

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0807-01
Bill No.: HB 214
Subject: Office of Administration
Type: Original
Date: January 28, 2019

Bill Summary: This proposal changes the laws regarding purchases to be made on competitive bids.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue Fund	\$2,376	\$2,851	\$2,851
Total Estimated Net Effect on General Revenue	\$2,376	\$2,851	\$2,851

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Oversight assumes the proposed legislation changes the threshold for advertising for bids in at least 2 newspapers, posting a notice in his or her office and soliciting bids by mail from purchases where the estimated number of expenditures is \$25,000 or over to \$100,000 or over.

Officials from the **Office of Administration - Purchasing Division (OA)** state that in FY 2018, OA spent \$7,504 on advertising. Based on a sampling of bids from last year, approximately 38% of those were under \$100,000; therefore the proposed legislation would result in a \$2,851 savings to the General Revenue Fund.

Oversight notes that the Office of Administration has stated the proposal would have a savings of \$2,851 to their agency. Oversight does not have any information to the contrary. Therefore, Oversight will reflect an average savings of \$2,851 per year.

Officials from the **Department of Revenue**, the **Department of Natural Resources** and the **Department of Transportation** each assume the proposal will have no fiscal impact on their respective organizations.

Oversight notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their respective organizations. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

Officials from the **Office of the Secretary of State (SOS)** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could require additional resources.

ASSUMPTION (continued)

Officials from the **Joint Committee on Administrative Rules (JCAR)** state this legislation is not anticipated to cause a fiscal impact beyond its current appropriation.

Oversight assumes JCAR will be able to administer any rules resulting from this proposal with existing resources.

FISCAL IMPACT - State Government	FY 2020 (10 Mo.)	FY 2021	FY 2022
GENERAL REVENUE FUND			
Savings - OA - Advertising savings for purchases between \$25,000 (current limit) and \$100,000 (new limit)	\$2,376	\$2,851	\$2,851
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	\$2,376	\$2,851	\$2,851
FISCAL IMPACT - Local Government	FY 2020 (10 Mo.)	FY 2021	FY 2022
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

The proposed legislation appears to have no direct fiscal impact.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration
Joint Committee on Administrative Rules
Office of the Secretary of State
Department of Revenue
Department of Natural Resources
Department of Transportation



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Director
January 28, 2019

Ross Strobe
Assistant Director
January 28, 2019