

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 161** SLS 14RS 622

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

| | |
|--|-----------------------------------|
| Date: April 14, 2014 5:09 PM | Author: MURRAY |
| Dept./Agy.: Legislative Auditor | Analyst: Matthew LaBruyere |
| Subject: Audit Costs | |

LEGIS POWERS/FUNCTIONS OR INCREASE SG RV See Note
Provides relative to restitution of audit costs. (8/1/14)

Proposed law provides that all costs incurred by the legislative auditor to audit, investigate, or report possible fraud, theft, or other misappropriation will be recoverable by civil suit against the responsible party. Proposed law provides that the attorney general, at the request of the legislative auditor, is authorized to seek recovery on behalf of the legislative auditor of such costs through civil suit against the responsible party. Proposed law provides that the attorney general or the local district attorney prosecuting such crimes shall also seek restitution. Proposed law defines "responsible party" as the person or entity actually responsible for the misappropriation.

Effective August 1, 2014.

| EXPENDITURES | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 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 | 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. | INCREASE | INCREASE | INCREASE | INCREASE | INCREASE | |
| 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

The proposed legislation may result in an increase in state general fund expenditures for the Attorney General's Office as a result of seeking recovery for the Legislative Auditor. Since each civil suit will vary based on the amount being recovered and situation that brought upon the audit, the cost to the Attorney General is indeterminable. It is possible that the Attorney General may be able to handle certain cases with current resources. However, if some cases are larger, the Attorney General may require additional resources.

REVENUE EXPLANATION

The proposed legislation may result in an increase in self-generated revenue as a result of the recovering costs incurred by the Legislative Auditor's Office for audits or investigation. The Attorney General's Office will be authorized to seek recovery of funds at the request of the auditor.

According to the Legislative Auditor, there are 15 completed projects with an average cost of \$28,000 that have not been paid. These projects amount to \$420,000 (15 projects x \$28,000 average cost) that has not been paid to the auditor. It is unknown if the auditor would be able to recover all costs since it is possible that some responsible parties may not be able to pay.

To the extent local district attorneys or the Attorney General's Office are able to receive restitution from the civil cases, local fund revenues will increase for the local district attorney and self-generated revenue will increase for the Attorney General.

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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} |

John D. Carpenter
Legislative Fiscal Officer