



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 309** HLS 20RS 350
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 17, 2020 8:13 AM **Author:** GAROFALO
Dept./Agy.: Statewide **Analyst:** Alan M. Boxberger
Subject: Adds local government to Louisiana Checkbook

FISCAL CONTROLS OR INCREASE GF EX See Note Page 1 of 2
 Adds local government to the Louisiana Fiscal Transparency Website known as Louisiana Checkbook

Present law requires the commissioner of administration to establish and maintain the Louisiana Fiscal Transparency Website, a centralized, searchable website, referred to as "Louisiana Checkbook," that provides information to the public about data and reports of state expenditures, contracts, incentive expenditures, revenues and other financial matters; provide for applicability to each state entity covering any functions of government in the executive, legislative or judicial branches; provides for content requirements of the website; provides for reporting requirements by all state entities; and provides for compliance monitoring by the legislative auditor and internal auditors of state entities. Proposed law retains present law and additionally applies present law to any office, department, board, commission, institution, division, officer or other person, or functional group, heretofore existing or hereafter created, that is authorized to exercise, or that does exercise, any functions of local government. Proposed law is effective January 1, 2021.

EXPENDITURES	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
State Gen. Fd.	\$349,650	\$320,320	\$170,320	\$170,320	\$170,320	\$1,180,930
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	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Annual Total						

REVENUES	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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						

EXPENDITURE EXPLANATION

Proposed law will result in a significant SGF and LF expenditure increase, the amounts of which shall be greater in the first two years of implementation. The Division of Administration (DOA), Office of Technology Services (OTS) reports that the provisions of proposed law will require a minimum of one full year of development, with at least partial implementation occurring in year two. The Legislative Auditor will realize additional expenditures related to additional compliance reviews (see next page). Local governing authorities will realize a significant increase in LF expenditures related to integration of reporting requirements.

OTS further reports that data will not be integrated into a uniform chart of accounts, but will be reported as a dataset utilizing the chart of accounts currently used by the reporting entity. Given the disparate infrastructure and enterprise solutions in use throughout the state, the level of reporting will likely vary between local governing entities and the full breadth of capabilities built into and required of LA Checkbook (searchable with the ability to aggregate payments to individual vendors and governmental entities, comprehensive contract information, funding sources for individual expenditures, current payroll data, etc.) will likely be limited for local expenditures. These hurdles could potentially be overcome with sufficient budgetary and personnel resources devoted to interfacing local and state databases, but the ability of individual local governing authorities to do so is unknown. Additionally, datasets provided to LA Checkbook for many (if not most) reporting units would likely be done as periodic uploads (monthly or quarterly) and not interfaced in real-time.

OTS reports that it will require a combination of one-time and recurring expenditures of approximately \$349,600 in FY 21, \$320,300 in FY 22, and \$170,300 of recurring expenditures in ensuing fiscal years. OTS additionally reports that it will require three T.O. positions in FY 21 (two IT Management Consultant 2 and one IT Program Analyst 2) and two T.O. positions in FY 22 (one IT Management Consultant 2 and one IT Program Analyst 2). The reported expenditures will provide for information technology services related to developing the addition to LA checkbook and integrating local governing authority information into the dataset; providing for collection of data from over 1,000 reporting entities, and the acquisition

SEE EXPENDITURE EXPLANATION CONTINUED ON PAGE TWO

REVENUE EXPLANATION

The La Legislative Auditor (LLA) would realize an indeterminable, potentially significant increase in SGR associated with compliance reviews for over 1,000 reporting entities. LLA reports that it bills an hourly rate of \$110, but cannot quantify the scope, complexity, or frequency of the required compliance reviews. The total impact on revenues is therefore indeterminable and can vary from year to year.

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}

Evan Brasseaux

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Staff Director

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CONTINUED EXPLANATION from page one:

EXPENDITURE EXPLANATION CONTINUED FROM PAGE ONE

and maintenance of hardware/software (servers, databases, etc.). The breakdown of projected object category expenditures by fiscal year provided by OTS is as follows:

	FY 21	FY 22	FY 23	FY 24	FY 25
Personal Services	\$170,000	\$100,000	\$20,000	\$20,000	\$20,000
Operating Services	\$0	\$120,000	\$120,000	\$120,000	\$120,000
Professional Services	\$175,000	\$90,000	\$20,000	\$20,000	\$20,000
<u>Equipment</u>	<u>\$4,560</u>	<u>\$10,320</u>	<u>\$10,320</u>	<u>\$10,320</u>	<u>\$10,320</u>
Total	\$349,560	\$320,320	\$170,320	\$170,320	\$170,320

Proposed law will result in an aggregate, significant LF expenditure increase for 303 municipalities, 64 parishes and hundreds of local boards, commissions, etc., associated with integration onto the state's fiscal transparency portal. Proposed law will result in unknown, but significant, aggregate one-time expenditures related to system modifications and programming costs, as well as ongoing support and maintenance costs post-implementation. The total expenditure impact, in the aggregate or localized, cannot be quantified and will vary from entity to entity depending on the capacity and complexity of each reporting unit and its existing technology infrastructure. Local governing entities will also be responsible for paying costs to the La Legislative Auditor for periodic compliance reviews (see below).

Proposed law extends certain requirements of the La Legislative Auditor (LLA) and the internal auditors of local governing entities (where present). The LLA will realize a significant expenditure increase due to the workload required by proposed law (assumed to be SGF or equivalent). LLA estimates that at least several hundred local governments (parishes, municipalities, district attorneys, sheriffs, fire districts, assessors, etc.) as well as an unknown number of boards, commissions and non-governmental contractors, grantees, vendors and recipients of local funds would be subject to additional periodic and unscheduled reviews by the LLA. Because the bill does not provide for a minimum number of reviews or specify the degree of detail to be included, the LLA cannot provide an estimated expenditure impact. The entity reviews are to be conducted periodically and unscheduled. The LLA would bill for such reviews at its hourly rate of \$110, but the average number of hours per review cannot be determined due to the varying size and complexity of the individual local governmental agencies, as well as the varying quality and completeness of their records, systems and controls.

Senate Dual Referral Rules
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