

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 157** SLS 20RS 342

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

| | | |
|---|---------|-----------------------------------|
| Date: May 13, 2020 | 1:26 PM | Author: WOMACK |
| Dept./Agy.: Statewide | | Analyst: Alan M. Boxberger |
| Subject: Provides relative to audit requirements | | |

FISCAL CONTROLS

RE SEE FISC NOTE LF RV See Note

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Provides relative to audit requirements for recipients of state funds. (7/1/20)

Present law provides that no funds appropriated in the general appropriations act, the capital outlay act, or other appropriation act, shall be released or provided to any recipient of an appropriation if, when, and for as long as the recipient fails or refuses to comply with the provisions of present law regarding audit requirements; provides that any public entity that has failed or refused to comply with the provisions of the audit laws shall not let any public contract that utilizes any state funds; provides that a public entity may only be released from such restrictions after the entity notifies the Legislative Audit Advisory Council of their compliance and that the Council confirms that the entity is in compliance. Proposed law retains present law and provides that the funds may be appropriated directly or indirectly and that the source of funds may also be an award from the La Department of Health Drinking Water Revolving Loan Fund, the La Department of Environmental Quality Clean Water State Revolving Fund, or from Office of Community Development programs for

SEE SUMMARY CONTINUED ON PAGE TWO

| EXPENDITURES | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 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 | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | |
| Annual Total | | | | | | |

| REVENUES | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 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 | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | |
| Annual Total | | | | | | |

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. The impacted state entities report that the Office of Statewide Reporting and Accounting is automatically notified if a vendor and/or public entity is not in compliance with La R.S. 24:513. Under present law, all payments and/or contracts are put on hold until the audit issue has been resolved. Proposed law provides that if a public entity is in compliance regarding audits at the time the entity enters into a public contract, and later becomes noncompliant, the legislative auditor may grant the entity an extension of time in order that the public entity may receive appropriated or awarded state funds and shall tender outstanding payments to contractors, subcontractors, suppliers, and others due payment by the public entity related solely to contracts that will inure to the benefit of public health, welfare, or safety. The public entity shall abide by any conditions imposed by the legislative auditor to monitor the proper payment of funds due to contracts, subcontractors, suppliers and others. In practice, this will permit the public entity to pay contractors for work completed and accepted to ensure additional payments owed to contractors do not accrue.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure. Proposed law will impact entities receiving awards from the La Department of Health Drinking Water Revolving Loan Fund, the La Department of Environmental Quality Clean Water State Revolving Fund, or from Office of Community Development programs for Community Development Block Grants, Louisiana Community Development Block Grants, Local Government Assistance Program, Disaster Recovery grants, the Community Water Enrichment Fund, or similar programs. Under present law, these entities can no longer receive a transfer of funds if they fall into noncompliance with La R.S. 24:513. Proposed law will allow the release of any appropriated monies due to a contractor from the public entity with authorization from the legislative auditor, if such entity falls into noncompliance.

Senate

Dual Referral Rules

House

13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Evan Brasseaux

Evan Brasseaux
Staff Director

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CONTINUED EXPLANATION from page one:
SUMMARY CONTINUED FROM PAGE ONE

Community Development Block Grants, Louisiana Community Development Block Grants, Local Government Assistance Program, Disaster Recovery grants, the Community Water Enrichment Fund, or similar programs; provides that the term "public entity" also apply to a local auditee; and provides that if the public entity is in compliance regarding audits at the time the entity enters into a public contract related to public health, welfare or safety, and later becomes noncompliant, the legislative auditor may grant the entity an extension of time in order that the public entity may receive appropriated or awarded state funds and shall tender outstanding payments to contractors, subcontractors, suppliers, and others due payment by the public entity related solely to contracts that will inure to the benefit of public health, welfare, or safety. The public entity shall abide by any conditions imposed by the legislative auditor to monitor the proper payment of funds due to contracts, subcontractors, suppliers and others.

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