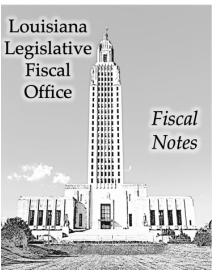


LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 877** HLS 24RS 1210

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 11, 2024	4:27 PM	Author: MCFARLAND
Dept./Agy.: Political Subdivisions		Analyst: Chris Henry
Subject: Minority business set aside for procurement		

PUBLIC CONTRACTS

OR SEE FISC NOTE LF EX

Page 1 of 1

Relative to public contracts with economically disadvantaged businesses

Present law authorizes and directs political subdivisions of the state to set aside 10% of anticipated procurement for goods and services including construction for minority owned businesses. Present law allows political subdivisions to exceed the 10% set aside at their discretion. Proposed law adds a condition that to exceed the 10% set aside, the decision must be supported by data produced by the Secretary of the Department of Transportation and Development (DOTD) in a directory of disadvantaged business enterprises to be published annually. The directory shall serve as the exclusive basis to which the 10% set aside can be exceeded. Proposed law clarifies the definition of "political subdivision" to include all parishes, municipalities, or any other unit of local government, including school boards and special districts authorized by law to perform governmental functions.

EXPENDITURES	2024-25	2025-26	2026-27	2027-28	2028-29	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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Annual Total						
REVENUES	2024-25	2025-26	2026-27	2027-28	2028-29	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

Certain political subdivisions are currently authorized to designate and set aside 10% of anticipated procurement for goods and services including construction for minority businesses and are allowed to exceed the anticipated set aside. The proposed legislation expands the set aside directive to all parishes, municipalities, or any other unit of local government.

Additionally, the proposed legislation would restrict the instances in which the 10% set aside may be exceeded to only those disadvantaged business enterprises contained in a directory published by the Secretary of the Department of Transportation and Development (DOTD). The department indicated it would be able to devise and publish the directory using existing resources. There is the possibility for costs to increase to the extent that limiting the available businesses to those only contained in the directory reduces competition for contracts; however, because the directory requirement only applies to procurements made from the amount set aside in excess of 10% the political subdivision is not required to utilize this process should it become cost prohibitive.

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}

Patrice Thomas
Deputy Fiscal Officer