

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 1062** HLS 16RS 2208
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 15, 2016 4:08 PM	Author: CARTER, G.
Dept./Agy.: Division of Administration/Statewide	
Subject: Requires submission of certain information by contractors	Analyst: Alan M. Boxberger

FISCAL CONTROLS OR +\$60,000 GF EX See Note Page 1 of 1

Requires certain contracting entities to submit information to the commissioner of administration prior to contracting with a state agency or receiving monies

Proposed law requires each contracting entity, prior to entering into or renewing a contract with a state agency, to submit certain information to the commissioner of administration in an electronic format designated by the commissioner; requires the commissioner to compile the information submitted and determine whether it is complete; requires the commissioner to consult with the legislative auditor to ensure that the contracting entity is not on the auditor's non-compliance list; provides that upon certain determinations the commissioner shall place the name of the entity on a list of approved contracting entities and shall post and keep this list updated on a website; provides that the commissioner shall develop criteria to remove a contracting entity from the approved list; provides that approved contracting entities shall be eligible to request and receive state monies; prohibits agencies from contracting with and making payments to contracting entities not on the approved list; provides for certain definitions; exempts contracts entered into by the Department of Revenue and Department of Economic Development; and provides for effective dates.

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	\$60,000	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$60,000
Agy. Self-Gen.	\$30,000	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$30,000
Ded./Other	\$90,000	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$90,000
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	\$180,000					\$180,000

REVENUES	2016-17	2017-18	2018-19	2019-20	2020-21	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 create a significant one-time, or short-term, expenditure for the Division of Administration (DOA). Proposed law requires that each contracting entity, prior to entering into or renewing a contract with a state agency, must submit certain information to the commissioner of administration. DOA reports that it will incur expenditures of approximately \$180,000 during an unspecified implementation period (the LFO anticipates implementation will occur over a one to two year period). DOA estimates that state agencies maintain approximately 15,882 total contracts, of which approximately 1,500 are intergovernmental and excluded from the scope of proposed law. Survey data indicates there are approximately 46.8% as many contractors as contracts (equating to slightly more than two contracts on average per vendor). Using this data, DOA estimates approximately 6,730 initial vendor records will require review and upload into the online database.

DOA estimates 30 minutes to compile each individual record, check it against the legislative auditor's non-compliance list, and upload the record to the online database. Given 6,730 vendors at 30 minutes each, DOA estimates time to review and compile the initial database at 3,365 working hours. To this end, DOA estimates the need to add two T.O. positions to absorb the additional workload created by proposed law. DOA estimates the source of funds for these activities would be 1/3 for Office of Statewide Reporting and Accounting Policy (100% SGF), 1/3 Office of State Purchasing (50% SGR and 50% IAT) and 1/3 Office of Technology Services (100% IAT).

Given projected budget reductions as recommended in the current version of House Bill 1, the LFO feels it is likely that DOA would require additional resources to effectuate the requirements of proposed law. However, once the initial database is constructed and existing vendors are accurately recorded, the LFO estimates that the annual workload would decrease significantly as existing vendor records would move to a maintenance status and additional workload would be associated only with future, non-current vendors. The level of ongoing resources required is unknown and would be dependent upon the contracting volume and turnover of contractors providing services to state agencies. The LFO assumes at least one of the T.O. positions may be hired on a job-appointment, or non-permanent status.

DOA anticipates that transparency portal would likely be appended to the existing LaTrac system and would result in no implementation technology expenditures.

The LA Legislative Auditor reports that proposed law will result in no direct material effect on expenditures.

REVENUE EXPLANATION

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

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