FISCAL IMPACT REPORT

SPONSOR Lopez

ORIGINAL DATE 02/19/11
LAST UPDATED 02/22/11

HB

SHORT TITLE Clarify State Treasurer Duties

SB 278/aSRC

ANALYST Graeser/Golbiewski

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY11	FY12		
	NFI	NA	NA

(Parenthesis ( ) Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY11	FY12	FY13	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		NFI	NFI	NFI	NA	NA

(Parenthesis ( ) Indicate Expenditure Decreases)

SOURCES OF INFORMATION
LFC Files

Responses Received From

SUMMARY

Synopsis of Senate Rules Committee Amendment

The SRC amendment changes the requirement of county treasurers to remit all money received for taxes for state purposes or that are by law required to be remitted to DFA, instead of the county remittance fund. This will not have any effect on impact estimates.

Synopsis of Original Bill

Senate Bill 278 limits the term “treasury” to cash held at the state’s fiscal agent bank and administered by the office of the state treasurer (unless the context otherwise clearly indicates). The bill requires county treasurers to remit property taxes collected on behalf of the state to the county remittance fund, not the state treasurer on or before the tenth day of the next month following collection. In several places, the bill changes a transfer from one entity to the state treasurer to that entity and the state treasury. The bill also implicitly requires the state treasury to issue duplicate receipts for all money paid into the treasury and the person who receives that duplicate receipt is required to record the transaction in the state's centralized accounting system.

The effective date of the provisions of the bill is July 1, 2011.

FISCAL IMPLICATIONS

No fiscal impact.

SIGNIFICANT ISSUES

The entire bill seems to be technical, but may have two possible impacts.

(1) The provisions of the bill, alone, would probably deny the state treasurer any control, responsibility or accountability for investment funds held by the state, but not in funds designated as "treasurer's balances." Thus, the state treasurer would not be held accountable or responsible for bad investments made for the permanent funds or the pension funds.

(2) The changes in definition and accounting requirement are subtle. Currently, the state treasurer's office receives money and issues duplicate receipts. One receipt is retained by the payer (generally an executive agency) and one is transmitted to the financial control division of DFA. FCD is then required to post the receipt and credit the payer and charge the treasurer. The proposed change substitutes "the state treasury" for the "state treasurer" and allows the treasurer's designate to process deposits and initiate the receipts. Failure to pass this bill might, through negative inference, require the state treasurer personally accept money into treasurer's balances. This is administratively impossible.

The change proposed in the bill for deposit and transfer of property tax collections (state debt service) from the treasurer to the county remittance fund seems to be technical and reinforce the idea that the treasure does not personally have to record deposits of this type.

ADMINISTRATIVE IMPLICATIONS

No appreciable change in administration or workload at either the treasurer's office or FCD/DFA.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Failure to pass this bill might, through negative inference, require the state treasurer personally accept and process money into treasurer's balances, prepare duplicate receipts and enter the deposit information into the state's accounting system. This is administratively impossible.

LG/bym