

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: 08/06/2012
POSITION: Neutral
SPONSOR: The State Controller's Office

BILL NUMBER: SB 118
AUTHOR: Yee, Leland

BILL SUMMARY: State Controller's Office: Reimbursement for Expenses

This bill would require departments issuing revenue bonds to reimburse the State Controller's Office (SCO) for SCO's expenses related to accounting for the departments' revenue bond transactions, and would authorize the SCO to recover costs by invoicing the state agency issuing the bonds.

FISCAL SUMMARY

The SCO estimates that based on the 2010-11 fiscal year of revenue bond accounting work, approximately \$175,000 would be reimbursed for staff salaries and indirect costs. We understand that the spending authority from reimbursements is already included in the SCO's budget.

SUMMARY OF CHANGES

Amendments since our analysis of the April 26, 2012 version of this bill include the following minor amendments which do not change our position:

- Changing the phrase "the accounting of expenditures" to "any accounting of expenditures".
- Changing the phrase "cost of issuance" to "cost of issuance or the administrative pro rata assessment collected annually from each department".
- Changing the phrase "services necessitated by the Controller" to "services performed by the Controller".
- Changing the phrase "undisputed invoice" to "invoice unless disputed".

COMMENTS

Amendments since our previous analysis have not changed Finance's position on this bill. Finance is neutral on this bill because it would provide the Controller the authority to invoice agencies for Controller's revenue bond accounting related expenses, rather than the indirect method involving the State Treasurer's Office (STO) that has been used in the past.

Historically, the STO has had an interagency agreement with the SCO that allowed the SCO to bill the STO for actual expenses incurred related to issuance and statewide accounting for revenue bond sales transactions. At the end of fiscal year 2010-11, the STO discontinued the interagency agreement, indicating that the SCO should bill departments directly.

The amendments since our previous analysis are technical and clarify in greater detail which services and expenditures the Controller may invoice the state agency for reimbursement.

Analyst/Principal (0123) O.Chaves	Date	Program Budget Manager Veronica Chung-Ng	Date
Department Deputy Director		Date	
Governor's Office:	By:	Date:	Position Approved _____ Position Disapproved _____
BILL ANALYSIS			Form DF-43 (Rev 03/95 Buff)

BILL ANALYSIS--(CONTINUED)

AUTHOR

AMENDMENT DATE

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Yee, Leland

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SB 118

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)					Fund Code	
	LA	(Dollars in Thousands)						
	CO	PROP						
	RV	98	FC	2012-2013	FC	2013-2014	FC	2014-2015
0840/Controller	SO	No	B	175	B	175	B	175 0995
<u>Fund Code</u>			<u>Title</u>					
0995			Reimbursements					