

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 299** HLS 20RS 564
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

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Dept./Agy.: Statewide **Analyst:** Alan M. Boxberger
Subject: Increase the contract limit for certain drainage projects

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Increases the "contract limit" for certain public work related drainage projects completed by regular maintenance employees of any governing authority
Present law provides an exception to the contract limit that requires public bid for public work related to drainage projects to be done by regular maintenance employees of the St. Charles Parish governing authority; provides that the term "contract limit" is equal to the sum of \$150,000 per project (\$250,000 for St. Charles Parish), including labor, material, and equipment as per the rates in the latest edition of the Associated Equipment Dealers Rental Rate Book and administrative overhead not to exceed 15%; provides that the contract limit shall be adjusted annually by the Office of Facility Planning and Control (FP&C) within the Division of Administration by an amount not to exceed the annual percentage increase in the Consumer Price Index in the preceding year; and requires FP&C to publish the new contract limit in the Louisiana Register in January of each year. Proposed law expands the exception on the contract limit requiring public bid for public works related to drainage projects that currently applies only to St. Charles parish to include any governing authority at the \$250,000 contract limit threshold, terminating on December 31, 2025.

| EXPENDITURES | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 5 -YEAR TOTAL |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Agy. Self-Gen. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Ded./Other | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | |
| Annual Total | | | | | | |
| REVENUES | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 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 | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | \$0 |
| Annual Total | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

EXPENDITURE EXPLANATION

Proposed law may result in an indeterminable increase or decrease in state (depicted as Statutory Dedications only for purposes of this fiscal note as DOTD is the state department most likely to be impacted, but potentially impacting all means of finance) and Local Funds expenditures. Proposed law extends to any governing authority an exception in present law permitting St. Charles Parish to complete public works related to drainage projects with a value up to \$250,000 by utilizing regular maintenance employees rather than presenting the project for public bid.

The LFO is unable to estimate the extent that state and local governing authorities may elect to utilize existing maintenance employees and equipment in lieu of contracting through public bid. Additionally, for any given project, a governing authority may realize a greater or lesser cost utilizing regular maintenance employees and equipment to complete drainage projects, depending on the agency's cost to issue an RFP, the availability of contractors, the capability of staff, the availability of equipment and supplies, and the bid amounts received in a public offering.

The drainage projects excepted from public bid law are relatively small in value. The LFO assumes, but cannot guarantee, that the decision-making personnel employed by respective governing authorities are capable of conducting a cost analysis to ensure that projects are completed at the lowest available cost to the authority (by bid or in-house). Forgoing the costs of issuing a public bid may in some circumstances result in a lower overall cost for these relatively small projects. However, it is also possible that a contractor may be able to bring additional resources to bear in order to complete work more efficiently. Additionally, utilizing the equipment of the governing authority may result in increased equipment maintenance costs and accelerate replacements that would not be typical of projects bid to contractors. Because these factors are impossible to quantify or estimate at a statewide level, the potential net expenditure impact is indeterminable.

REVENUE EXPLANATION

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

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Evan Brasseaux
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