



July 10, 2007

Dear Senator Tracy and Representative Windle:

On behalf of the 5,400 Tennessee members of the National Taxpayers Union, I congratulate you on your continuing efforts to make state government spending more transparent. Earlier this year, we endorsed your legislation (SB 1066 and HB 915) to create a public website that lists every entity receiving Tennessee grants and/or contracts worth over \$5,000. We still believe that a searchable database containing information on state expenditures would equip Tennessee residents with a valuable tool. You'll be happy to hear that legislators in four other states (Kansas, Minnesota, Oklahoma, and Texas) passed laws creating spending websites for their own residents.

We understand that a corrected fiscal note issued for your legislation places a \$3.6 million one-time price tag on upgrading the state's existing financial software to allow for the creation of the spending database. The note also projects annual costs of over \$500,000. Based on federal and state cost estimates for similar concepts, we are extremely surprised by these large amounts. As you know, last year the federal government passed a law creating a similar grant and contract database, and the Congressional Budget Office estimated that implementation would cost about \$4 million initially in 2007 and about \$15 million more over the 2007-2011 period. It is hard to imagine that the estimate for one state's *initial* costs is the same as the price tag for the entire federal government.

At the state level, Oklahoma just passed legislation calling for a website that includes a wider range of state expenditure types than just grants and contracts. Their Office of State Finance estimates that fully implementing this spending database website would add up to \$300,000 (\$40,000 in initial costs with future expenses of \$245,000-\$260,000). Based on these comparisons, we believe that it would be possible to create a state expenditure website without spending the \$3.6 million estimated in the fiscal note attached to SB 1066 and HR 915.

That being said, I would encourage you to ask the Department of Finance & Administration for guidelines on creating a spending database that would work around the limitations of the state's current business software. If the existing accounting software cannot interface without a costly upgrade, it would be possible to collect grant and contract spending information with other methods. West Virginia, for example, requires state agencies to submit grant information to a central database via forms, while North Carolina requires grant recipients to provide relevant data via reports. **The bottom line is that there are ways to make spending information accessible to taxpayers without consuming excessive outlays in the process. We look forward to working with interested parties to craft low-cost, high-impact solutions for promoting spending transparency.**

Sincerely,

Kristina Rasmussen
Director of Government Affairs