

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 725** HLS 13RS 2090  
 Bill Text Version: **ENGROSSED**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.: **HB 197**

<b>Date:</b> May 8, 2013 8:34 AM	<b>Author:</b> GREENE
<b>Dept./Agy.:</b> Local Government	<b>Analyst:</b> Mary Kathryn Drago
<b>Subject:</b> Fiscal Administration	

LOCAL FINANCE EG INCREASE LF EX See Note Page 1 of 1

Provides relative to fiscal administrators for political subdivisions, including appointment, powers and duties, and criminal penalties for violations of law relative to public administrators

The proposed legislation defines "financial stability" for political subdivisions. Failure for a political subdivision or a city, parish, or other local school board to provide an audit required by R.S. 24:513 to the legislative auditor for a period of 3 consecutive years shall automatically remove them from the category of "financial stability". The trial court shall appoint a fiscal administrator if a political subdivision has failed to provide an audit for 3 consecutive years. All costs and expenses associated with the independent fiscal administration of a political subdivision shall be borne by the political subdivision subject to independent fiscal administration (which shall include expenses incurred by the legislative auditor, the attorney general, the state treasurer, and any other persons engaged with the independent fiscal administration). The legislation further defines the duties of a fiscal administrator, including amending, formulating and executing the annual and supplemental budget of the political subdivision, the capital budget, executing contracts, and handling personnel. The legislation also provides for penalties for failure to cooperate to the fullest extent possible with the fiscal administrator.

<b>EXPENDITURES</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
<b>Annual Total</b>						

<b>REVENUES</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

Local political subdivisions and school board expenditures will increase by an indeterminable amount to provide for the necessary expenses related to a fiscal administrator in the event one is appointed to handle the affairs of such political subdivision or school board as a result of this measure. The total cost is dependent upon the length of time a fiscal administrator is appointed, the scope of work outlined by such administrator, and the magnitude of the political subdivision or school board's fiscal crisis, however, the related expenditures could be significant. All costs will be borne by the school system or political subdivision. A fiscal administrator could be paid hourly and possibly receive mileage, meals and lodging reimbursement for business related to the fiscal administration. The legislation also specifies what authority the administrator has to direct fiscal operations of the political subdivision. The assumption can be made that the changes in operations made under the direction of the fiscal administrator may eventually result in expenditures being brought back in line with revenues of the political subdivision.

Failure for a political subdivision or a city, parish, or other local school board to provide an audit required by R.S. 24:513 to the legislative auditor for a period of 3 consecutive years shall automatically remove them from the category of "financial stability". School boards and political subdivisions meeting these criteria could have a fiscal administrator appointed. The legislation also requires the trial court to appoint a fiscal administrator if a political subdivision has failed to provide an audit for 3 consecutive years as required by statute noted above. It is not known how many political subdivisions in the future may not submit an audit to the legislative auditor for 3 consecutive years and then be subject to the appointment of a fiscal administrator. However, the Louisiana Legislative Auditor indicates a few political subdivisions have failed to submit audits for 3 consecutive years.

**REVENUE EXPLANATION**

Any person who participates in a violation of the provisions of the legislation shall be subject to a civil penalty not to exceed \$1,000 per violation and the person is personally liable and may be ordered to pay restitution. If such persons fail or refuse to furnish any documentation the fiscal administrator has the right to inspect, they may be fined no less than \$500 nor more than \$5,000 or imprisoned. Local revenue will increase in the event any of the above penalties are assessed.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}	<input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost {S}	
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}	<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}	

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