



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: SB 234 SLS 24RS 364
Bill Text Version: ENGROSSED
Opp. Chamb. Action: w/ HSE COMM AMD
Proposed Amd.:
Sub. Bill For.:

Table with metadata: Date: May 21, 2024 8:26 AM; Author: MIGUEZ; Dept./Agy.: Statewide; Subject: Contract Prohibitions; Analyst: Chris Henry

CONTRACTS EG1 SEE FISC NOTE GF EX Page 1 of 1
Provides relative to prohibition on certain governmental entity contracts with companies that discriminate against firearm and ammunition industries. (8/1/24)
Proposed law creates a prohibition on governmental entities from contracting with companies that discriminate against the firearm and ammunition industries. Prohibitions are created in both the State Public Bid Law (Title 38) and the State Procurement Code (Title 39). Provides for definitions related to the prohibition. Proposed law only applies to contracts with a value of \$100,000 or more, paid primarily with public funds, and with a company that has at least 50 full-time employees. Proposed law does not apply to a contract that is with a sole-source provider or if the governmental entity does not receive bids from companies which are able to provide the written verification that they do not discriminate against these industries. Joint or multi-party contracts must also contain written verification of nondiscrimination from the companies involved unless a company will receive less than \$100,000 pursuant to the contract. Allows the state Attorney General to enforce the requirements and take legal action including the recovery of costs and attorney fees.

Table with 7 columns: EXPENDITURES, 2024-25, 2025-26, 2026-27, 2027-28, 2028-29, 5 -YEAR TOTAL. Rows include State Gen. Fd., Agy. Self-Gen., Ded./Other, Federal Funds, Local Funds, and Annual Total.

Table with 7 columns: REVENUES, 2024-25, 2025-26, 2026-27, 2027-28, 2028-29, 5 -YEAR TOTAL. Rows include State Gen. Fd., Agy. Self-Gen., Ded./Other, Federal Funds, Local Funds, and Annual Total.

EXPENDITURE EXPLANATION

Proposed law may result in an indeterminable increase in state and local governmental expenditures across all means of finance. Proposed law restricts public entities from contracting with companies that discriminate against the firearm and ammunition industries. The Office of State Procurement (OSP) is currently unaware of any supplier which would potentially be excluded from state contracts as a result of the proposed law. If this remains the case, little to no impacts would be incurred; however, if a company which does meet the definition of discriminating against firearm and ammunition industries submits the lowest qualifying bid to provide a good or service, the governmental entity would instead be required to select the next-lowest, albeit higher, qualifying bid in its place.

Voluntarily or involuntarily removing companies which provide goods and services to the government sector from future bidding will likely result in less competition among remaining bidders. In turn, this may result in a marginal but indeterminable increase in overall costs if the remaining bidders marginally increase bid rates with the knowledge that competition has been diminished.

The total impact of proposed law on state procurement expenditures cannot be estimated. Each procurement advertised by the state could potentially be impacted, but the universe of companies that discriminate against firearm and ammunition industries that also participate in providing services to public entities cannot be quantified.

Should legal action be warranted, there is potential for new costs associated with enforcing the requirements of the proposed legislation at the Attorney General's office. The actual amount and timing of these costs is unknown and would be dependent on a potential violation of the proposed law.

REVENUE EXPLANATION

The OSP adds that the LaCarte Purchasing Card (state credit card for authorized employees) generates a 1.7% program rebate on purchases. If financial institutions are excluded or choose not to bid for this service, OSP could realize a loss in revenue from a reduction in the rebate percentage. To the extent a company with a governmental contract does engage in discriminatory practices against the firearm industry and the Attorney General's office takes action, there is the potential for SGR revenue to increase resulting from any costs recovered from the outcome of the legal action.

- Senate Dual Referral Rules House
[] 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H} [] 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
[] 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H} [] 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Signature of Patrice Thomas, Deputy Fiscal Officer