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NRSC-3A-2024: NATURAL RESOURCES TRUST AUTHORITY

The Natural Resources Trust Authority (“Trust”) was created in Act 727 of the 2024 regular session, to be housed in the Undersecretary’s Office of DENR and overseen by the Undersecretary. The NRSC recommends the Trust enhance its appeal to legislators and stakeholders by focusing on transparency, oversight, and sound fund administration. A key strategy involves engaging the Legislative Auditor’s Office (the “Auditor”) to ensure accountability in financial management. Regular audits conducted by the Auditor will review fund use, investments, and project financing, providing ongoing transparency and demonstrating fiscal responsibility. The Trust should consider clearly establishing the State Mineral and Energy Board as having vested authority with clear oversight, thus bolstering financial oversight by regularly monitoring fund allocation and decision-making processes in a public setting. To promote public trust, developing real-time public facing information on fund disbursement, revenue generation, and investment performance, ensuring legislators and the public have easy access to the financial activities will help. Additionally, performance audits will assess whether the Trust is meeting its long-term strategic goals, such as supporting energy projects, including their decommissioning. Regular reporting mechanisms will provide the Auditor with updates on fund administration, ensuring transparency in the management of infrastructure projects, coastal restoration, energy development, and natural resource management.

Effective fund administration is critical to the Trust’s success. A dedicated financial management team will oversee fund allocation, investment strategies, and compliance with state regulations. Funds will be segregated for different projects, such as energy development and coastal restoration, allowing the Auditor to track the use of public money clearly and efficiently. The Trust will also establish investment guidelines, developed in collaboration with the Bond Commission, State Treasury, and the Legislative Auditor, to balance investment returns with environmental considerations. A comprehensive financial risk management program will be implemented to identify and mitigate potential risks, safeguarding funds from unnecessary financial and political exposure.

By enhancing transparency and financial oversight, the Trust will gain legislative support, as lawmakers will be reassured that public funds are being managed responsibly and in alignment with the state’s strategic goals. This commitment to regular audits and transparent management will also increase public confidence in the Trust’s fiscal discipline. Accountability to all stakeholders, including local governments, industry partners, and the public, will be ensured through ongoing audits and performance reviews.

To implement these improvements, the Trust should formalize the Legislative Auditor's involvement in conducting annual audits and overseeing financial activities. A Trust Oversight Committee should be formed to review financial decisions regularly, and a financial transparency dashboard should be developed to provide real-time tracking of fund disbursement and investments. Performance audits should be conducted to ensure that the Trust is achieving its strategic goals in energy and resource sustainability, infrastructure resilience, and economic development. Finally, robust fund management practices, including risk management and the segregation of funds, will be adopted to ensure the proper use of public funds.

By prioritizing transparency and engaging the Legislative Auditor, the Trust will demonstrate accountability and fiscal responsibility, solidifying its credibility with legislators, stakeholders, and the public.