

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4558-01
Bill No.: HB 2319
Subject: Taxation and Revenue - General; Revenue, Department of; Political Subdivisions;
Accountants; Contracts and Contractors; Ethics
Type: Original
Date: February 14, 2020

Bill Summary: This proposal requires all special taxing districts to have an annual audit performed.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Local Government	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Eastwood Fire Protection District (FPD)** assume a negative fiscal impact from this proposal. The FPD is a very small, rural fire district. The tax money goes towards maintaining insurance, maintenance and other expenses. Any unused funds goes towards promoting fire safety in the homes and enlist new volunteers.

Oversight assumes there could be other special taxing districts that would incur this expense on an annual basis and could have a negative impact to their budget as a result of this proposal. Therefore, Oversight will reflect an unknown cost to special taxing districts for audit services for this proposal.

Officials at the **State Auditor's Office**, the **Department of Revenue** and the **State Tax Commission** each assume no fiscal impact to their respective agencies from this proposal.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for these agencies.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other local special taxing districts were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
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SPECIAL TAXING DISTRICTS

<u>Cost</u> - for annual audit services	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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ESTIMATED NET EFFECT ON SPECIAL TAXING DISTRICTS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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FISCAL IMPACT - Small Business

There could be a positive fiscal impact to small CPA firms that may audit special taxing districts as a result of this proposal.

FISCAL DESCRIPTION

This bill requires special taxing districts, as defined in the bill, that are not otherwise required by law to have an audit performed by a certified public accountant or other qualified auditor, or does not have an audit in conjunction with the audit of its establishing or approving city or county, to have an audit performed annually by an independent certified public accountant.

Additionally, each special taxing district that is required to have an audit under this bill will individually select its own certified public accountant to perform audits through a fair and competitive bidding process that considers no less than three bids and awards a contract to the lowest or best bidder. Contracts entered under this bill may have a duration of up to five years, and upon the termination of an existing contract the special taxing district will hold a new fair and competitive bidding process to award a subsequent contract.

This bill requires every certified public accountant performing an audit under this bill to compile their findings into a report that will be submitted to the special taxing district that is audited.

Additionally under this bill, the special taxing district may use a portion of the revenue received under their taxing authority to pay the fees and expenses arising from their contracts with certified public accountants performing the audits required under this bill.

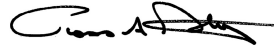
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Eastwood Fire Protection District
State Auditor's Office
Department of Revenue
State Tax Commission



Julie Morff
Director
February 14, 2020



Ross Strobe
Assistant Director
February 14, 2020