

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 288** SLS 16RS 397
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 26, 2016 6:06 PM	Author: APPEL
Dept./Agy.:	Analyst: Alan M. Boxberger
Subject: Prohibits adopting more restrictive requirements	

PUBLIC CONTRACTS RE SEE FISC NOTE LF EX See Note Page 1 of 1
 Prohibits a political subdivision from adopting more restrictive requirements and provides for state preemption. (8/1/16)

Present law establishes the Public Bid Law and provides that all public works exceeding the contract limit provided for in present law shall be let out for bid. Proposed law provides that no political subdivision shall enact an ordinance mandating local or other preferential hiring requirements not provided for in present law, but excludes any ordinance requiring a bidder or contractor to have certain policies or practices related to discrimination. Proposed law provides that any ordinance in violation with proposed law on its effective date or adopted thereafter shall be deemed preempted by proposed law and shall be null and void.

EXPENDITURES	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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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 may result in the potential for an indeterminable expenditure decrease for local political subdivision expenditures.

Proposed law prohibits any local ordinance setting forth requirements more restrictive than the provisions of existing relevant state statute for the awarding and performance of a public contract. The prohibition shall include ordinances mandating local or other preferential hiring requirements for a bidder or contractor not otherwise provided in state law, except for those requiring a bidder or contractor to have certain policies or practices related to discrimination. Any ordinance in violation of the provisions of proposed law's effective date or adopted thereafter shall be deemed preempted by state law and be null and void.

Generally, state public bid law is crafted to ensure that the lowest possible bid received by a qualified bidder shall be accepted and awarded for the respective contract. This policy, as stated in statute, is designed to ensure that the expenditure of government monies occurs only to the minimal level necessary to successfully complete a public work.

To the extent that an existing or future proposed ordinance may place specific or preferential status upon hiring requirements, it is possible that the expenditure of public monies for a specific public work may exceed the minimum necessary had the project been offered through open competitive bid to all qualified contractors. To the extent proposed law may ensure the validity of the competitive bid process, it is possible that local political subdivisions may realize expenditure savings associated with the completion of public works. The amount of such savings, if any, is indeterminable and depends largely upon the presence of any local ordinances currently in existence that may serve to diminish open competition among all available, qualified contractors as well as the size and scope of any public works contemplated.

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)(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
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