

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 409** SLS 14RS 650

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 30, 2014 6:54 AM	Author: MILLS
Dept./Agy.: Division of Administration (DOA)	Analyst: Travis McIlwain
Subject: Data Processing Procurement	

PROCUREMENT CODE

RE SEE FISC NOTE GF EX See Note

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Provides for lowest available price for certain software procurement contracts. (7/1/14)

Proposed legislation provides that any agency seeking to procure a new contract, a contract extension or any other contract modification for software, software maintenance and support services must show that the price received or negotiated is the lowest available price by exhibiting prices may appear in a catalog, price list, schedule internet or other form. Proposed legislation provides that such prices must be from a source that is regularly maintained by a vendor is either published available for inspection by customers, is available through inquiries with other state or local governments using similar products and is available through statements of prices on the internet and are currently or were last made to a significant number of buyers constituting the general buying public for the software or services involved. Proposed legislation provides that in the event the lowest available price can not be obtained in the form specified in the bill, the vendor must certify in writing the negotiated price is the lowest price available to other states or local governments for similar products and services at the time the quote is submitted. Effective July 1, 2014.

EXPENDITURES	2014-15	2015-16	2016-17	2017-18	2018-19	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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						
REVENUES	2014-15	2015-16	2016-17	2017-18	2018-19	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

This bill will likely increase the documentation workload of the DOA due to the requirements that any agency seeking to procure a new contract (or contract extension) for software, software maintenance and support services must show the price negotiated is the lowest available price that appears in the vendors price catalog. The DOA does not currently research this information, but does require the vendor to sign a certification form indicating that the negotiated price is indeed the lowest price compared to their price catalog. This bill places in statute current DOA practice relative to requiring the vendor to certify that the negotiated price is indeed the lowest price compared to their price catalog.

According to the DOA, there are multiple vendors that do not openly publish their price lists and consider such information to private. To the extent this bill is enacted, the DOA would likely not be able to do business with these vendors as there is no process by which these prices would be made available in order to comply the provisions of the proposed bill. To the extent this occurs, reducing the overall vendor pool limits competition and the state's ability to insure that it is getting the lowest available price. Thus, there may be an indirect increase in state expenditures as a result of this measure.

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"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | | | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 State Rev. Reduc. {H & 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} |

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