



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 845** HLS 24RS 1454
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action: **w/ SEN COMM AMD**
 Proposed Amd.:
 Sub. Bill For.:

Date: May 29, 2024	5:11 PM	Author: DESHOTEL
Dept./Agy.: Statewide		
Subject: Procurement of Information Technology		Analyst: Chris Henry

PROCUREMENT RE1 NO IMPACT See Note Page 1 of 1
 Provides relative to procurement of information technology

Proposed law creates the *Invitation to negotiate* as a method of procurement and adds it to the list of source selections in law. Provides criteria under which an invitation to negotiate may be utilized for procurement. Expands the list of allowed procurement methods when entering into contracts for information technology (IT) systems or services to include IT-related professional services and consulting services contracts ("covered procurements"). Provides that a report of all multiyear contracts for the covered procurements shall be provided to the Joint Legislative Committee on Technology and Cybersecurity (JLCTC) within 90 days of the end of each fiscal year. Requires JLCTC to approve IT contracts entered into for a period of more than three years and with a cost of more than \$10 M. Proposed law provides that the JLCTC shall review all contracts for covered procurements which are obtained through an invitation to negotiate. Additionally provides that contracts for electronic benefits issuance system services may be entered into for periods of up to ten years consisting of any initial term of six years with the state having options for up to two, two-year extensions. Proposed legislation authorizes the JLCTC to review and approve specific agency budgets, expenditures, or procurement requests for technology or cybersecurity. Changes procedures for the procurement of fiscal intermediary services contracts to include JLCTC.

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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0
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

There is no anticipated direct material effect on governmental expenditures as a result of this measure. Proposed law allows the use of certain additional procurement methods currently listed in the procurement code (competitive sealed bids, competitive sealed proposals, reverse auction, and cooperative purchasing) as well as the newly created invitation to negotiate when entering into contracts for the covered procurements. The proposed law defines "invitation to negotiate" as a written or electronically posted solicitation for competitive sealed replies to select one or more vendors with which to commence negotiations for the procurement of information technology systems, services, software, professional services, or consulting services. This method can only be used once others have been determined to be impracticable.

Proposed law provides that no award of any contract for the covered procurements which is entered into for a period of more than three years and with a cost greater than \$10 M, or any extension thereof, shall be made until reviewed and approved by JLCTC. Extensions of these contracts which increase the total cost by more than 5% must be approved by JLCTC prior to execution. To the extent this new requirement increases the frequency with which JLCTC meets, there will be increased costs for per diem and travel allowances for committee members. Any contract not approved by JLCTC within 30 days of agency submission will be automatically referred to the Joint Legislative Committee on the Budget (JLCB) for review and approval.

Proposed law changes the processes by which fiscal intermediary services (FIS) contracts may be procured and shifts much of the legislative approval from JLCB to the JLCTC. Current law allows these contracts to be awarded by competitive sealed proposals or cooperative purchasing; the proposed law would allow the invitation to negotiate method to be utilized as well. Contracts must be awarded according to the applicable laws related to each respective method. Allows extensions of FIS contracts for up to three years that are entered into via competitive sealed proposals. For these FIS contracts to be renewed, a notice of intent must be submitted by the Department of Health (LDH) to JLCTC, which has 30 days to conduct a hearing on the renewal. To extend the contract due to changes initiated by the Centers for Medicare and Medicaid Services (CMS), LDH must have the approval of the JLCTC.


The Office of State Procurement is required to adopt and promulgate rules for the implementation of the proposed measure. This additional workload can be achieved within the agency's existing budget.

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
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