

SENATE BILL REPORT

HB 1521

AS REPORTED BY COMMITTEE ON GOVERNMENT OPERATIONS, MARCH 26, 1993

**Brief Description:** Funding the state auditor municipal corporation division.

**SPONSORS:** Representative Valle; by request of Office of Financial Management

HOUSE COMMITTEE ON APPROPRIATIONS

SENATE COMMITTEE ON GOVERNMENT OPERATIONS

**Majority Report:** Do pass as amended.

Signed by Senators Haugen, Chairman; Drew, Vice Chairman; Oke, von Reichbauer, and Winsley.

**Minority Report:** Do not pass as amended.

Signed by Senator Loveland.

**Staff:** Barbara Howard (786-7410)

**Hearing Dates:** March 25, 1993; March 26, 1993

**BACKGROUND:**

In the past, development of the annual local government comparative statistics report (LGCS) and the administrative expenses of the Division of Municipal Corporations (DMC) in the State Auditor's Office have been supported in part by the general fund, and in part by the municipal revolving fund.

The municipal revolving fund is sustained by hourly billings to local governments for state financial audits. The current hourly rate is \$47.10. Recently, the Office of Financial Management (OFM) has reduced the state general fund contribution each biennium, and required DMC to rely increasingly on the revenues from audit billings.

The 1991-93 budget temporarily amended the statute to require the administrative costs of DMC to be supported entirely by the municipal revolving fund. OFM has requested that this statutory change be made permanent.

**SUMMARY:**

Costs of preparing the annual local government comparative statistics will no longer be supported at the expense of the state. The expense of maintaining and operating the Division of Municipal Corporations is added to the list of functions that are considered expenses of auditing, and shall be borne by the municipal revolving fund.

**SUMMARY OF PROPOSED SENATE AMENDMENT:**

The section requiring that the cost of the annual local statistical report be funded from the municipal revolving fund is deleted.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** available

**Effective Date:** The bill contains an emergency clause and takes effect July 1, 1993.

**TESTIMONY FOR:**

Shifting the cost of administering the Division of Municipal Corporations to the municipal revolving fund is prudent fiscal management, especially in this period of budgetary shortfalls.

**TESTIMONY AGAINST:** None

**TESTIFIED:** Representative Valle, prime sponsor; Jim Justin, AWC  
(pro)