

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 6144-01  
Bill No.: HB 2106  
Subject: State Auditor  
Type: Original  
Date: April 25, 2012

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Bill Summary: This proposal changes provisions relating to the State Auditor.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Joint Committee on Public Retirement, Department of Insurance, Financial Institutions and Professional Registration, Missouri Ethics Commission, Department of Elementary and Secondary Education, Office of the State Public Defender, Missouri Lottery Commission, Office of the Governor, Office of the State Courts Administrator, Missouri House of Representatives, Missouri Senate, Department of Agriculture, Office of Prosecution Services, Department of Public Safety - Missouri Highway Patrol, State Tax Commission, Missouri Consolidated Health Care Plan, Department of Labor and Industrial Relations, Joint Committee on Administrative Rules, Department of Mental Health, Office of the State Treasurer, Department of Public Safety - Capitol Police, Department of Public Safety - Alcohol and Tobacco Control, Administrative Hearing Commission and Office of Administration, Office of the State Auditor** each assume the current proposal would not fiscally impact their respective agencies.

Officials from the **Missouri Department of Conservation (MDC)** state that this proposal will have an unknown fiscal impact on their department with respect to staff time expended in association with an audit and scope of audit activities.

**Oversight** assumes MDC can absorb the administrative costs associated with a potential audit by the State Auditor.

Officials from the **MoDOT & Patrol Employees' Retirement System (MPERS)** state that other than the administrative costs that may be incurred from producing documentation, it is unknown if the proposal would have a fiscal impact on the agency.

**Oversight** assumes MPERS can absorb the administrative costs associated with a potential audit by the State Auditor.

Officials from the **Department of Corrections (DOC)** stated that they could not predict the number of new commitments which could result from the creation of the offense(s) outlined in the proposal. An increase in commitments would depend on the utilization of prosecutors and the actual sentences imposed by the courts. If additional persons were sentenced to the custody of the DOC due to the provisions of this legislation, the DOC would incur a corresponding increase in operational costs either through supervision provided by the Board of Probation and Parole (FY11 average of \$5.03 per offender, per day or an annual cost of \$1,836 per offender).

ASSUMPTIONS (continued)

In summary, supervision by the DOC through probation or incarceration would result in some additional costs, but it is assumed the impact would be \$0 or a minimal amount that could be absorbed within existing resources.

Officials from the **Department of Economic Development - Missouri Housing Development Commission (MHDC)** assumed that there could be a negative unknown fiscal impact to federal funds and other funds. MHDC stated that they do not write their federal contracts. They do not know if the federal agencies that they work with can accommodate the provisions required, in turn keeping those contracts or potentially losing them. If the department loses federal contracts, this will cause a negative unknown fiscal impact. If they do not lose federal contracts, the proposal will not affect them fiscally.

**Oversight** assumes the assumption by MHDC is speculative, and for fiscal note purposes will not include the impact.

Officials from the **Missouri Veterans Commission** state that all funds are currently audited annually by the Office of the State Auditor.

Officials from the **Missouri Gaming Commission** state that the proposal has a less than \$500 negative fiscal impact to their agency, because of the reasonable fee for the copy of the audit.

**Oversight** assumes that this fee will only be incurred by the department for a written copy of the audit. The proposal states that it will also be available on the official website of the State Auditor.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

ASSUMPTIONS (continued)

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Officials from the **County of St. Louis** assume the current proposal would not fiscally impact their county.

Officials from the **Department of Revenue (DOR)** stated that the SAU is currently auditing sales tax records maintained by the DOR. This audit began in October of 2011. DOR makes personnel available to audit staff as needed. DOR estimates providing approximately 200 hours of taxation support and 80 hours of Information Technology support since the inception of the audit.

If the provisions of this proposal allow the State Auditor to also audit corporate income, individual income, and employer withholding tax records, DOR estimates a similar amount of staff time could be attributed to audits in each of those tax types. In addition, since no audits have previously been performed by the State Auditor for any of the tax types mentioned above, the amount of time need to perform a complete audit may be doubled or tripled. Therefore, DOR may expend \$96,000 in salaries and benefits for staff assistance for any additional audits performed.

**Oversight** assumes DOR could request additional FTE for staff assistance required with any audits that may be performed if the need arises and could absorb any administrative costs with existing resources.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

The proposed legislation appears to have no fiscal impact.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

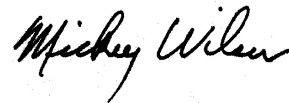
Department of Insurance, Financial Institutions  
and Professional Registration  
Missouri Ethics Commission  
Department of Elementary and Secondary Education  
Missouri Veterans Commission  
Department of Public Safety  
MoDOT & Patrol Employees' Retirement System  
Department of Corrections  
Missouri Department of Conservation  
Office of the Secretary of State  
Joint Committee on Public Retirement  
Office of the State Public Defender  
Missouri Lottery Commission  
Department of Economic Development  
Office of the Governor  
Office of the State Courts Administrator  
Missouri House of Representatives  
Department of Agriculture  
Office of Prosecution Services  
Missouri Highway Patrol  
State Tax Commission  
Missouri Consolidated Health Care Plan  
Department of Labor and Industrial Relations  
Missouri Senate  
Joint Committee on Administrative Rules  
Department of Mental Health  
Office of the State Treasurer

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SOURCES OF INFORMATION (continued)

Administrative Hearing Commission  
Office of Administration  
Office of the State Auditor  
Department of Revenue  
County of St. Louis

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a large initial "M".

Mickey Wilson, CPA  
Director  
April 25, 2012