

House Committee on Appropriations

Minutes of Meeting
2016 Regular Session
May 2, 2016

I. CALL TO ORDER

Representative Cameron Henry, Chairman of the House Committee on Appropriations, called the meeting to order at 9:47 a.m. in Room 5, in the state capitol in Baton Rouge, Louisiana. The secretary called the roll.

II. ROLL CALL

MEMBERS PRESENT:

Representative Cameron Henry, Chairman
Representative Mark Abraham
Representative Beryl A. Amedée
Representative James K. Armes, III
Representative Tony Bacala
Representative Lawrence A. "Larry" Bagley
Representative John A. Berthelot
Representative Robert E. Billiot
Representative Gary M. Carter, Jr.
Representative Charles R. Chaney
Representative Rick Edmonds
Representative Franklin J. Foil
Representative Lance Harris
Representative Bob Hensgens
Representative Valarie Hodges
Representative Walt Leger, III
Representative Jack G. McFarland
Representative Dustin Miller
Representative Steve E. Pylant
Representative Jerome Richard
Representative John M. Schroder, Sr.
Representative Patricia Haynes Smith
Representative Jerome "Zee" Zeringue

MEMBERS ABSENT:

Representative Blake Miguez

Representative Scott M. Simon

STAFF MEMBERS PRESENT:

Ms. Penny B. Bouquet, Administrative Secretary
Mr. Peter G. E. Conroy, Legislative Analyst
Ms. Nancy Keaton, Legislative Analyst

ADDITIONAL ATTENDEES PRESENT:

None

III. DISCUSSION OF LEGISLATION

House Concurrent Resolution No. 25 by Representative Schroder

Representative Schroder presented House Concurrent Resolution No. 25, which directs each state department to submit to the Commissioner of Administration, the legislature, and the Task Force on Structural Changes in Budget and Tax Policy, an efficiency report that outlines initiatives they will undertake to ensure more efficient operations in Fiscal Year 2016-2017 and beyond.

Representative Schroder offered a set of amendments to change the due date for reports from *April 15, 2016*, to *July 1, 2016*, and require that the reports be submitted to the Task Force on Structural Changes in Budget and Tax Policy. He also offered a motion to adopt the amendments. Without objection, the amendments were adopted by a vote of 18 yeas and 0 nays. Representatives Henry, Abraham, Amedée, Armes, Bagley, Berthelot, Billiot, Carter, Chaney, Edmonds, Harris, Hensgens, Hodges, McFarland, Miller, Pylant, Schroder, and Smith voted yea.

There was no further discussion on the bill.

Representative Schroder offered a motion to report House Concurrent Resolution No. 25 with amendments. Without objection, House Concurrent Resolution No. 25 was reported with amendments by a vote of 18 yeas and 0 nays. Representatives Henry, Abraham, Amedée, Armes, Bagley, Berthelot, Billiot, Carter, Chaney, Edmonds, Harris, Hensgens, Hodges, McFarland, Miller, Pylant, Schroder, and Smith voted yea.

House Bill No. 1067 by Representative Schroder

Representative Schroder presented House Bill No. 1067, which requires the appropriation of certain tax expenditures beginning in Fiscal Year 2017-2018.

Representative Schroder offered a set of amendments to add the application of the bill to franchise tax credits, to change the date to make the bill applicable to *Fiscal Year 2018-2019* instead of *Fiscal Year 2017-2018*, and also offered a motion to adopt the amendments. Without objection, the amendments were adopted by a vote of 19 yeas and 0 nays. Representatives Henry, Abraham, Amedée, Armes, Bagley, Berthelot, Billiot, Carter, Chaney, Edmonds, Harris, Hodges, McFarland, Miller, Pylant, Richard, Schroder, Smith, and Zeringue voted yea.

Representative Schroder discussed the purpose of the bill with Representatives Abraham, Amedée, and Smith. He also discussed the Task Force on Structural Changes in Budget and Tax Policy's recommendations for exemptions and taxes with Representative Amedée.

Representative Schroder discussed the impact of the bill to local businesses and how funds from tax collections will be allocated with Representatives Armes and Richard.

Representative Schroder discussed removing the inventory tax credit and the tax credit for offshore vessels from the bill with Representative Zeringue, and also discussed the purpose of the task force with Representative Billiot.

Representative Zeringue offered an amendment to exclude the inventory tax credit and the tax credit for offshore vessels, and offered a motion to adopt the amendment, to which Representative Schroder objected.

Representative Schroder discussed the option to wait for recommendations from the task force before passing the bill with Representatives Bacala and Carter, and discussed the impact of adopting Representative Zeringue's amendment to the bill with Representative Bagley.

The amendment was adopted by a vote of 14 yeas and 6 nays. Representatives Abraham, Amedée, Armes, Bacala, Berthelot, Billiot, Carter, Chaney, Edmonds, Leger, McFarland, Miller, Smith, and Zeringue voted yea. Representatives Bagley, Harris, Hensgens, Pylant, Richard, and Schroder voted nay.

There was no further discussion on the bill.

Representative Schroder offered a motion to voluntarily defer action on House Bill No. 1067. Without objection, action on House Bill No. 1067 was voluntarily deferred by a vote of 21 yeas and 0 nays. Representatives Henry, Abraham, Amedée, Armes, Bacala, Bagley, Berthelot, Billiot, Carter, Chaney, Edmonds, Harris, Hensgens, Leger, McFarland, Miller, Pylant, Richard, Schroder, Smith, and Zeringue voted yea.

A copy of the witness cards for individuals (who were present, but did not testify) in support of, in opposition to, and to provide information on House Bill No. 1067 is available upon request.

House Bill No. 986 by Representative Schroder

Representative Schroder presented House Bill No. 986, which eliminates certain statutory dedications and eliminates certain dedications of certain funds.

There was no discussion on the bill.

Representative Schroder offered a motion to voluntarily defer action on House Bill No. 986. Without objection, action on House Bill No. 986 was voluntarily deferred by a vote of 21 yeas and 0 nays. Representatives Henry, Abraham, Amedée, Armes, Bacala, Bagley, Berthelot, Billiot, Carter, Chaney, Edmonds, Harris, Hensgens, Leger, McFarland, Miller, Pylant, Richard, Schroder, Smith, and Zeringue voted yea.

A copy of the witness cards for individuals (who were present, but did not testify) in support of, in opposition to, and to provide information on House Bill No. 986 is available upon request.

House Bill No. 1126 by Representative Chad Brown

Representative Chad Brown presented House Bill No. 1126, which clarifies that the Office of Risk Management and certain other insurance providers are exempt from the Louisiana Insurance Code.

Representative Henry offered a set of amendments to exempt state agencies from the tax imposed on surplus lines of insurance, to insure risks that standardized insurance will not cover, to exempt the Office of Risk Management as an assessable insured, and to add an effective date of *July 1, 2016*. Representative Henry offered a motion to adopt the amendments. Without objection, the amendments were adopted by a vote of 18 yeas and 0 nays. Representatives Henry, Abraham, Amedée, Armes, Bacala, Berthelot, Chaney, Edmonds, Lance Harris, Hensgens, Leger, McFarland, Miller, Pylant, Richard, Schroder, Smith, and Zeringue voted yea.

Representative Chad Brown discussed the purpose of the bill and the bill's fiscal note with Representative Amedée.

There was no further discussion on the bill.

Representative Berthelot offered a motion to report House Bill No. 1126 with amendments. Without objection, House Bill No. 1126 was reported with amendments by a vote of 20 yeas and 0 nays. Representatives Henry, Abraham, Amedée, Armes, Bacala, Berthelot, Billiot, Chaney, Edmonds, Harris, Hensgens, Hodges, Leger, McFarland, Miller, Pylant, Richard, Schroder, Smith, and Zeringue voted yea.

A copy of the witness cards for individuals (who were present, but did not testify) in support of, in opposition to, and to provide information on House Bill No. 1126 is available upon request.

House Bill No. 603 by Representative Leger

Representative Leger presented House Bill No. 603, a constitutional amendment to establish the Revenue Stabilization Trust Fund.

Representative Henry offered a set of amendments to allocate 30% of mineral revenues towards payment of the unfunded accrued liability of 1988, until it is paid off, and changes the percentage that can be taken out of the Revenue Stabilization Trust Fund from 5% to 10%. He also offered a motion to adopt the amendments. Without objection, the amendments were adopted by a vote of 18 yeas and 0 nays. Representatives Henry, Abraham, Amedée, Armes, Berthelot, Billiot, Chaney, Edmonds, Harris, Hodges, Leger, McFarland, Miller, Pylant, Richard, Schroder, Smith, and Zeringue voted yea.

There was no further discussion on the bill.

Representative Berthelot offered a motion to report House Bill No. 603 with amendments. Without objection, House Bill No. 603 was reported with amendments by a vote of 19 yeas and 0 nays. Representatives Henry, Abraham, Amedée, Armes, Bacala, Berthelot, Billiot, Chaney, Edmonds, Harris, Hodges, Leger, McFarland, Miller, Pylant, Richard, Schroder, Smith, and Zeringue voted yea.

House Bill No. 696 by Representative Leger

Representative Leger presented House Bill No. 696, which establishes the Revenue Stabilization Trust Fund.

Representative Henry offered a set of amendments to conform the bill to the proposed constitutional amendment, which is House Bill No. 603. He also offered a motion to adopt the amendments. Without objection, the amendments were adopted by a vote of 19 yeas and 0 nays. Representatives Henry, Abraham, Amedée, Armes, Bacala, Berthelot, Billiot, Chaney, Edmonds, Harris, Hodges, Leger, McFarland, Miller, Pylant, Richard, Schroder, Smith, and Zeringue voted yea.

There was no further discussion on the bill.

Representative Berthelot offered a motion to report House Bill No. 696 with amendments. Without objection, House Bill No. 696 was reported with amendments by a vote of 19 yeas and 0 nays. Representatives Henry, Abraham, Amedée, Armes, Bacala, Berthelot, Billiot, Chaney, Edmonds, Harris, Hodges, Leger, McFarland, Miller, Pylant, Richard, Schroder, Smith, and Zeringue voted yea.

House Bill No. 577 by Representative Hodges

Representative Hodges presented House Bill No. 577, a constitutional amendment that allows for the use of a portion of the Louisiana Education Quality Trust Fund (Permanent Trust Fund) when there is a projected deficit.

Representative Hodges discussed using the corpus of the fund with Representatives Leger and Smith.

Mr. Alan Boxberger, General Government Section Director for the Legislative Fiscal Office, 900 North Third Street, Baton Rouge, LA 70802, (225) 342-6292, discussed the fiscal impact of the bill with Representative Amedée.

Representative Hodges discussed the percentage of the fund proposed in the bill and the amount of interest spent in the previous fiscal year with Representative Leger.

Mr. Terrence Ginn, Deputy Commissioner for Finance and Administration for the Louisiana Board of Regents, 1201 North Third Street, Suite 6-200, Baton Rouge, LA 70802, (225) 342-4253, discussed, with Representative Leger, the percentage of royalties that stays in the Louisiana Education Quality Trust Fund and the amount of money that was reinvested in the fund in Fiscal Year 2015.

Mr. Ginn and Mr. Boxberger discussed the effects of the bill to the corpus of the fund with Representative Leger.

Representative Hodges offered a set of amendments to change the amount that may be used out of the Permanent Trust Fund from 10% of the fund to 10% of interest, dividend income, and capital gains deposited in and credited to the fund in the current fiscal year, and also offered a motion to adopt the amendments. Without objection, the amendments were adopted by a vote of 18 yeas and 0 nays. Representatives Henry, Abraham, Amedée, Armes, Bacala, Berthelot, Billiot, Carter, Chaney, Edmonds, Harris, Hodges, McFarland, Miller, Pylant, Richard, Smith, and Zeringue voted yea.

There was no further discussion on the bill.

Representative Hodges offered a motion to report House Bill No. 577 with amendments, to which Representative Carter objected. House Bill No. 577 was reported with amendments by a vote of 14 yeas and 3 nays. Representatives Henry, Abraham, Amedée, Armes, Bacala, Berthelot, Chaney, Edmonds, Harris, Hodges, McFarland, Miller, Richard, and Zeringue voted yea. Representatives Carter, Pylant, and Smith voted nay.

A copy of the witness cards for individuals (who were present, but did not testify) in support of, in opposition to, and to provide information on House Bill No. 577 is available upon request.

House Bill No. 706 by Representative Hodges

Representative Hodges presented House Bill No. 706, which allows for a use of a portion of the Louisiana Education Quality Trust Fund when there is a projected deficit.

Representative Hodges offered a set of amendments to change the amount that may be used out of the Permanent Trust Fund from 10% of the fund to 10% of interest, dividend income, and capital gains deposited in and credited to the fund in the current fiscal year. Representative Hodges offered a motion to adopt the amendments. Without objection, the amendments were adopted by a vote of 17 yeas and 0 nays. Representatives Henry, Abraham, Amedée, Armes, Bacala, Berthelot, Carter, Chaney, Edmonds, Harris, Hodges, McFarland, Miller, Pylant, Richard, Smith, and Zeringue voted yea.

There was no further discussion on the bill.

Representative Hodges offered a motion to report House Bill No. 706 with amendments. Without objection, House Bill No. 706 was reported with amendments by a vote of 17 yeas and 0 nays. Representatives Henry, Abraham, Amedée, Armes, Bacala, Berthelot, Carter, Chaney, Edmonds, Harris, Hodges, McFarland, Miller, Pylant, Richard, Smith, and Zeringue voted yea.

A copy of the witness cards for individuals (who were present, but did not testify) in support of, in opposition to, and to provide information on House Bill No. 706 is available upon request.

IV. OTHER BUSINESS

Commissioner Jay Dardenne, Division of Administration, 1201 North Third Street, Suite 7-210, Baton Rouge, LA 70802, (225) 342-7000, addressed the committee regarding the hospital public-private partnership contracts.

Dr. Rebekah Gee, Secretary of the Department of Health and Hospitals, 628 North Fourth Street, Baton Rouge, LA 70802, (225) 342-9500, discussed the impact of budget reductions to the hospital public-private partnerships with Representative Harris.

Commissioner Dardenne and Dr. Gee discussed the Worker Adjustment and Retraining Notification Act (WARN) and the impact of possible hospital closures to certain communities with Representative Abraham.

Commissioner Dardenne discussed the effects of Medicaid expansion to the hospital public-private partnerships with Representative Smith. He also discussed, with Representative Armes, the need to raise more revenue before the end of the fiscal year and how such revenue would be allocated.

Mr. W. Jeff Reynolds, Undersecretary for the Department of Health and Hospitals, 628 North Fourth Street, Baton Rouge, LA 70802, (225) 342-9500, discussed, with Representative Bacala, the total cost of the hospital public-private partnerships, Medicaid client reimbursement rates, and the amount paid to medical schools.

Dr. Gee explained the reason for changing the program name from Bayou Health to Healthy Louisiana and the cost associated with the name change with Representatives Henry and Bacala.

Commissioner Dardenne discussed the hospital public-private partnerships contract negotiation process with Representatives Bagley, Berthelot, and Edmonds.

Dr. Gee and Representative Edmonds discussed the level of medical benefits the department is federally required to provide to patients in comparison to other states.

Dr. Gee discussed reforming the Louisiana healthcare system with Representative Bacala. She also discussed making changes to the Bayou Health contracts and raising the uncompensated care rates for hospitals with Representative Hensgens.

Mr. Reynolds discussed the department's new Medicaid expansion cost savings projections with Representatives Henry and Abraham.

Dr. Gee, Commissioner Dardenne, and Ms. Jen Steele, Medicaid Director for the Department of Health and Hospitals, 628 North Fourth Street, Baton Rouge, LA 70802, (225) 342-9500, discussed, with Representative Henry, the backlog of disability determination applicants and eligibility requirements in relationship to Medicaid expansion.

Commissioner Dardenne, Dr. Gee, and Mr. Reynolds discussed the return on investment from the hospital public-private partnerships and the Medicaid forecast for April 2016 with Representative Henry.

Commissioner Dardenne discussed the cost savings from moving to a long-term managed care system with Representative Henry.

Ms. Doreen Brasseaux, Assistant Vice President of Louisiana State University Administration Relations, 3810 West Lakeshore Drive, Baton Rouge, LA 70808, (225) 578-5589, discussed, with Representative Henry, the total amount of anticipated hospital lease payments and the total number of authorized employee positions in the Health Care Services Division.

Ms. Brasseaux, Dr. Gee, and Commissioner Dardenne discussed the data collection component of the hospital public-private partnership contracts with Representative Henry.

Commissioner Dardenne, Dr. Gee, and Ms. Steele discussed the number of people who will enroll in Medicaid after expansion and the future cost of the program to the state with Representative Edmonds.

Dr. Gee and Ms. Steele discussed the effects of Medicaid expansion on incarcerated individuals with Representatives Amedée and Billiot.

Dr. Gee discussed the cost savings of Medicaid expansion relative to the decrease in uncompensated care costs and the concept of "money follows the patient" with Representative Hensgens.

V. ANNOUNCEMENTS

There were no announcements.

VI. ADJOURNMENT

Representative Berthelot offered a motion to adjourn, to which there was no objection. The motion passed by a vote of 23 yeas and 0 nays. Representatives Henry, Abraham, Amedée, Armes, Bacala, Bagley, Berthelot, Billiot, Carter, Chaney, Edmonds, Foil, Harris, Hensgens, Hodges, Leger, McFarland, Miller, Pylant, Richard, Schroder, Smith, and Zeringue voted yea.

The meeting was adjourned at 1:16 p.m.

Respectfully submitted,

Chairman Cameron Henry
House Committee on Appropriations