

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 474** SLS 18RS 1102

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action: **w/ HSE COMM AMD**

Proposed Amd.:

Sub. Bill For.:

Date: May 15, 2018	12:31 PM	Author: COLOMB
Dept./Agy.: Executive / DOA Office of Facility Planning & Control		Analyst: Willie Marie Scott
Subject: Capital Outlay		

CAPITAL OUTLAY RE1 INCREASE GF EX See Note Page 1 of 1
 Authorizes certain projects to be undertaken by state agencies outside of the capital outlay process, and increases the amount exempt from professional service rules for contracts related to these activities. (gov sig)
 The proposed law retains the current law but increases the exemption threshold from \$150,000 to \$300,000; and includes the purchase of land, buildings, or other facilities when the construction cost or purchase price is less than or equal to the \$300,000 threshold. The construction to be undertaken by a state agency shall be on property owned by the state. It further requires that agencies which expend funds pursuant to the proposed law report the amount and purpose of the expenditure to the House Committee on Ways & Means and the Senate Committee on Revenue & Fiscal Affairs no later than February 1st of each year.

EXPENDITURES	2018-19	2019-20	2020-21	2021-22	2022-23	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Federal Funds	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

REVENUES	2018-19	2019-20	2020-21	2021-22	2022-23	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

EXPENDITURE EXPLANATION

State agencies (excluding the Legislative Branch, HIED, and DPS&C Division of Prison Enterprises) who exercise the authority to purchase land, buildings, or other facilities when the construction cost or purchase price is less than or equal to the \$300,000 threshold will likely realize an indeterminable increase in expenditures. The impact on expenditures will depend upon the employment of additional personnel capable of administering construction projects and overseeing the purchase of land, buildings, or facilities may include engineers, and/or construction managers as well as attorneys for land purchases. To the extent that state agencies can not absorb the additional workload, additional resources may be required to either contract with or employ additional personnel to perform this function. Any increase is indeterminable but may be significant.

The OFPC will likely experience a reduction in workload due to the extent of the increase to the \$300,000 threshold. However, according to OFPC there will not be a reduction in personnel due to the number of nonstate and other state projects in the capital outlay bill annually.

REVENUE EXPLANATION

According to the FPC, increasing the threshold from \$150,000 to \$300,000 would result in fewer state agency projects available for OFPC administration. The fiscal impact would be an indeterminable reduction in IAT funding derived from the administration fee (minimum of 3% of project amount or maximum of \$30,000 per project) assessed to any project administered by OFPC; and would depend upon the number and amount of projects. Historically, OFPC has been able to absorb increased workloads without increasing its budget, a decrease in funding for new projects and the resulting reduction in funds derived from the administrative fee would most likely require additional funding to provide the same level of service in the out years.

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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