

ANALYSIS OF ORIGINAL BILL

Franchise Tax Board

Author: Haynes Analyst: Gail Hall Bill Number: AB 94

Related Bills: See Legislative History Telephone: 845-6111 Introduced Date: January 10, 2005

Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: State Agencies Report To Legislature Financial Activities For The 2000/2001, 2001/2002, 2002/2003, 2003/2004, and 2004/2005 Fiscal Years.

SUMMARY

This bill would require state agencies, boards, commissions, departments, and offices to provide a report regarding financial activities to specific legislative committees for fiscal years 2000/2001 through 2004/2005 and for all subsequent fiscal years.

PURPOSE OF THE BILL

The author's office has indicated that the purpose of this bill is to allow the budget committees to understand the financial activities of state agencies by having a detailed report of the last five fiscal years.

EFFECTIVE/OPERATIVE DATE

This bill would be effective and operative January 1, 2006.

POSITION

Pending.

ANALYSIS

FEDERAL/STATE LAW

Each year, every state agency must review its expenditure plan and prepare a baseline budget to maintain existing service levels. In addition, an agency may prepare a Budget Change Proposal (BCP) to adjust service levels. The Department of Finance (DOF) analyzes each baseline budget and BCPs, estimates revenues, and prepares a balanced expenditure plan for the Governor's approval. The Governor may require state agencies, officers, or employees to furnish whatever information is deemed necessary to prepare the budget. The Governor's Budget is submitted to the Legislature by January 10th of each year. The Governor and Legislature are required to enact a budget package by June 15th of each year. After enactment the state agencies administer, manage, and exercise oversight of the Budget on an ongoing basis. In addition, the Joint Legislative Budget Committee is involved in the ongoing administration of the Budget and reviews various requests for changes to the Budget.

Board Position:	Department Director	Date
_____ S		
_____ SA		
_____ N		
_____ NA		
_____ O		
_____ OUA		
_____ NP		
_____ NAR		
_____ X PENDING	Gerald H. Goldberg	2/11/05

THIS BILL

This bill would require state agencies, boards, commissions, departments, or offices to prepare a report of financial activities for fiscal years 2000/2001 through 2004/2005 and for all subsequent fiscal years and submit the report to specific legislative committees and their members. Each entity would be required to include the following information:

- the organizational code as provided in the most current Budget Act,
- the data in a combined and separate report format for an entity and its subdivisions,
- the total amount of all appropriations, including any midyear adjustments, that were appropriated for each of the fiscal years requested in the report,
- the percentage increases of the total appropriations over the base amount in the annual Budget Act for the preceding year, and
- the total expenditures against the source of funds used to make the expenditures, the category of the expenditure, and the percentage increase of these amounts of expenditures for the preceding year.
- the total amounts of actual expenditures against the total amount budgeted by the agency, board, commission, department, or office for expenditure,
- the actual program goals established for each fiscal year, the progress toward those goals, and overall annual program growth, and
- the cost per person or recipient of program benefits and the increase in this cost over the prior year.

This bill specifies that the fiscal years to be included in the report due January 15, 2006, would be 2000/2001 through 2004/2005. For each subsequent fiscal year, the report must be submitted by January 15 of the following calendar year.

IMPLEMENTATION CONSIDERATIONS

Implementation of this bill is expected to impact the department. Although a majority of the information requested for the report would be similar in nature to the various financial reports prepared by the department, staff would need to assemble the information and create the report for this purpose.

TECHNICAL CONSIDERATIONS

The phrase "cost per person or recipient of program benefits" is vague. Since the department administers various tax and non-tax programs, the terms "person," "recipient," and "program benefits" could have many interpretations including, but not limited to, department employees or taxpayers. The author may want to clarify these terms so each entity prepares the report accurately and in a consistent manner.

LEGISLATIVE HISTORY

ABX 5-1 (Haynes, 2003/2004), AB 318 (Haynes, 2003/2004) and SB 1292 (Haynes, 2001/2002) would have required a report nearly identical to this bill. SB 1292 was held in Senate Appropriations and AB 318 and ABX 5-1 were held in the Assembly Budget Committee.

OTHER STATES' INFORMATION

Since this bill only requires a report to the Legislature regarding prior financial activity of state departments, a review of other states' tax information is not relevant.

FISCAL IMPACT

Assembling the specific information for the report required in this bill would have an impact on the department. The additional costs have not been determined at this time. As the bill moves through the legislative process, costs will be identified and an appropriation will be requested.

ECONOMIC IMPACT

The proposal would not impact personal income tax or corporate tax revenues.

LEGISLATIVE STAFF CONTACT

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