

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 772** HLS 20RS 1289
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 4, 2020	12:19 PM	Author: DESHOTEL
Dept./Agy.: Statewide		Analyst: Alan M. Boxberger
Subject: Requires purchase from La vendors in certain circumstances		

PROCUREMENT OR INCREASE GF EX See Note Page 1 of 1
 Requires purchase from Louisiana vendors in certain circumstances

Present law authorizes public purchasers and certain other parties to utilize the federal government's supply schedules to obtain greater savings by leveraging the federal government's generally larger purchasing power and limits such purchases to only those involving a Louisiana-licensed dealer or distributor of the good. Proposed law prohibits use of the federal supply schedules to purchase a good when the good is available in sufficient quantity and at a comparable price, defined as no more than 10% above the price offered on the general services administration supply schedule, from a Louisiana-based vendor with an existing state procurement contract.

EXPENDITURES	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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>	<u>\$0</u>
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>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

Proposed law will likely increase aggregate expenditures for state governmental entities by a potentially significant amount (reported in this fiscal note as SGF for simplicity but likely impacting all means of finance). Proposed law amends the cooperative purchasing statute of the Louisiana Procurement Code to provide that General Services Administration (GSA) contracts cannot be used in any case where there is an existing state contract for the same or equivalent goods or services with a Louisiana-based contractor whose pricing is not more than 10% greater than the GSA price. In general, contractors included in the GSA are required to guarantee that they will not offer a product or service at a lower price to any other customer, including but not limited to the state.

Proposed law provides for preference purchasing to a Louisiana-based contractor providing a comparable good or service for not more than 10% more than that available through the GSA. The Office of State Procurement (OSP) reports that other areas of law require that purchases from a GSA supply schedule for certain procurements related to homeland security shall utilize a Louisiana distributor [R.S. 39:1702(A)(3)(a)], that no use shall be made of GSA supply schedules without the participation of a Louisiana-licensed dealer or distributor. Additionally, LAC Title 34, Part V. §2706(E), provides that no use shall be made of a Louisiana Multiple Award Schedule (LaMAS) state contract based on GSA prices without the participation of a Louisiana-licensed dealer or distributor. There is the potential that proposed law would require favoring one Louisiana-licensed dealer or distributor with an existing state contract at a price up to 10% higher over another Louisiana-licensed dealer or distributor providing goods or services through the GSA but without an existing state contract. The prevalence of such contractors is unknown, but expected to be small.

For illustrative purposes, OSP estimates that approximately \$10 million worth of annual purchases are made through GSA usage. If 25% of those cases have viable Louisiana competitor contracts with a 5% cost increase over the GSA, the potential aggregate expenditure increase would be approximately \$125,000 annually. The number of potential competitors falling into the respective categories and the price differentials are unknown, therefore the aggregate cost impact is indeterminable.

REVENUE EXPLANATION

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

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input checked="" 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}

Evan Brasseaux
Evan Brasseaux
Staff Director