

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: April 14, 2011
POSITION: Oppose
SPONSOR: State Controller

BILL NUMBER: AB 253
AUTHOR: C. Smyth
RELATED BILLS: AB 229, AB 276,
 SB 186, SB 449

BILL SUMMARY: Local Agencies: Accounting and Reporting Procedures

This bill would give the State Controller, in consultation with a newly created Committee on City Accounting Procedures ("committee"), authority to prescribe uniform accounting and reporting procedures for cities. This new authority for the Controller and the committee is modeled directly on existing law for counties. The bill specifies the committee shall be comprised of ten members appointed by the Controller.

FISCAL SUMMARY

The State Controller's Office (SCO) estimates that it will require \$446,000 in General Fund in the budget year (\$353,000 for 3.8 PYs and \$93,000 for operating expense and equipment) and \$436,000 ongoing if this bill is enacted. There is \$10,000 of one-time expense for equipment in the budget year.

COMMENTS

Finance is opposed to the bill for the following reasons:

1. We are concerned with the state potentially becoming accountable and liable for local governments' fiscal problems.
2. Because the roles and responsibilities of the state and local governments are undergoing realignment, it would be premature to determine the extent of greater responsibility for local government oversight within the SCO at this time. Over time, the realigned state - local government landscape will become clearer. This proposal could then be evaluated within the context of realigned state and local government structures.
3. Due to the state's dire financial condition, we cannot support this proposal because it would add costs and new positions to state government when reductions in the size and cost of state government are necessary.

Four other related bills, AB 229, AB 276, SB 449, and SB 186 address local government oversight issues as well.

Code/Department Agency or Revenue Type	(Fiscal Impact by Fiscal Year)									Fund Code		
	SO	(Dollars in Thousands)										
	LA	CO	PROP	FC	2010-2011	FC	2011-2012	FC	2012-2013			
0840/Controller	RV	98	FC		2010-2011	FC		2011-2012	FC		2012-2013	0001
	SO	No			--	C		\$446	C		\$436	

Analyst/Principal (0190) O. Chaves	Date	Program Budget Manager Veronica Chung-Ng	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)