

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION**

**April 5, 2017**

**TO:** Honorable Lois W. Kolkhorst, Chair, Senate Committee on Administration

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: SB398** by Kolkhorst (Relating to a study conducted by the State Auditor's Office to compare the projected cost estimate attached to certain bills and resolutions to the actual cost to the state of the bills and resolutions.), **As Introduced**

**No significant fiscal implication to the State is anticipated.**

To complete the work described by this legislation, in accordance with Section 321.013, Government Code, all additional duties and responsibilities prescribed by the legislation would be proposed in the SAO's annual audit plan submitted to the Legislative Audit Committee. This scope of work is estimated to require 2,500 audit hours to complete at a cost of \$225,000 using the SAO's standard billing rate, and conducted using existing resources.

The bill would amend the Government Code to require the State Auditor's Office (SAO) to conduct a study to compare the probable cost estimate in fiscal notes prepared by the Legislative Budget Board (LBB) attached to bills or resolutions with the actual cost to the state of the bills or resolutions. The bill would require the SAO to select a random sample set of 10 percent of fiscal notes prepared by the LBB from the preceding five regular legislative sessions for cost comparison in accordance with the requirements of the bill. The bill would also require the SAO to develop a system to determine the actual cost to the state. The bill would require the SAO to deliver the results of the study to the Governor, the Lieutenant Governor, the Speaker of the House of Representatives, the House Appropriations Committee, and the Senate Finance Committee on or before September 1, 2018. The bill would expire on December 31, 2018.

The bill would take effect immediately upon receiving a two-thirds majority vote in both houses; otherwise, the bill would take effect September 1, 2017.

According to LBB records, more than 500 bills and resolutions passed with a net positive or negative fiscal impact from the 80th, 81st, 82nd, 83rd, and 84th legislative sessions. Of that group, approximately 352 billion have negative all funds fiscal impact (cost or loss). Therefore, based on this amount, approximately 35 bills or resolutions would be sampled for cost comparison.

The SAO anticipates that approximately 2,500 hours would be necessary to complete the study required by the bill. Based on the SAO's fiscal year 2016 billing rate of \$90 per hour, the study would result in a one-time cost of \$225,000 and would require 1.6 FTEs (Auditor positions) in fiscal year 2018. It is assumed this cost would be absorbed in the annual audit plan.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 308 State Auditor's Office

**LBB Staff:** UP, KK, MW