

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 161** SLS 13RS 507

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 23, 2013	6:09 PM	Author: CHABERT
Dept./Agy.:		Analyst: Travis McIlwain
Subject: Public Contracts		

PUBLIC CONTRACTS EG DECREASE LF EX See Note Page 1 of 1
 Provides \$1,000,000 annual limit on work performed by a public entity with its own employees and resources to restore or rehabilitate certain levees and extends the termination date. (1/1/14)
 Present law provides that the contract limit by a public entity to restore or rehabilitate a levee which is not maintained with federal funds shall be equal to \$1 million provided that the project is undertaken by the public entity with its own resources and employees. Proposed law retains present law to provide an annual limit not to exceed \$1 million applies to any work undertaken by a public entity with its own resources, including labor, materials, and equipment, which is not publicly bid, as per rates in the latest edition of the Associated Equipment Dealers Rental Rate Book and administrative overhead not to exceed 15%. Proposed law shall become effective on January 1, 2014. Proposed law provides for these provisions to be effective until December 31, 2018.

EXPENDITURES	2013-14	2014-15	2015-16	2016-17	2017-18	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	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Annual Total						

REVENUES	2013-14	2014-15	2015-16	2016-17	2017-18	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

The proposed legislation may result in local fund savings to political subdivisions. To the extent a local levee board utilizes its own resources for these projects, there would likely be some savings because a private contractor would likely build into its bid proposal performance bond costs, company profit, etc. Due to the proposed bill changing the limits from \$1 million per contract to \$1 million annually, the political subdivision will be allowed to do more of the levee restoration/rehabilitation with their own resources without having to bid this work to a contractor. Pursuant to R.S. 38:2212 (A)(1)(a) all public work exceeding the contract limit (in this case changing from \$1 million per contract to \$1 million annually) to be done by a public entity shall be advertised and let by contract to the lowest bidder.

According to the Terrebonne Levee & Conservation District, approximately 80% of a levee project is dirt and 20% is labor, other materials, equipment and administrative overhead. This bill only includes labor, other materials, equipment and administrative overhead not to exceed 15%. The dirt purchase will still be publicly bid.

REVENUE EXPLANATION

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

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

Evan Brasseaux
Evan Brasseaux
Staff Director