**The Government Lending Transparency Act**

**SECTION 1.**This bill shall be known as the Government Lending Transparency Act

**(A) Purpose:**This Act will provide transparency to government officials and taxpayers of the full extent and cost of government lending and credit support programs

**(B) Definitions:**

(i) “Lending program” shall mean any state program that offers money to private parties or to other branches of government or municipalities that come with the expectation of repayment.

(ii) “Credit support program” shall mean any state program that guarantees or provides credit enhancements, such as state support for interest or principal payments, to the debt of private parties or to other branches of government or municipalities, under which the state would be required to provide money if the borrower failed to pay.

**SECTION 2.**A new section of State Code is created which shall read:

(A) At the end of each fiscal year, the State Auditor shall be empowered and required to report on all state lending programs and credit support programs in a single document, which shall also cite their authority for their operation.

(B) At the end of each fiscal year, the State Auditor shall be empowered and required to compile the total dollar amount of all lending in state lending programs and the total amount of debt supported by credit support programs, specified by program.

(C) At the end of each fiscal year, the State Auditor shall be empowered and required to make reasonable estimates of the costs of likely defaults on lending programs and credit support programs, using private-sector accounting standards for credit losses, specified by program.

**SECTION 3.**A new section of State Code is created which shall read:

(A) When the governor and state legislature propose their state budget for the following fiscal year, they shall include as either new expenses or new revenues any changes in returns or likely defaults from state lending and credit support programs from the previous fiscal year, such as are included in the most recent estimate of the State Auditor.

(B) Any changes in expenses or revenue from state lending and credit support programs from the previous fiscal year shall be included as expenses or revenues for the purpose of calculating a balanced budget.

(C) Any new state lending or credit support programs created during the fiscal year shall include an estimate by the State Auditor of the likely cost of defaults to the state, using private sector accounting standards, and the expected expenses from such defaults shall be included as a expense for the purpose of calculating that year’s balanced budget.

**SECTION 4.**This Act takes effect at the end of the fiscal year in which it is passed.