

Fiscal Estimate Narratives

DOT 3/27/2012

LRB Number	11-4058/1	Introduction Number	SB-572	Estimate Type	Original
Description False claims against the state or a local government and providing a penalty					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, if a contractor or vendor does business with the state or local government, the terms of the contract or order govern the performance and price to be paid. If the contractor or vendor claims payment for materials, supplies, equipment, or service that are not provided in accordance with the contract or order, the state or local government has a remedy for breach of contract. If the contractor or vendor is asked to swear to the truth of a claim and the claim is false, the contractor or vendor may be prosecuted. In addition, a private person, except with regard to medical assistance, has no means to recover, on behalf of the state, damages sustained by the state as a result of a fraud committed against the state.

Provisions of the Bill:

This bill provides that if a vendor or contractor knowingly presents a false claim for payment under a contract for materials, supplies, equipment, or services under Chapter 16, the contractor or vendor shall forfeit not less than \$5,000 nor more than \$10,000 plus three times the amount of damages sustained or would have been sustained by the state. The same forfeiture applies to any contract for construction work or limited trades work or for engineering or architectural services under Chapter 16.

The bill also provides that a person who brings an action on behalf of the state is entitled to receive reasonable expenses of bringing the action, including reasonable costs and actual attorney fees. It also entitles an employee to all relief to make the employee whole if discriminated against by an employer for taking further investigation of any act of fraud committed against the state.

The provisions of the bill do not apply to engineering services or highway construction contracts under chapter 84.01 and 84.06 and transportation assistance contracts under chapter 85.015.

Fiscal Impact:

There is no fiscal impact on the Department. The Department already utilizes contract protections such as warranties, performance bonds, certificates of insurance, sample testing, and not making full payment until all goods and services are received and approved as acceptable. The bill would provide an additional means to recover damages from a false claim.

Long-Range Fiscal Implications

There are no long range fiscal implications.

Fiscal Estimate Worksheet - 2011 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 11-4058/1		Introduction Number SB-572	
Description False claims against the state or a local government and providing a penalty			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): There is no state or local fiscal impact			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
	State Operations - Salaries and Fringes	\$	\$
	(FTE Position Changes)		
	State Operations - Other Costs		
	Local Assistance		
	Aids to Individuals or Organizations		
	TOTAL State Costs by Category	\$	\$
B. State Costs by Source of Funds			
	GPR		
	FED		
	PRO/PRS		
	SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$	\$
Agency/Prepared By			
DOT/ Karl Kuecker (608) 266-1876		Authorized Signature	
		Stephanie LaSage (608) 267-3703	
		Date	
		3/27/2012	