

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 407** SLS 16RS 1002
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 25, 2016 2:03 PM	Author: MILKOVICH
Dept./Agy.: Joint Legislative Task Force	
Subject: Require publication of state contracts and create task force	Analyst: Alan M. Boxberger

PUBLIC CONTRACTS EG INCREASE GF EX See Note Page 1 of 1

Requires publication of state contracts with certain consultants on the Internet and creates task force to study, review, and make annual assessments of state contracts. (7/1/16)

Present law provides for reporting requirements for the state chief procurement officer, including annual reports. Proposed law provides that information on all contracts and the information contained in the annual report shall be published on the division of administration's website for access and ease of use; creates the Contract Services Joint Legislative Task Force to study, review and make assessments on contracts; provides for membership of the task force; provides that the task force is authorized to review all contracts for supplies, materials, services, major repairs, personal, professional, consulting and social services contracts, among others, with an annual amount of \$50,000 or more, in addition to the processes by which these contracts are negotiated, drafted, procured and executed; provides for leadership of the task force, for scheduling the initial meeting and for a quorum; provides that the task force shall not meet more than five calendar days in any fiscal year; and provides for annual reporting to the Senate president, the House Speaker and the governor no later than 60 days before the regular session regarding specific contracts or contract procedures that may require administrative or legislative action. Proposed law is effective July 1, 2016.

EXPENDITURES	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>5 -YEAR TOTAL</u>
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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						
REVENUES	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>5 -YEAR TOTAL</u>
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

Proposed law creates the Contract Services Joint Legislative Task Force to study, review and make assessments on all state contracts with an annual cost of \$50,000 or more. Proposed law will result in an indeterminable increase in SGF expenditures, presumably result in a workload increase of the various fiscal staffs of the legislature providing staff support to the task force, and potentially result in an increase in workload for various agency personnel to the extent that those individuals are tasked with preparing reports, responding to requests for information, and compiling documents for use by the Task Force at up to five meetings each year.

Per the FY 15 Office of State Procurement (OSP) Annual Report, which was released in January 2016, OSP approved a total of 2,229 professional, personal and consulting services contracts with a total contract value of approximately \$12.23 billion. The LFO assumes a significant number of the 2,229 contracts approved during FY 15 would have been eligible for the task force to study, review and make assessments of those contracts if proposed law were in effect at that time. Additionally, proposed law appears to apply to all state contracts, which are assumed to include an additional unknown number of contracts for supplies, materials, major repairs, construction and others in excess of the \$50,000 threshold.

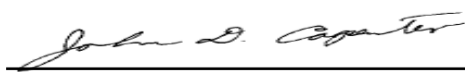
The proposed meetings of the task force (not to exceed five in a year) are projected to increase legislative expenditures of SGF by an indeterminable amount. Proposed law requires the appointment of eight legislators, four each from the House and Senate. The legislative per diem rate is \$157 and the mileage reimbursement is \$0.54/mile. Proposed law is silent with regard to assigning responsibility to any agency or branch of government for the production and copying of any documents to be reviewed. In general, contracts may be dozens to hundreds of pages in length, and relevant attachments may add hundreds of additional pages. The LFO assumes the responsibility for copying all relevant contracts, addendums and supporting documents would fall on the legislature, creating an indeterminable cost increase based on the number of pages produced each year. Legislative copy service contracts generally require a fixed monthly maintenance fee plus approximately \$0.01 per copy on top of supply expenses (paper, etc.). The LFO assumes any increased workload costs associated with making needed copies will be absorbed by existing staff and resources.

Proposed law will likely result in a workload increase for one or more of the fiscal (House, Senate or Legislative) or division services staff offices. The LFO assumes these costs would be absorbed with existing resources, but to the extent that the duties outlined by the task force may exceed available staff time additional resources and/or staff may be required.

REVENUE EXPLANATION

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

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