

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 441** SLS 14RS 739

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 10, 2014 4:50 PM	Author: MORRELL
Dept./Agy.: Office of Community Development (OCD)	Analyst: Travis McIlwain
Subject: CDBG Disaster Recovery Unit	

FUNDS/FUNDING

OR SEE FISC NOTE FF EX

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Provides procedures for recovery of funds by the office of community development disaster recovery unit. (gov sig)

Proposed bill requires the OCD Disaster Recovery Unit (DRU) terminate procedures in effect under which disaster recovery monies paid as a result of Hurricanes Katrina and Rita (including monies paid for the Road Home Program) which are alleged to have been improperly paid to or misspent by the recipients. Proposed bill prohibits OCD DRU from initiating recovery of disaster monies until procedures for recovery of these monies are adopted by the OCD. Proposed bill requires to develop procedures to recover funds improperly paid to or misspent by recipients which shall include the following: 1.) documentation that any letter to a person from the office seeking confirmation that disaster monies paid to the person were used in accordance with program rules, 2.) that the letter clearly indicate the information needed to verify the disaster funds were used in accordance with program rules, 3.) that the recipient of the letter is given 90 days within which to respond to the office, 4.) that all issues concerning program compliance rules be resolved within 60 days after receipt by the office of the information requested by the office. Proposed bill provides that the OCD DRU will develop the procedures by October 1, 2014. Effective upon governor's signature.

EXPENDITURES	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	SEE BELOW					
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						
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>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. According to the Division of Administration (DOA), the requirements included within the proposed legislation are currently in place. The only potential minimal cost impact of the Disaster Recovery Unit (DRU) may be programming costs to its Simplicity IT system to allow for the language requirements within the DRU letters outlined in the legislation. Although the DOA anticipates such application updates to be approximately \$14,300, the LFO believes such costs can be absorbed within the DOA's existing resources.

The DOA does not interpret the requirements of this legislation to be retroactive. However, to the extent this legislation is retroactive, the DOA would be required to resend approximately 17,000 letters to properly reflect the requirements outlined within this bill.

REVENUE EXPLANATION

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

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| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input 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} |

Evan Brasseaux
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Staff Director