

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 42** SLS 15RS 292
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: March 30, 2015 10:25 AM	Author: WALSWORTH
Dept./Agy.: Division of Administration (DOA)	Analyst: Travis McIlwain
Subject: Notification for certain contracts	

FISCAL CONTROLS OR DECREASE GF EX See Note Page 1 of 1
 Provides for the procedure for notification for certain contracts. (gov sig)

Current law provides for the state agency to mail written notice to persons, firms or corporations who are known to be in a position to furnish the required services at least 30 days before the last day that proposals will be accepted. Proposed law retains current law, but amends the mail written notice requirement to just providing written notice and not necessarily a mail notice. Effective upon governor's signature.

EXPENDITURES	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
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	2015-16	2016-17	2017-18	2018-19	2019-20	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 a potential decrease of total state expenditures of approximately \$22,880 annually. Due to this bill eliminating the written notice requirement, the Office of State Procurement (OSP) will no longer incur postage and supply charges associated with these mailings. Based upon the OSP's average bid notifications mailed per year (208 or 4/week), sending an average of 10 notifications to various potential vendors/bidders (2,080 packets) and average postage and handling cost of \$11 per mailer, the anticipated expenditure reduction as a result of this legislation is anticipated to be \$22,880 (208 x 10 x \$11 = \$22,880). The number of notifications currently mailed is dependent upon the commodity category of the proposed procurement. Due to some commodity categories that require more than 10 and some that require less than 10, it is difficult to determine the specific expenditure reduction as a result of this proposed legislation.

The Office of State Procurement allows vendors to register with the LA Procurement & Contract Network (LaPAC) system in order to receive e-mail notifications of bid opportunities. This legislation eliminates the mailed notification requirement.

For purposes of simplicity, the potential impact of this legislation is reflected in the expenditure table as SGF but may ultimately impact other means of finance. Proposed for FY 16, the DOA is recommending the creation of a new ancillary agency, Office of State Procurement. Ancillary state agencies operate as an internal service entity and are allowed to bill clients (state agencies) for services provided. Thus, the majority of the Office of State Procurement's FY 16 budget is funded with interagency transfers (IAT) from other state agencies. The originating source of these IAT funds is dependent upon the means of financing mix of the paying state agency. Any impact to an ancillary's expenditures will have an indirect impact to its client state agencies.

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 Rev. Red. to State {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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