



*State Fiscal Note for Bill
Number: 2018-H-7485*

Date of State Budget Office Approval:

Date Requested: Wednesday, May 09, 2018

Date Due: Saturday, May 19, 2018

Impact on Expenditures

FY 2018 0
FY 2019 0
FY 2020 0

Impact on Revenues

FY 2018 0
FY 2019 0
FY 2020 0

*Explanation by State
Budget Office:*

This legislation would amend current law to require that in addition to the annual financial reports submitted to the Governor, the Senate President, the Speaker of the House, and the Secretary of State, the Rhode Island Commerce Corporation would be required to submit quarterly financial reports within thirty days of the close of the quarter.

*Comments on
Sources of Funds:*

The Rhode Island Commerce Corporation is funded from a variety of fund sources, including state general revenues, federal funds, state hotel tax revenues, and other sources. Although the quarterly financial reporting requirements would likely result in additional staff and contracted service expenditures for the Corporation, the legislation does not require that the state would provide any additional funding to satisfy the requirements of the bill. Therefore, there would be no general revenue impact to the state.

*Summary of Facts
and Assumptions:*

Under current law, the Rhode Island Commerce Corporation submits annual financial reports to the Governor, the Senate President, the Speaker of the House, and the Secretary of State. The reports must be filed within eleven months of the end of the Corporation's fiscal year and must detail: the Corporation's operations; all receipts and expenditures for the year; a list of all private consultants contracted by the Corporation, including the total amount paid to each consultant, staff supported by the contract(s), and any clerical, administrative, or technical support received through the contract; all of the Corporation's assets and liabilities at the end of the fiscal year; and a schedule of all outstanding bonds and notes with a statement of any amounts redeemed or newly incurred during that fiscal year. Current law requires that the financial report be prepared by an independent accountant.

Additionally, the Corporation is required to submit a performance report following the end of each fiscal year. The performance report must include: a summary of the Corporation's performance throughout the fiscal year; a synopsis of each of the Corporation's board meetings held throughout the fiscal year; any rules and regulations promulgated by the Corporation; a summary of any studies conducted; and a summary of all programs administered, initiated, or terminated during that fiscal year. The performance report must also include a summary of any legal proceedings to which the Corporation is a party; a summary of any training courses held by the corporation; and a summary of anticipated plans and activities for the upcoming fiscal year, including recommendations for improvements on current business practices.

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Friday, June 01, 2018

Page 1 of 2

This bill would require that the Corporation begin financial reporting on a quarterly basis, in addition to the annual reporting requirements. Quarterly reports would also be approved by the Corporation Board and would be submitted to the Governor, the Senate President, the Speaker of the House, and the Secretary of State. Reports would be required to be submitted within thirty days of the close of the fiscal quarter and would include: an up-to-date balance sheet of the Corporation's financial position; a statement of the quarter's revenues and expenditures; pertinent information on all loans and loan guarantees to which the Corporation is a party; all federal grant monies accepted during the quarter; the terms, purpose, and status of all bonds and notes issued by the Corporation; a description of any material changes in liabilities or assets since the end of the last annual reporting period; and a description of any material events that occurred within the 30 days following the close of the quarter that are not reflected in the financial report. The bill would also require the Corporation to provide a description of all criteria used in any decision-making process for each grant, loan, bond, or other award of funds to any applicant in addition to the manner with which those criteria were applied. It can be assumed that the Corporation keeps an accounting of the decision-making process for all awards, as the majority of the regulations for the Corporation's programs require such documentation. However, it is likely that the additional reporting requirements would result in increased staff efforts and personnel costs as well as a possible increase in costs associated with contracted accountant services.

Summary of Fiscal
Impact:

FY 2018: There is no estimated fiscal impact.

FY 2019: There is no estimated fiscal impact.

FY 2020: There is no estimated fiscal impact.

Budget Office Signature:

Thomas A. McQuade

Fiscal Advisor Signature:

John A. Fee
** see note above*