



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:	
HB0650 - Require agency reporting on financial assistance to tribes (Read, Joe)	
Status: As Introduced	

- Significant Local Gov Impact
 Needs to be included in HB 2
 Technical Concerns
 Included in the Executive Budget
 Significant Long-Term Impacts
 Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: HB 650 requires the Office of Budget and Program Planning (OBPP) to compile a report including certain data related to distribution of state funds to tribal entities. The bill also permits the Department of Administration to conduct audits on tribal entities if necessary or requested by a tribal member. Based upon the assumptions listed below, HB 650 has no fiscal impact to the OBPP and an unknown fiscal impact to the Department of Administration. See assumptions #5 and #7.

FISCAL ANALYSIS

Assumptions:

Office of Budget and Program Planning

- HB 650 requires the Office of Budget and Program Planning (OBPP) to prepare an annual report that compiles data on any state or federal financial assistance that any of 29 state agencies (except the Legislative or Judicial Branch) disperses to a tribal entity either directly or indirectly.
- The report must include the amount dispersed to a tribal entity, the amount the tribal entity may disperse to a subrecipient, the date of distribution, the recipient, federal identifying category (if applicable), the purpose of the distribution, and any administrative costs associated with a state agency in administering the funds.



3. OBPP would develop a reporting format and work with state agencies after the close of each fiscal year to collect the data required for the annual report.
4. OBPP must provide the report to the State-Tribal Relations Interim Committee and the Director of Indian Affairs. The Director of Indian Affairs shall post the report in the office website.
5. The Executive Budget requested and the Section A Joint Appropriations Subcommittee has approved a request for an additional OBPP budget analyst. If the budget analyst remains approved and included in HB 2 through passage and approval, there would be no additional required resources. However, if the position does not remain in HB 2, additional resources would be required.

Department of Administration

6. Section 3 of the bill permits the Department of Administration to conduct an audit of a tribal entity that is not otherwise subject to audit at its discretion or if requested by a tribal member.
7. The audit mentioned in this bill is an audit under Generally Accepted Accounting Principles (GAAP) Generally Accepted Auditing Standards (GAAS) and/or Generally Accepted Government Auditing Standards (GAGAS) and is not a financial review, program/compliance audit or other agreed upon procedure.
8. Tribal entities are not required to submit financial reports to the Local Government Services Bureau and can contract at will (usually via RFP) with independent auditors for audit and assurance services. LGSB does not have statistics on costs of tribal entity audits.
9. The Local Government Services Bureau does not conduct audits. If required to conduct such audits, the audits should be contracted with external auditors. Since the number or frequency of such audits is unknown, a fiscal note cannot be determined. The agency reviewed audit costs of various sized local government audits over the past five years. It is estimated that should an audit be necessary, prices could range from \$20,000 to \$140,000, similar to local government entities. Audit costs are projected to increase 25% during the next two years.
10. The bureau is funded by audit filing fees paid by cities, counties, and other local government entities and would not be an applicable funding source to pay for tribal audits. The bill does not permit the bureau to charge a tribal entity for an audit. Alternatively, the bureau would need a general fund appropriation, should an audit be conducted.

Technical Notes:

1. The bill requires state agencies to submit the required information to OBPP by August 1 of each fiscal year. While the fiscal year ends on June 30 each year, the accounting system doesn't officially close the fiscal year until the third week of July. An August 1 deadline does not provide agencies sufficient time to compile and complete the data required in the report. If the August 1 deadline were extended for state agencies, the September 1 deadline for OBPP would also need to be extended.
2. Section 3(1) of the bill refers to the Local Government Services Division, however the organizational structure is correctly termed the Local Government Services Bureau.
3. Clarity is required on the definition of a tribal entity. Would this include an incorporated city or town on tribal land?
4. Page 3, line 28– section 2 (2)(e): the reference to Catalog of Federal Domestic Assistance is incorrect. The new reference name is the Assistance Listing Numbers.

 _____ <i>Sponsor's Initials</i>	<u>2/22/23</u> <i>Date</i>	 _____ <i>Budget Director's Initials</i>	<u>2-22-23</u> <i>Date</i>
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