5           **Each undersecretary shall compile the report and submit it to the department**  
 6           **secretary. The report shall be in a manner as provided by R.S. 24:653(L)(2).**  
 7           **The secretary shall review the report and submit the report to the commissioner**  
 8           **of administration no later than September 30 of each year.**

9                   **(b) The commissioner of administration shall review the reports as**  
 10           **required by Subparagraph (a) of this Paragraph, and shall submit all reports**  
 11           **from the departments to the Joint Legislative Committee on the Budget by**  
 12           **October 30 of each year in accordance with the provisions of R.S. 24:653(L).**

13           Section 4. This Act shall become effective on July 1, 2013; if vetoed by the governor  
 14           and subsequently approved by the legislature, this Act shall become effective on July 1,  
 15           2013, or on the day following such approval by the legislature, whichever is later.

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

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#### DIGEST

Donahue (SB 196)

Proposed law provides for legislative intent that to properly track and assess the impact of legislation over time, it is necessary to periodically evaluate the extent to which fiscal impacts have changed from the original estimate.

Proposed law provides that each public postsecondary education management board shall annually conduct a review to identify any legislation which has been enacted in the prior year that affects the board or the institutions under its control and has a fiscal impact which has increased by the amount of one million dollars or more over the amount of the fiscal note as the bill was enacted. Each management board shall compile the report and submit the report to the Board of Regents by September 30 of each year. The report shall be in a manner as prescribed by the Joint Legislative Committee on the Budget and shall be accompanied by such other information as the committee may require.

Proposed law provides that beginning October 1, 2013, and each year thereafter, the Board of Regents shall review the reports of legislation with significant fiscal impact submitted by the various public postsecondary education management boards. After the Board of Regents has performed its review of the reports submitted by the management boards, the reports shall be submitted to the Joint Legislative Committee on the Budget by October 30 of each year.

Proposed law provides that upon receipt of the reports from the various departments within the executive branch of state government, the Joint Legislative Committee shall transmit the reports to the legislative fiscal office for review and analysis. The legislative fiscal office shall review the reports and perform any additional analysis of the reports that is necessary to provide an accurate actual estimate as compared to the fiscal note as the bill was enacted.

Proposed law provides that the reports required to be submitted shall be in a manner as prescribed by the chairman of the Joint Legislative Committee on the Budget and shall be accompanied by such other information as the chairman may require. At a minimum, the report shall present the differences between the original estimate as the bill was enacted and the actual current estimate of revenues or expenditures. Depending upon the scope of the original legislation, the comparisons between the enacted fiscal note and the actual amounts shall include but not be limited to tax increases, decreases, fee increases and repeals, tax exemptions, suspensions, credits, rebates, exclusions, deductions, among others.

Proposed law further provides that the committee shall hold a public hearing, and no later than February 1 of each year, the committee shall report its findings and shall transmit copies of the final report to the governor, the president of the Senate, the speaker of the House of Representatives, and distribute a copy to each member of the legislature.

Proposed law provides that each undersecretary shall identify any legislation which has been enacted in the prior year that affects the department, agencies, or other entities under its control and has a fiscal impact which has increased by the amount of one million dollars or more over the amount of the fiscal note as the bill was enacted. Each undersecretary shall compile the report and submit it to the department secretary. The report shall be in a manner prescribed by the Joint Legislative Committee on the Budget and shall be accompanied by such other information as the committee may require. The secretary shall review the report and submit the report to the commissioner of administration no later than September 30 of each year.

Effective July 1, 2013; if vetoed by the governor and subsequently approved by the legislature, this Act shall become effective on July 1, 2013, or on the day following such approval by the legislature, whichever is later.

(Adds R.S. 17:3130(C) and 3351(F), R.S. 24:653(L), and R.S. 36:8(A)(6))