

ENTITIES SUBJECT TO THE REQUIREMENTS OF
HOUSE CONCURRENT RESOLUTION NO. 71



INFORMATIONAL REPORT
ISSUED JULY 1, 2020

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July 1, 2020

**THE HONORABLE PATRICK “PAGE” CORTEZ,
PRESIDENT OF THE SENATE
THE HONORABLE CLAY SCHEXNAYDER,
SPEAKER OF THE HOUSE OF REPRESENTATIVES**

Dear Senator Cortez and Representative Schexnayder:

Attached is the Louisiana Legislative Auditor’s report identifying those state entities subject to the provisions of House Concurrent Resolution No. 71. We have included our methodology relating to reserve funds and have provided the most recent financial information for each entity.

Nineteen licensing boards and commissions were identified as having at least one-and-a-half years of reserve funds, which would require them to suspend license renewal fees imposed on existing businesses based in Louisiana from July 1, 2020, through June 30, 2021, under the Resolution.

Respectfully submitted,

Daryl G. Purpera, CPA, CFE
Louisiana Legislative Auditor

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METHODOLOGY AND RESULTS

Louisiana House Concurrent Resolution No. 71 (Resolution) authorizes and directs “state agencies and licensing boards to suspend license renewal fees imposed on existing businesses based in Louisiana as part of a response to and way to help businesses reopen and recover from COVID-19.” It directs these agencies and boards “to suspend such fees on renewals due from July 1, 2020, through June 30, 2021.” However, “the provisions of this Resolution shall not apply to any state agency or licensing board estimated to be able to operate for fewer than one and a half years of reserve funds pursuant to the Legislative Auditor's report of boards and commission’s financials for the state's 2019 fiscal year.”

Because “reserve funds” are not defined in the Resolution, we considered “reserve funds” to represent any current resources available after the close of an entity’s 2019 fiscal year that are available for use in future years. “Reserve funds” would not include funds that revert to the State Treasury after the close of an entity’s fiscal year (i.e., lapsing appropriation) and would not include consideration of pension or other post-employment benefits (OPEB) liabilities and the related deferred outflows and inflows.

We first evaluated state agencies and noted that state agencies have annual lapsing appropriations. Accordingly, they do not have “reserve funds,” and the provisions of the Resolution would not apply.

We then evaluated state licensing boards and commissions (boards) using financial information from fiscal year 2019 audited financial statements and the State of Louisiana’s Comprehensive Annual Financial Report combining schedules. We began with each board’s unassigned fund balance/unrestricted net position, adjusted for pension and OPEB liabilities and the related deferred outflows and inflows, and divided the resulting estimated “reserve funds” by the board’s total fiscal year expenses/expenditures. This provides the number of years that the board can operate using its estimated “reserve funds.” We identified 19 boards as having at least one-and-a-half years of estimated “reserve funds” which would require them to suspend license renewal fees imposed on existing businesses based in Louisiana.

Based on the existing financial information for these 19 boards, we were unable to distinguish between those boards that impose only personal license renewal fees and those that impose both personal and business license renewal fees. Accordingly, the Resolution may have little to no financial impact on some boards. However, all boards identified (see below) should ensure that if they impose license renewal fees on Louisiana businesses, those fees are appropriately suspended for the period July 1, 2020 through June 30, 2021, in accordance with this Resolution.

House Concurrent Resolution No. 71 - State Licensing Boards					
A Summary of Financial Information and Years of Operations Using Estimated "Reserve Funds"					
State Licensing Boards/Commissions	Unassigned Fund Balance/Unrestricted Net Position	Pension/Other Post-Employment Benefits Liabilities and Deferred Outflows and Inflows	Estimated "Reserve Funds"	Total Expenses/Expenditures	Years of Operations Using Estimated "Reserve Funds"
LOUISIANA BOARD OF DRUG AND DEVICE DISTRIBUTORS	\$1,770,066	\$870,186	\$2,640,252	\$580,549	4.55
LOUISIANA AUCTIONEERS LICENSING BOARD	343,769	-	343,769	78,903	4.36
LOUISIANA STATE BOARD OF EXAMINERS FOR SANITARIANS*	28,724	-	28,724	9,333	3.08
STATE BOXING AND WRESTLING COMMISSION	393,847	-	393,847	142,450	2.76
LICENSED PROFESSIONAL COUNSELORS BOARD OF EXAMINERS*	599,200	542,567	1,141,767	423,757	2.69
LOUISIANA BEHAVIOR ANALYST BOARD*	451,747	156,497	608,244	252,699	2.41
LOUISIANA BOARD OF INTERIOR DESIGNERS*	167,031	-	167,031	74,843	2.23
LOUISIANA MOTOR VEHICLE COMMISSION	-	5,083,009	5,083,009	2,624,461	1.94
LOUISIANA STATE BOARD OF SOCIAL WORKERS EXAMINERS*	(374,614)	1,559,301	1,184,687	622,726	1.90
STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANTS OF LOUISIANA	(157,169)	2,004,367	1,847,198	986,488	1.87
LOUISIANA STATE BOARD OF NURSING*	(752,766)	15,547,185	14,794,419	8,125,105	1.82
LOUISIANA BOARD OF PROFESSIONAL GEOSCIENTISTS*	219,788	-	219,788	130,393	1.69
LOUISIANA STATE BOARD OF DENTISTRY*	(451,166)	2,039,091	1,587,925	960,553	1.65
LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS*	(916,956)	3,880,337	2,963,381	1,812,727	1.63
STATE PLUMBING BOARD OF LOUISIANA*	115,136	1,181,029	1,296,165	811,626	1.60
LOUISIANA PHYSICAL THERAPY BOARD*	284,078	940,854	1,224,932	774,271	1.58
RADIOLOGIC TECHNOLOGY BOARD OF EXAMINERS*	2,393	433,539	435,932	277,802	1.57
LOUISIANA STATE BOARD OF ELECTROLYSIS EXAMINERS	17,718	-	17,718	11,337	1.56
LOUISIANA USED MOTOR VEHICLE COMMISSION	(819,547)	3,520,403	2,700,856	1,731,867	1.56

Sources: Board/commission audited financial statements and State of Louisiana fiscal year 2019 CAFR combining schedules

*The board's management represented that the board does not impose license renewal fees on Louisiana businesses.