

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 1261** HLS 14RS 2798
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 2, 2014 1:17 PM	Author: ABRAMSON
Dept./Agy.: Legislative Auditor	Analyst: Travis McIlwain
Subject: Nongovernmental entities	

FISCAL CONTROLS RE +\$135,000 GF EX See Note Page 1 of 1
 Establishes certain requirements regarding state contracts

Proposed bill provides that beginning in FY 16 any quasi public agency including any not-for-profit organization which is neither a budget unit of the state requesting/receiving state monies or assistance through an appropriations bill in any fiscal year shall submit information and documents to the legislative auditor and be approved by the Joint Legislative Committee on the Budget (JLCB) prior to state monies or assistance being appropriated or paid to such agency or body. The information and documents required to be submitted to the legislative auditor include: official name, listing of board of directors, documentation certifying all payroll taxes have been paid, financial statements, documentation indicating that the entity has contracted with a CPA, any additional information the legislative auditor may, in his discretion, deem necessary. Proposed law requires the legislative auditor to prepare a list containing new entities and continuing entities which have submitted information and documentation that have met the requirements of the proposed bill. This list shall be submitted to the JLCB. Proposed law provides that any entity that fails to submit information to the legislative auditor or fails to be approved by JLCB shall be ineligible to request or receive state monies in the fiscal year for which the entity fails to comply with the requirements of this bill. Proposed bill provides that the legislative auditor shall post the list of approved entities on its website. Effective upon governor's signature.

EXPENDITURES	2014-15	2015-16	2016-17	2017-18	2018-19	5 -YEAR TOTAL
State Gen. Fd.	\$135,000	\$60,000	\$60,000	\$60,000	\$60,000	\$375,000
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$135,000	\$60,000	\$60,000	\$60,000	\$60,000	\$375,000

REVENUES	2014-15	2015-16	2016-17	2017-18	2018-19	5 -YEAR TOTAL
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

This legislation will likely result in an increase in state expenditures in the amount of \$135,000 in FY 15 and \$60,000/year in subsequent fiscal years. The Legislative Auditor is estimating a one-time IT cost of \$75,000 to build the IT portal and system for entities to submit the required information outlined in the legislation. The information that is required to be submitted through the portal includes: name, board of directors, payroll tax documentation, financial statements, documentation indicating the entity has a CPA and any other information required by the legislative auditor. The Legislative Auditor will require 1 full-time staff person to maintain the system due to the potential number of entities potentially participating and the number of documents that will be submitted. According to the Legislative Auditor, 733 non-governmental entities reported to the legislative auditor in FY 12.

The proposed legislation sets forth an approval process by which the Joint Legislative Committee on the Budget (JLCB) must approve various documents submitted to the auditor by the non-governmental entity prior to state monies being appropriated or paid. These entity approvals are anticipated to be considered during the committee's regular meeting schedule. However, to the extent there are a significant number of entities submitting documentation, the JLCB could potentially be required to meet on a more regular basis.

NOTE: The legislative per diem rate is \$153 and the mileage reimbursement is \$0.56/mile.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Senate	<u>Dual Referral Rules</u>	House	<input checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}	<i>Evan Brasseaux</i> Evan Brasseaux Staff Director
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}		<input type="checkbox"/> 6.8(F)(2) >= \$500,000 State Rev. Reduc. {H & 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}		