

NOTE: As provided in LFC policy, this report is intended for use by the standing finance committees of the legislature. The Legislative Finance Committee does not assume responsibility for the accuracy of the information in this report when used in any other situation.

Only the most recent FIR version, excluding attachments, is available on the Intranet. Previously issued FIRs and attachments may be obtained from the LFC office in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR:	Thompson	DATE TYPED:	02/02/00	HB	61
SHORT TITLE:	Property Control Division Operating Expenses			SB	
				ANALYST:	Carrillo

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY00	FY01	FY00	FY01		
		*	*		

(Parenthesis () Indicate Expenditure Decreases)

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY00	FY01			
		*		

(Parenthesis () Indicate Revenue Decreases)

*See Fiscal Impact Section

Duplicates/Conflicts with/Companion to/Relates to

SOURCES OF INFORMATION

General Services Department

LFC Files

SUMMARY

Synopsis of Bill

House Bill 61 proposes to amend the Public Buildings Repair Fund provisions to include operating expenditures for the Property Control Division of the General Services Department. HB 61 also authorizes the estimated operating expenses for the Property Control Division to be included in building use fees schedule.

Significant Issues

Chapter 46, Laws 1996 established the Public Buildings Repair Fund for the purpose of making repairs and replacing equipment in buildings under the jurisdiction of the Property Control Division.

Currently, the fund derives its revenues from appropriations, building use fees, gifts, grants, donations, and bequests. The building use fees shall equal the estimated cost for the next fiscal year for planned and emergency repairs, renovations and purchase of physical plant equipment. The fees are not to exceed \$10 million in any fiscal year. The uncommitted balance in the Public Buildings Repair Fund is approximately \$1,378.3 as of February 2, 2000.

Since the enactment Chapter 46, Laws 1996, the building use fees have not been funded. The appropriation for FY01 for the Property Control Division is approximately \$2 million to support 28 permanent full-time equivalent positions.

FISCAL IMPLICATIONS

Currently, the Property Control Division is funded solely from the General Fund.

The Property Control Division currently controls 6,138,500 square feet of the space. If the building use fees were to be fully implemented, the charge per square foot is \$1.62. Property Control Division's operating budget is approximately 20 percent of the maximum Public Building Repair Fund balances.

The building use fees will be budgeted into agency budgets. The impact to the general fund depends on which agencies are occupying state-owned property under the jurisdiction of the Property Control Division. As in most fee schedules, the potential to capture federal funds or other state funds exists. The extent of this potential depends on which agencies are occupying state-owned property under the jurisdiction of the Property Control Division.

ADMINISTRATIVE IMPLICATIONS

General Services Department staff indicates the administrative impact to the Property Control Division would be minimal.

Other administrative issues to consider are:

- •The Department of Finance and Administration will have to notify agencies to include a building use fee in their budget requests.
- •The Executive and Legislature will have to support the building use fees requests from agencies.
- •Department of Finance and Administration will have to implement accounting and reporting systems to ensure charges are appropriate and over-recovery of other state and federal funds is avoided.
- •The General Services Department's administrative services will have to develop and/or incorporate accounting and reporting systems to ensure charges are appropriate and over-recovery of other state and federal funds is avoided.
- •Agencies will have to identify occupied space and appropriate funding sources by programs.
- •Agency program's will have to prepare budget requests and operating budgets that include the building use fees.
- •The State Treasurer will have to account for and reconcile the Public Building Repair Fund.

OTHER SUBSTANTIVE ISSUES

The General Services Department staff comments the fees in agency operating budgets would accrue to the Public Building Repair Fund at the beginning of each fiscal year. The Property Control Division is responsible for housing most Executive Branch agencies, either in state-owned facilities or through space leased from the private sector. Funding those Property Control Division costs (excluding those directly associated with administering capital projects) would reflect the enterprise nature of the Property Control Division, and strengthen the accountability link between the Property Control Division and the agencies that benefit from property management services.

WJC/njw