

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0499-01  
Bill No.: HB 136  
Subject: Auditor, State; Transportation  
Type: Original  
Date: January 13, 2015

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Bill Summary: This proposal changes the laws regarding audits for transportation development districts.

**FISCAL SUMMARY**

| <b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>  |                |                |                |
|--|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>                                 | <b>FY 2016</b> | <b>FY 2017</b> | <b>FY 2018</b> |
|  |                |                |                |
| <b>Total Estimated Net Effect on General Revenue</b> | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     |

| <b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>              |                |                |                |
|---|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>  | <b>FY 2016</b> | <b>FY 2017</b> | <b>FY 2018</b> |
|   |                |                |                |
| <b>Total Estimated Net Effect on <u>Other</u> State Funds</b> | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     |

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 5 pages.

| <b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>                  |                |                |                |
|---|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>  | <b>FY 2016</b> | <b>FY 2017</b> | <b>FY 2018</b> |
|   |                |                |                |
|   |                |                |                |
| <b>Total Estimated Net Effect on <u>All</u> Federal Funds</b> | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     |

| <b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b> |                |                |                |
|---|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>                                      | <b>FY 2016</b> | <b>FY 2017</b> | <b>FY 2018</b> |
|   |                |                |                |
|   |                |                |                |
| <b>Total Estimated Net Effect on FTE</b>                  | <b>0</b>       | <b>0</b>       | <b>0</b>       |

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

| <b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b> |                |                |                |
|--|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>                       | <b>FY 2016</b> | <b>FY 2017</b> | <b>FY 2018</b> |
| <b>Local Government</b>                    | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     |

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Elementary and Secondary Education**, the **Office of the State Auditor** and the **Department of Transportation** each assume the proposal will have no fiscal impact on their respective organizations.

Officials from the **Department of Revenue** assume this legislation will require the department to create a form. This form could be set up in the departments existing county fees system without any additional resources.

Officials from the **City of Kansas City Public School District** assume the proposal will have no fiscal impact on their organization.

**Oversight** notes that the Office of the State Auditor (SAO) issued report No. 2013-065 in 2013 entitled Transportation Development Districts regarding their financial statement reporting requirements. The report stated as of December 31, 2011, 49 districts (of the 176 at the time) filed financial statements/audit reports late or did not file financial statements with the Office of the State Auditor at all. While a fine for late filing of financial statements is provided, Section 105.145.8 currently does not establish the agency responsible for the assessment or a collection mechanism for these fines; therefore, no fine revenue has been collected to date. The report also stated, as of February 1, 2013, the potential accumulated fine amounts were \$16,859,000.

This proposal provides that future fine revenue would be distributed to local school districts (after the Department of Revenue retains a collection fee of not more than two percent) in the same manner that proceeds for all penalties, forfeitures, and fines collected for any breach of the penal law of the state are distributed. **Oversight** assumes the \$500 fine is already established in statutes and that Transportation Development Districts (currently 195 districts) will timely submit their financial statements. Therefore, Oversight will assume no additional fiscal impact from this proposal.

| <u>FISCAL IMPACT - State Government</u> | FY 2016<br>(10 Mo.) | FY 2017    | FY 2018    |
|---|---------------------|------------|------------|
|   | <u>\$0</u>          | <u>\$0</u> | <u>\$0</u> |

| <u>FISCAL IMPACT - Local Government</u> | FY 2016<br>(10 Mo.) | FY 2017    | FY 2018    |
|---|---------------------|------------|------------|
|   | <u>\$0</u>          | <u>\$0</u> | <u>\$0</u> |

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

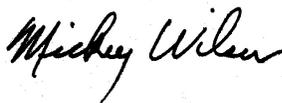
FISCAL DESCRIPTION

This legislation requires the State Auditor to report to the Department of Revenue any transportation development district that fails to timely submit its annual financial statement to the State Auditor and the authorized amount of the fine. The Department of Revenue is required to collect the authorized fine and annually distribute the revenues, less a collection fee, to the schools of the county where the district is located in the same manner that penalties, forfeitures, and fines for penal code violations are distributed. At its first meeting, the board of directors of a district must notify the State Auditor that the district has been established. The actual costs of a statutorily required or petition audit of a district performed by the State Auditor must be paid by the district and cannot exceed the greater of 3% of the district's gross revenues or 3% of its expenditures.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the State Auditor  
Department of Transportation  
Department of Revenue  
Department of Elementary and Secondary Education  
City of Kansas City Public School District



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L.R. No. 0499-01  
Bill No. HB 136  
Page 5 of 5  
January 13, 2015

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January 13, 2015

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January 13, 2015