

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 161** SLS 14RS 622
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action: **w/ HSE COMM AMD**
 Proposed Amd.:
 Sub. Bill For.:

Date: May 13, 2014	5:59 PM	Author: MURRAY
Dept./Agy.: Legislative Auditor		Analyst: Matthew LaBruyere
Subject: Audit Costs		

LEGIS POWERS/FUNCTIONS EG1 INCREASE SG RV See Note Page 1 of 1
 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 upon a finding of fraud, theft, or misappropriation, 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 shall recover all costs and reasonable attorney fees from 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. Self-generated revenue will increase for the Attorney General's Office as a result of recovering all costs from the responsible party for seeking recovery for the Legislative 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