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FISCAL IMPACT STATEMENT

LS 6699

BILL NUMBER: HB 1280

NOTE PREPARED: Apr 7, 2009

BILL AMENDED: Apr 7, 2009

SUBJECT: State Budget and Spending Information on Internet.

FIRST AUTHOR: Rep. Welch

FIRST SPONSOR: Sen. Hershman

BILL STATUS: CR Adopted - 2nd House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill provides that the State Auditor shall begin work to post state expenditures and account balances on the Internet not later than July 1, 2009. It requires state agencies to provide information to the Auditor of State and to develop links on agency Internet web sites to the Auditor's expenditure Internet web site. It requires the Auditor of State and the Office of Technology to initially complete the design of the Internet web site and establish and post the required information for all state agencies other than state educational institutions.

The bill requires the Auditor of State and the Office of Technology to provide to each state educational institution a description of the data fields and data transfer standards and protocols developed during the initial phase. It requires the Auditor of State to submit a report to the Legislative Council that specifies the cost that would be required for each state educational institution to comply with the requirements of the bill. It provides that the Legislative Council may determine whether a state educational institution can provide the required information without expending resources. It provides that the Auditor shall report the progress of posting state expenditures and account balances on the Internet to the State Board of Finance and the Legislative Council.

Effective Date: Upon Passage.

Explanation of State Expenditures: (Revised) *Summary* - This bill will increase administrative costs for the Auditor of State and the Office of Information Technology. The increase is indeterminable and will depend on the amount of resources that will be required to implement the data base required by the bill. The bill requires these two agencies to work together to develop and maintain an Internet web site detailing state expenditures by each agency and account balances. Also, the bill requires the Auditor of State to provide a

report to the State Board of Finance and the Legislative Council that details the state expenditures and account balances contained in the database and the progress that the Auditor of State's office has made regarding the provisions in this bill.

All other state agencies (other than state educational institutions) should not be significantly affected because the bill does not require a state agency to record information or expend resources for the purpose of computer programming to make information reportable. The bill's definition of state agency includes the legislative, administrative, and judicial branches of government, and state educational institutions. The bill does require state agencies to cooperate with the Auditor and provide the information necessary for the Auditor to compile the data base. It is estimated that all state agencies currently have the information needed for the data base. The bill does require each state agency to include a link to this data base on the state agency's web site. This provision is not expected to have a significant fiscal impact on state agencies.

Initially, the website will include the required information for all state agencies other than state educational institutions. The bill requires the Auditor of State and the Office of Technology to provide a description of the data fields and data transfer standards and protocols developed during the initial phase to each state educational institution. The Auditor of State is also required to submit a report to the Legislative Council that specifies the cost required for each state educational institution to comply with the requirements of this bill. Then, the Legislative Council will determine whether a state educational institution can provide the required information without expending resources.

Background Information - There are 21 states that currently provide budget and spending information online: Alabama, Alaska, Florida, Georgia, Kansas, Kentucky, Maryland, Minnesota, Mississippi, Missouri, Nebraska, Nevada, New York, North Carolina, Oklahoma, Rhode Island, South Carolina, South Dakota, Texas, Virginia, Washington.

Seven states are currently involved in the process of implementing websites containing budget and spending information: Arizona, Colorado, Hawaii, Illinois, Louisiana, Ohio, Utah.

During the 2009 state legislative sessions there have been 14 states where legislation has been introduced that would create websites containing budget and spending information: Arkansas, Connecticut, Indiana, Iowa, Michigan, Montana, New Jersey, North Dakota, Oregon, Pennsylvania, Tennessee, West Virginia, Wisconsin, Wyoming.

State Examples -

Alaska: Alaska's Checkbook Online was launched in January 2008 and was created by using reports from a data warehouse of accounting information which were posted on the website. The total implementation cost of the website was about \$5,000. The website is updated monthly, which takes about one day for the accountant to pull the reports and the webmaster to post the information and update the links. Checkbook Online only includes payments made through the statewide accounting system, and does not include financial information for state educational institutions.

Nebraska: The Nebraska Spending website includes audit and budget databases and was implemented through a phase-in process. The first phase, which occurred in January 2008, made information regarding the budget, tax revenues, tax information (descriptions of the taxes and their respective rates), and the previous fiscal year expenditures available to the public. The second phase included information about

property taxes, state contracts from 1997 to 2007 for expenditures over \$500,000 and was implemented in May 2008. The third phase, which is expected to be completed in May 2009, will include spending for state educational institutions, and is estimated to cost approximately \$3,000 to \$5,000 to implement. In its current form, the cost for the website is estimated to be \$38,000, and reoccurring annual maintenance costs are estimated to be about \$1,100.

Nevada: The Nevada Open Government website includes state expenditures and revenue sources. The projected development costs of the website for the current fiscal year are estimated to be about \$160,000. The website will expand in the future to include information on payroll, contracts, and grants. The inclusion of this information is expected to cost about \$266,000 to implement. Annual maintenance costs are estimated to be about \$25,000. Actual expenditures are not included for state educational institutions since they do not record their expenditures in the statewide financial system. However, the website includes their budgetary information, including revenue sources other than the General Fund, such as registration fees, as part of the executive budget.

Oklahoma: Oklahoma's Open Books website was launched in September 2007, and it includes information on state expenditures, revenues, incentive payments, and tax credits. Search capabilities were added after the site was launched. The initial implementation of the website was about \$40,000 and was accomplished through existing resources. Ongoing maintenance costs have not been tracked and are accomplished through existing resources.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected:

Information Sources: Center for Fiscal Accountability, <http://www.fiscalaccountability.org/index.php?content=state>; Kim Garner. Alaska Department of Administration, Division of Finance, 907-465-3435; Trent Fellers, Nebraska State Treasurer's Office, 402-471-8884; Dave McTeer, Nevada Department of Administration, Information Technology Division, 775-684-0222; Lisa McKeithan, Oklahoma Office of State Finance, 405-521-3772.

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