

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 132** HLS 17RS 656
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 5, 2017	1:54 PM	Author: EDMONDS
Dept./Agy.: Statewide		Analyst: Alan M. Boxberger
Subject: Provides relative to allocation of expenditures - state budget		

BUDGETARY CONTROLS OR SEE FISC NOTE GF EX Page 1 of 1
 Provides relative to the allocation of expenditures of the state operating budget

Present law requires the commissioner of administration to notify each budget unit of the amount of appropriations contained in the General Appropriation Act and permits the commissioner to review and approve the initial allocation of expenditures for a fiscal year. Proposed law changes the review and approval of the commissioner of administration of the initial allocation of expenditures from a permissive review to a mandatory review and approval and further specifies that the initial allocation shall be by category of expenditures. Proposed law further requires prior approval of the Joint Legislative Committee on the Budget to change the initial allocation of expenditures or transfer funds between categories. Effective July 1, 2017.

EXPENDITURES	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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>	<u>\$0</u>
Annual Total						
REVENUES	2017-18	2018-19	2019-20	2020-21	2021-22	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>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

To the extent this bill were to result in additional legislative committee hearings by the JLCB, proposed law would result in an increase of SGF expenditures of \$7,488 per day for 48 members to attend meetings if they are held on a day when the JLCB is not meeting. Members would also be entitled to mileage reimbursement, which is currently \$.54 per mile. Such costs can be mitigated if these hearings coincide with a scheduled JLCB meeting, which typically meets at least monthly, but may not be entirely avoidable (see below).

Proposed law requires the commissioner of administration to approve the initial spread of expenditures at the start of each fiscal year, which is current practice. Proposed law further requires prior approval of the JLCB to change the initial allocation of expenditures or transfer funds between categories. The Division of Administration assumes the intent of proposed law is to require authorization of any transfer of authority between major expenditure categories (i.e. from salaries to supplies, professional services to acquisitions, etc.) and not from one expenditure subcategory to another within the same major expenditure category (i.e. from salaries regular to salaries overtime).

There is no direct, significant impact in notifying and requesting authorization of the JLCB to any expenditure category changes. Agency operations could potentially be impacted should there be a delay in JLCB approval or in the case of JLCB disapproval. Agencies will be unable to make expenditures in a major expense category unless there is sufficient authority to cover that expenditure. The LFO assumes that agencies will adapt and submit requests for such transfers with additional time necessary to allow for JLCB approval. At certain times and in certain circumstances, the JLCB may be required or requested to meet more frequently than once per month, as is the current standard:

- 1) During times of emergency declarations when agencies must accelerate drawdown of their budget to respond to the emergency and to properly categorize those expenditures according to generally accepted accounting principles, particularly in circumstances where the agency's initial allocation of expenditures either did not contemplate or allow for such emergency expenditures.
- 2) During end of year closeout, when remaining expenditure authority in all major expenditure categories approaches a zero balance, numerous final adjustments are required statewide among agencies in order to comply with generally accepted accounting principles.

REVENUE EXPLANATION

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

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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