

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 477** HLS 20RS 716
 Bill Text Version: **ENROLLED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: June 2, 2020 7:54 AM	Author: IVEY
Dept./Agy.: Statewide	Analyst: Alan M. Boxberger
Subject: Provides relative to technology procurement	

PURCHASING/PROCUREMENT CD EN SEE FISC NOTE GF EX See Note Page 1 of 2
 Provides relative to technology procurement

Present law provides procedures and requirements for agencies in the executive branch of state government (other than agencies headed by a statewide elected officials) to use for the purchase, lease, and rental of information technology equipment, related services, and software, and provides procedures and requirements for procurement. Proposed law retains present law and also provides that an agency shall not be required to follow the procedures and requirements for procurement of software and the supporting hardware if the alternative procedures to be used by the agency are approved by the Joint Legislative Committee on Technology and Cybersecurity and the specific procurement is approved by the Joint Legislative Committee on the Budget. Section 1 of proposed law shall be effective if and when House Bill 636 of the 2020 Regular Session of the Louisiana Legislature is enacted and becomes effective. Present law provides relative to procurement transaction threshold values. Section 2 of proposed law adjusts certain procurement transaction threshold values; adjusts certain threshold values for inflation; and increases the penalty for intentional violation of the procurement code.

EXPENDITURES	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW					
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	SEE BELOW					
Annual Total						

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. Section 1 of proposed law will allow alternate procedures to be used by agencies in the executive branch of government (other than agencies headed by a statewide elected official) to use for the procurement of software and the hardware used to support the software if approved by the Joint Legislative Committee on Technology and Cybersecurity and the specific procurement is approved by the Joint Legislative Committee on the Budget. This section of proposed law shall be effective if and when House Bill 636 of the 2020 Regular Session of the Legislature is enacted and becomes effective. House Bill 636 establishes the Joint Legislative Committee on Technology and Cybersecurity.

Section 2 of proposed law increases the dollar value thresholds in the procurement code that if exceeded require a state entity to undergo a public competitive bid process. The stated intent of the proposed changes is to adjust the thresholds to reflect inflationary growth since their initial establishment over the past 25 to 40 years. For each of the changed thresholds, the Office of State Procurement (OSP) provided the estimated number of annual transactions as follows:

- R.S. 39:199: Public University Information Technology (IT) Autonomy - Increases threshold from \$100,000 to \$150,000, estimated 20 transactions per year
- R.S. 39:200: IT Procurement Support Team - Increases threshold from \$100,000 to \$225,000, estimated 30 transactions per year
- R.S. 39:1600 and 1621(A-B): Consulting Contract RFP thresholds - Increases from \$50,000/year to \$75,000/year, estimated 3 to 5 transactions per year.
- R.S. 39:1621(C): Professional, Personal, Consulting, and Social (PPCS) Service contracts - Increases from \$140,000 to \$225,000, estimated 3 to 5 transactions per year.

OSP reports that the changes in proposed law are not estimated to create a material net impact on expenditures. While an individual state agency may realize a speculative cost increase ranging from 0.5% to 5% for procurements within the

SEE EXPENDITURE EXPLANATION CONTINUED ON PAGE TWO

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure. Proposed law increases the maximum penalty for intentional violation of procurement laws, rules or regulations from \$500 to \$1,000. OSP reports that it has no record of an individual being prosecuted for this violation. To the degree that any individual is convicted of this violation, local funds revenues would increase slightly. Civil fines accrue to the local governing authority.

<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}

Evan Brasseaux
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Staff Director

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CONTINUED EXPLANATION from page one:

Page 2 of 2

EXPENDITURE EXPLANATION CONTINUES FROM PAGE ONE

categories detailed above, the agency and OSP will realize cost savings associated with the public bidding process for procurements under the new threshold values (reflected as SGF for purposes of this fiscal note but possibly impacting all means of finance appropriated to state entities). OSP reports that its goal is to establish threshold values that are close to neutral with regard to expenditure impacts (speculative cost increases are roughly equivalent to cost savings generated from forgoing the public bidding process). For procurements that fall below the thresholds in proposed law, agencies will negotiate directly with qualified offerors and/or conduct a process to solicit quotes.

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}

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