

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 1009** HLS 16RS 1504
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 26, 2016	5:26 PM	Author: HAVARD
Dept./Agy.:		Analyst: Alan M. Boxberger
Subject: Requires a secure electronic system for competitive bids		

PROCUREMENT EG SEE FISC NOTE GF EX See Note Page 1 of 1

Requires certain public entities to provide a secure electronic interactive system for submission of competitive sealed bids and proposals as an alternative bidding option

Present law requires certain public entity contracts exceeding a specified amount to be awarded through competitive sealed bidding, requires public notice of an invitation for bids, requires all bids to be opened publicly, and establishes criteria for evaluating bids and for awarding contracts. Present law authorizes a competitive request for proposals process for procurement of certain items, requires public notice of the request and establishes criteria for evaluating proposals and for awarding contracts. Proposed law additionally requires a public entity to provide a secure electronic interactive system for submission of competitive sealed bids and proposals, provides for standards of the system, and provides for exceptions to the requirement to provide such a system (to include inability to comply without securing and expending additional funding).

EXPENDITURES	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	SEE BELOW	\$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	SEE BELOW	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total		\$0	\$0	\$0	\$0	\$0

REVENUES	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>5 -YEAR TOTAL</u>
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>	\$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 requires certain public entities to provide a secure electronic interactive system for submission of competitive sealed bids and proposals, but also provides for broad exclusions for smaller local governing entities, public entities without adequate internet infrastructure access, and any public entity unable to comply without needing to secure and expend additional funding. To the extent any governing entity makes funding available, developing and implementing a secure electronic interactive system for sealed bids and proposals will result in a potentially material expenditure of funds.

However, because proposed law provides exclusions for lack of appropriation, the LFO views the requirement as essentially a prioritization matter for each governing authority's allocation of fiscal resources.

The Office of State Procurement (OSP) reports that it has been working with the Office of Technology services for the past year to create an online system and process to accommodate electronic bidding. OSP states that it recognizes the many potential benefits of such a system and intends to roll out an electronic bidding system alongside the current sealed paper bid process in the next year or two, as soon as fiscal, policy, technical and programmatic considerations are aligned. As proposed law does not seem to establish a firm deadline in which to implement an electronic system, OSP reports that it should not realize a fiscal impact beyond current implementation plans. If proposed law were interpreted to require immediate or quick implementation, OSP reports that it would be required to acquire a more expensive, off-the-shelf corporate or consulting solution to come into compliance rather than phasing a gradual design and implementation solution in-house.

REVENUE EXPLANATION

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

Senate Dual Referral Rules House

13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Evan Brasseaux

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