

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 1128** HLS 16RS 1849

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 25, 2016	6:51 PM	Author: TALBOT
Dept./Agy.:		Analyst: Alan M. Boxberger
Subject: Requires certain entities to make certain contract payments		

PUBLIC CONTRACTS

OR SEE FISC NOTE GF EX

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Requires certain entities to make payments pursuant to certain contracts in a timely fashion

Proposed law requires a vendor who receives a payment from a governmental entity to pay a subcontractor the appropriate share of the payment not later than the 10th day receipt and requires the subcontractor to pay a person who supplies good or services not later than the 10th day after the subcontractor receives the payment. Proposed law requires the governmental entity to notify a vendor of an error in an invoice submitted for payment by the vendor not later than the 21st day after the date the entity receives the invoice. Proposed law provides for non-disputed payment amounts to begin accruing monthly interest equal to the rate of judicial interest in effect on July 1 of the corresponding fiscal year on the date the payment becomes overdue and requires submission of the interest payment when submitting the net amount due. Proposed law authorizes a vendor to suspend performance required under a contract with a governmental entity under certain circumstances and with notice. Proposed law prohibits vendors and subcontractors from suspending performance with DOTD on any highway, hurricane, road or emergency-declared project. Proposed law provides for certain definitions.

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						
REVENUES	2016-17	2017-18	2018-19	2019-20	2020-21	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

Proposed law does not explicitly create any responsibilities for the Division of Administration (DOA) or the Office of State Procurement (OSP). However, proposed law creates new provisions in Title 39 pertaining to public contracting. Implementation of proposed law could potentially require that OSP include enforcement language in its standard contract templates and/or administrative rules, although the provisions of proposed law are not expressly housed within the Procurement Code section of Title 39. To the extent that such changes are necessary, OSP would realize a nominal one-time workload increase associated with updating templates and the DOA may realize nominal one-time costs associated with rule promulgation.

OSP reports that the operational impact of proposed law should be minimal, but that the Division of Administration may be required to respond to enforcement of required provisions with regard to vendor payments to subcontractors. The LFO anticipates any such impact would only create a nominal SGF expenditure impact.

Proposed law gives vendors a right to suspend performance required under a contract with a governmental entity for failure to pay undisputed amounts within prescribed time limits (except for certain DOTD contracts).

REVENUE EXPLANATION

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

Senate Dual Referral Rules House

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

Evan Brasseaux

Evan Brasseaux
Staff Director