

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 42** HLS 161ES 134  
 Bill Text Version: **ENGROSSED**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> February 23, 2016 10:01 AM	<b>Author:</b> MORRIS
<b>Dept./Agy.:</b> Legislative Auditor	<b>Analyst:</b> Willie Marie Scott
<b>Subject:</b> Fiscal Controls	

FISCAL CONTROLS EG INCREASE GF EX See Note Page 1 of 2

Requires certain contracting entities to submit information to the legislative auditor prior to contracting with a state agency or receiving state monies.

The proposed legislation requires any contracting entity to electronically submit information and documentation to the Legislative Auditor (LLA) prior to entering into or renewing a contract with a state agency. The information and documents required to be submitted include: official name and address; list of owners, board of directors or equivalent governing body, and officers; documentation certifying all payroll taxes have been paid and a financial statement has been compiled by or attested to by a CPA or Form 990 was filed with the IRS; copy of a recent financial statement or Form 990; information indicating the type or nature of the contract with the state agency, including whether the contract was publicly bid, competitively bid or negotiated, or let through a noncompetitive process, value of the contract, and the name of each state agency which is or would be a party to the contract; names and addresses of all registered lobbyists lobbying on behalf of the contracting entity; percentage of minority, women, and local ownership of the entity; and any additional information the LLA may deem necessary. It further provides that the LLA shall evaluate the reports, audit, and (Continued on Page 2)

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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	\$0	\$0	\$0	\$0	\$0	\$0
<b>Annual Total</b>						

REVENUES	2016-17	2017-18	2018-19	2019-20	2020-21	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	\$0	\$0	\$0	\$0	\$0	\$0
<b>Annual Total</b>	\$0	\$0	\$0	\$0	\$0	\$0

**EXPENDITURE EXPLANATION**

The LLA reports a projected increase in expenditures of \$121,071 in FY 17 and \$92,142 for salary (\$60,000) and related benefits (\$32,142) for one position in subsequent fiscal years. FY 17 includes one-time funding of \$75,000 for IT infrastructure for maintaining the list and information. The additional position in the LLA will be responsible for maintaining the system as well as reviewing the information for completeness and accuracy. Due to the effective date of January 1, 2017, the FY 17 fiscal impact related to this position will be for 6 months, or \$46,071. To the extent that the workload related to this legislation is greater than anticipated, an additional position may be necessary in future fiscal years.

The Division of Administration (DOA) reports a projected increase of expenditures totaling approximately \$160,000 for salaries and related benefits for 2 positions (\$80,000 salary and related benefits) as a result of increased workload created by the proposed legislation. The DOA indicates contractor profile data would have to be integrated with LaTrac, and the state's procurement and payment processes would have to include a check of the approved vendor list. However, the LFO believes that the DOA can potentially accomplish these tasks utilizing existing resources and budget authority.

**Note:** Based on information from the Office of State Procurement Professional Service Contracts 2014 - 2015 Annual Report there were 4,017 professional, personal, consulting, social services, interagency, intergovernmental, and cooperative endeavor agreement contracts approved in FY 15. Another 3,906 contacts were approved by state agencies under their delegated authority of approving contracts equal to or less than \$20,000 (RS 39:1566). To the extent these entities want to renew their existing state contract, the LLA will be required to review the accuracy and completeness of all the required documentation identified within this bill and post this information online.

**REVENUE EXPLANATION**

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

Senate Dual Referral Rules House

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| <input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | <input checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {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*  
**Evan Brasseaux**  
**Staff Director**

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**CONTINUED EXPLANATION from page one:**

financial statements submitted pursuant to the proposed legislation. If the information submitted is complete and accurate, the Legislative Auditor shall immediately place the name of the contracting entity on a list of approved contracting entities. The list shall be posted and updated on the LLA's website. Any contracting entity that does not appear on the list of approved contracting entities on the website will be ineligible to request of receive state monies.

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}

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