

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 262** HLS 18RS 798
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 23, 2018 5:28 PM	Author: MCFARLAND
Dept./Agy.: Division of Administration	Analyst: Zachary Rau
Subject: Review of Certain Contracts by JLCB	

PUBLIC CONTRACTS OR SEE FISC NOTE GF EX Page 1 of 1

Requires prior approval of the Joint Legislative Committee on the Budget of request for proposals, contracts, and cooperative endeavor agreements over a specified dollar amount

Proposed law requires prior review and approval of the JLCB of RFPs for professional, personal, consulting, or social services contracts of more than \$50 million. Proposed law requires prior review, but not approval, by the JLCB of RFPs for professional, personal, or consulting services contracts of more than \$50 million which must be approved by the U.S. Dept. of Health and Human Services, Centers for Medicare and Medicaid Services (CMS). Proposed law prohibits the entering into of any professional, personal, consulting, or social services contract with a total maximum compensation of \$50 million after Aug. 1, 2018, unless it has been reviewed and approved by the JLCB. Proposed law prohibits dividing or separating RFPs or contracts to circumvent the requirements of proposed law and further requires review and approval of the JLCB of any subsequent or amended contract with the same party for the same purpose as the existing contract which causes payment to the party to exceed \$50 million. Proposed law prohibits the state from entering into or extending any cooperative endeavor agreement, memorandum of understanding, contract, or any other type of agreement with any person or entity to lease or operate a hospital for which a Louisiana State University Health Sciences Center is responsible pursuant to present law, unless the agreement or extension has been reviewed and approved by the JLCB. (gov. sig)

EXPENDITURES	2018-19	2019-20	2020-21	2021-22	2022-23	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW					
Agy. Self-Gen.	SEE BELOW					
Ded./Other	SEE BELOW					
Federal Funds	SEE BELOW					
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

REVENUES	2018-19	2019-20	2020-21	2021-22	2022-23	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

To the extent this bill results in additional legislative committee hearings for the Joint Legislative Committee on the Budget (JLCB), it would cost \$8,142 per day for 46 members to attend meetings if they are held on a day when the JLCB is not meeting based upon a legislative per diem rate of \$177/day (inclusive of Medicare costs - 1.45% and FICA costs - 6.2%). Members would also be entitled to mileage reimbursement, which is currently \$0.53 per mile. However, such costs could be eliminated if these hearings coincide with a scheduled JLCB meeting, which typically meets at least monthly.

For reference, proposed law would affect 25 contracts, including 8 memorandum of understanding agreements for the public-private partnerships.

Note: the Division of Administration reports that it can absorb the additional duties associated with the review of contracts and preparation of information for JLCB can be absorbed with existing personnel, but anticipates potentially requiring 1 T.O. position at an annual cost of approximately \$95,000 to the extent contract approval timelines for the DOA are lengthened by a significant amount. However, the need for an additional position is currently speculative.

Note: the Division of Administration (DOA) reports that potential litigation may result in the event vendors seeking a state contract receive DOA approval, but do not receive JLCB approval, and subsequently bring suit against the state. To the extent this occurs, DOA anticipates expenditures associated with potentially requiring outside counsel at a cost of \$500,000. However, costs associated with aggrieved vendors suing the state are currently speculative.

REVENUE EXPLANATION

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

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