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## FISCAL IMPACT REPORT

ORIGINAL DATE 02/08/12

SPONSOR Keller LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Deposit & Accounting of Public Money SB 29

ANALYST Hoffmann

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY12	FY13		
	NFI		

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

State Treasurer's Office (STO)

Department of Finance and Administration (DFA)

### SUMMARY

#### Synopsis of Bill

Senate Bill 29 (SB29) would amend Section 6-10-3 NMSA 1978 to conform to the current process for the recording of cash receipts in the statewide accounting system (SHARE), and their deposit with the state's fiscal agency bank.

The bill would also amend Section 8-6-3 NMSA 1978 to recognize the current operation of the State Treasurer's Office with regard to function of the state's fiscal agent bank as the custodian of a master depository or cash concentration account for all agencies' cash deposits. The Department of Finance and Administration would be identified in the amended statute as having full responsibility for keeping "a just, true and comprehensive account of all money received and disbursed." This reflects the current interrelationship between the STO and DFA. The statutory duty of the State Treasurer to report annually to the Legislature on the condition of the treasury is retained.

The effective date of the bill is July 1, 2012.

## **FISCAL IMPLICATIONS**

The STO comments that with timely and accurate deposit of state funds in the state treasury and the subsequent recording in SHARE, monies can be invested more efficiently and agency negative fund balances will be minimized.

## **SIGNIFICANT ISSUES**

According to the STO, this bill requires agencies to timely and properly record funds received from outside sources. This will minimize negative agency fund balances and encourage timely federal fund draw downs, thereby minimizing General Fund subsidies of federal programs. Agencies that deposit cash receipts but do not concurrently record the transaction in SHARE and do not promptly reconcile their deposits to the SHARE book balances are at risk of incorrectly reporting negative cash balances.

The STO finds further that this will allow for prompt and efficient reconciliation of bank transactions and investment of state funds.

## **ADMINISTRATIVE IMPLICATIONS**

SB29 would have no impact on agency operations. As the STO notes, the provisions of this bill will more accurately reflect current agency business practices which have been in place since the advent of the statewide accounting system (SHARE) in July 2006. The bill also requires agencies to deposit funds directly to the Fiscal Agent Bank and record the deposit entry in SHARE before the close of the next business day.

SB29 would remove the provision which requires the Treasurer to issue duplicate receipts for all money paid into the treasury. This provision in the statutes is now obsolete due to a change in agency business practices related to deposits of public funds.

## **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

The STO advises that without this legislation, bank transaction reconciliations will continue to be more time consuming and the process will be less efficient than if this bill were adopted.

CH/lj