



**LEGISLATIVE FISCAL OFFICE  
Fiscal Note**

Fiscal Note On: **HB 597** HLS 21RS 928  
 Bill Text Version: **REENGROSSED**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

|  |         |                                   |
|--|---------|-----------------------------------|
| <b>Date:</b> May 28, 2021  | 4:31 PM | <b>Author:</b> MIGUEZ             |
| <b>Dept./Agy.:</b> Statewide   |         | <b>Analyst:</b> Monique Appeaning |
| <b>Subject:</b> Prohibition on certain governmental entity contracts |         |                                   |

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Provides relative to prohibition on certain governmental entity contracts with companies that discriminate against firearm and ammunition industries

**Under (Title 38) the State Public Bid Law and the Louisiana Procurement Code (Title 39)**

Proposed law prohibits public entities from contracting with companies that discriminate against firearm and ammunition industries. Proposed law defines "ammunition," "company," "discriminate against a firearm entity or firearm trade association," "firearm," "firearm accessory," "firearm entity," and "firearm trade association." Proposed law provides that a public entity may not enter into a contract with a company to purchase goods or services unless the contract contains a written verification from the owner or his designated agent of specific guidelines. Proposed law prohibits contracts with companies that discriminate against firearm and ammunition industries. Proposed law applies to contracts with a value of \$100,000 or more that meet specific criteria. Proposed law shall not be construed to require a company that is a merchant, retail seller, or platform to sell or list for sale ammunition, firearms, or firearm accessories. Proposed law provides for exceptions.

| <b>EXPENDITURES</b> | <b>2021-22</b> | <b>2022-23</b> | <b>2023-24</b> | <b>2024-25</b> | <b>2025-26</b> | <b>5 -YEAR TOTAL</b> |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd.      | SEE BELOW      | SEE BELOW      | SEE BELOW      | SEE BELOW      | SEE BELOW      |                      |
| Agy. Self-Gen.      | SEE BELOW      | SEE BELOW      | SEE BELOW      | SEE BELOW      | SEE BELOW      |                      |
| Ded./Other          | SEE BELOW      | SEE BELOW      | SEE BELOW      | SEE BELOW      | SEE BELOW      |                      |
| Federal Funds       | SEE BELOW      | SEE BELOW      | SEE BELOW      | SEE BELOW      | SEE BELOW      |                      |
| Local Funds         | SEE BELOW      | SEE BELOW      | SEE BELOW      | SEE BELOW      | SEE BELOW      |                      |
| <b>Annual Total</b> |                |                |                |                |                |                      |

| <b>REVENUES</b>     | <b>2021-22</b> | <b>2022-23</b> | <b>2023-24</b> | <b>2024-25</b> | <b>2025-26</b> | <b>5 -YEAR TOTAL</b> |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd.      | \$0            | \$0            | \$0            | \$0            | \$0            | <b>\$0</b>           |
| Agy. Self-Gen.      | SEE BELOW      | SEE BELOW      | SEE BELOW      | SEE BELOW      | SEE BELOW      |                      |
| Ded./Other          | \$0            | \$0            | \$0            | \$0            | \$0            | <b>\$0</b>           |
| Federal Funds       | \$0            | \$0            | \$0            | \$0            | \$0            | <b>\$0</b>           |
| Local Funds         | <u>\$0</u>     | <u>\$0</u>     | <u>\$0</u>     | <u>\$0</u>     | <u>\$0</u>     | <b><u>\$0</u></b>    |
| <b>Annual Total</b> |                |                |                |                |                |                      |

**EXPENDITURE EXPLANATION**

Proposed law may result in an indeterminable increase in state and local governmental expenditures across all means of finance. Proposed law restricts public entities from contracting with companies that discriminate against firearm and ammunition industries and provides for definitions. There are two potential vectors through which this measure may lead to increased governmental costs. First, if a company that meets the definition of discriminating against firearm and ammunition industries submits, our would have submitted, the lowest qualifying bid to provide a good or service, the governmental entity would instead be required to select the next-lowest qualifying bid in its place. Second, removal of targeted industries providing goods and services to the government sector from future bids may result in a dynamic economic response from lowered competition among remaining bidders, which may result in a marginal but indeterminable increase in overall costs if the remaining bidders marginally increase bid rates with the knowledge of excluded competitors. The magnitude of these impacts is indeterminable.

For illustrative purposes, the Office of State Procurement (OSP) provided anecdotal bid results from the past several fiscal years in which the winning bidder is believed to be disqualified under proposed law. For illustrative purposes, OSP provided information about financing of equipment through the state's Installment Purchase Market (IPM). Between August 2019 and March 2021, the state financed \$42.5 M in equipment with a lifetime interest cost of \$1.4 M. The winning bidder for this IPM would likely have been excluded under the provisions in this measure. **Awarding the contract to the next-lowest bidder would have resulted in an increase in the lifetime interest cost of \$63,999, resulting in a total cost increase of 4.5% over the course of the repayment.**

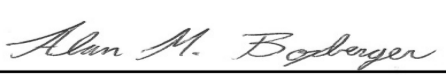
The total impact of proposed law on state expenditures is indeterminable and speculative. Each procurement advertised by the state could potentially be impacted, but the universe of companies that discriminate against firearm and ammunition industries that also participate in providing services to governmental entities cannot be quantified.

**REVENUE EXPLANATION**

There is no anticipated direct material effect on governmental revenues as a result of this measure.

For illustrative purposes, the Office of State Procurement provided information regarding the LaCarte P-Card (state credit card for authorized state employees), which generates a 1.7 % Program rebate. OSP estimates the state may realize a loss of approximately \$81,000 with an assumed 2.5% net adverse impact on competition.

|   |                            |  |
|---|----------------------------|--|
| <u>Senate</u>   | <u>Dual Referral Rules</u> | <u>House</u>   |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}       |                            | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}                    |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H} |                            | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |

  
**Alan M. Boxberger**  
 Staff Director