

**JBC STAFF FISCAL ANALYSIS
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING RECOVERY AUDITS FOR GOVERNMENT OVERPAYMENTS OF TAX DOLLARS.

Prime Sponsors: Representative Vaad
Senator Mitchell

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Date Prepared: April 6, 2010

Summary of Amendments Made to the Bill After the 02/08/10 Legislative Council Staff Fiscal Note Was Prepared (Amended by the Finance Committee on 02/09/10 and the State, Veterans, and Military Affairs Committee on 02/16/10)

The Finance Committee Report, dated February 9, 2010, amended the bill by clarifying that any contractor or vendor that has a contract with a state agency or other covered entity is subject to the audit provisions of the bill as related to the contracting state agency or other covered entity.

The State, Veterans, and Military Affairs Committee Report, dated February 16, 2010, amended the bill by exempting entities from the provisions of the bill if the entity is subjected to recovery audits under federal law or regulation or state law or rule.

Legislative Council staff indicates, and JBC staff concurs, that the changes put forth in the two committee reports do not modify the fiscal impact of the bill.

JBC Staff Concurrence with Legislative Council Staff Fiscal Note

Concurs **Does Not Concur** **Updated Analysis**

Amendments/Appropriation Status

The bill requires but does not contain an appropriation clause. Staff has prepared amendment **J.001** (attached) to add a provision appropriating \$8,696 General Fund and 0.1 FTE to the Office of State Planning and Budgeting (OSPB) to manage vendor contracts and \$20,263 General Fund to the Department of Local Affairs (DOLA) to provide auditors with two copies of the estimated 5,500 payment vouchers that meet the \$25.0 million threshold of the bill.

Bill Sponsor Amendments

Sponsor amendment **L.003** (attached) allows costs incurred by state agencies in relation to the recovery audits to be reimbursed from amounts recovered from the recovery audits. This removes the General Fund cost of the bill. *If L.003 is adopted, J.001 should not be adopted.*

Points to Consider

1. The Joint Budget Committee has introduced a balanced budget package for FY 2010-11 based on the March 2010 Legislative Council Staff forecast. If **J.001** is adopted, this bill requires a General Fund appropriation of \$28,959 for FY 2010-11, thereby decreasing the fiscal year-end General Fund reserve by \$28,959.
2. The bill has the potential to increase General Fund revenues by up to \$592,000 in FY 2010-11 and up to \$500,000 in FY 2011-12.