

**FISCAL NOTE**  
**Requested by Legislative Council**  
**12/31/2020**

Bill/Resolution No.: SB 2090

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2019-2021 Biennium		2021-2023 Biennium		2023-2025 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>	\$0	\$0	\$0	\$30,000	\$0	\$30,000
<b>Expenditures</b>	\$0	\$0	\$0	\$0	\$0	\$0
<b>Appropriations</b>	\$0	\$0	\$0	\$0	\$0	\$0

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2019-2021 Biennium	2021-2023 Biennium	2023-2025 Biennium
<b>Counties</b>	\$0	\$(498,500)	\$(498,500)
<b>Cities</b>	\$0	\$142,000	\$142,000
<b>School Districts</b>	\$0	\$95,500	\$95,500
<b>Townships</b>	\$0	\$0	\$0

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

The bill updates the chapter of the North Dakota Century Code that guides the work of the State Auditor's Office. Provisions with a fiscal impact include increasing the threshold to require an audit and adjusting the fees and caps for report reviews.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 2 provides amendments to simplify and increase thresholds to determine the requirement of an audit. Currently, school districts with less than 100 students, cities with less than 500 residents, and other political subdivisions with less than \$300,000 in annual receipts do not have an audit requirement. The section increases the threshold for school districts, cities, and all local governments to an annual revenue threshold of \$750,000.

Our analysis shows a potential savings to some and an increase to others, but this is highly dependent on decisions made at the local level. Fiscal impact to Park Districts, Water Districts, Fire Districts, and other subdivisions is a savings of \$500,000. This impact is listed under counties. Cities will have a fiscal impact of \$133,000. School districts will have a fiscal impact of \$91,000. Total fiscal impact to the effected counties, cities, school districts, and other local government divisions would be a net savings to the state of \$276,000. No fiscal impact to the state auditor.

Section 2 also increases the fee the state auditor may charge a political subdivision from \$80 an hour to \$90 an hour. The fiscal impact would increase revenue by \$20,000 for the state auditor. Counties, cities, and school districts would incur an increase of \$10,000 in expenditures. Other political subdivisions would incur the remaining \$10,000 in expenditures.

The final change under Section 2 increases the cap per report review conducted by the state auditor. Current cap is \$500 per review and would increase to \$1,000 per review. The fiscal impact would increase revenue by \$10,000 for the state auditor. Counties, cities, and school districts would incur an increase of \$5,000 in expenditures. Other political subdivisions would incur the remaining \$5,000 in expenditures.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

The provided changes increase revenue for the special funded Local Government Division by \$30,000. \$20,000 is attributed to the hourly rate increase. \$10,000 is from increasing the cap per report review.

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

No fiscal impact to the state auditor.

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

No fiscal impact to the state auditor.

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