LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 519** HLS 13RS 834
Bill Text Version: **ENGROSSED**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: May 7, 2013 4:32 PM
Author: HENRY
Dept./Agy.: Division of Administration (DOA)
Subject: Privatization Review Act
Analyst: Travis McIlwain

PRIVATIZATION EG SEE FISC NOTE GF EX See Note
Establishes the Privatization Review Act

Proposed legislation provides for no state agency shall enter into a privatization contract unless the agency, in consultation with the Division of Administration, complies with certain requirements. Those requirements include: 1.) preparing a written statement of services proposed to be privatized, 2.) every privatization contract shall contain provisions requiring the contractor to offer available employee positions to qualified classified state employees of the agency at which state employment is terminated due to privatization, 3.) comprehensive written estimate of the costs of state employees providing services including all direct and indirect costs, 4.) after receiving bids, agency shall prepare written analysis of the contract cost, 5.) head of state agency certify in writing to the legislative auditor and appropriated standing committees of various items relative to the contract. Proposed legislation limits privatization contracts to $1 M or more and limits lease agreements to $500,000 or more. Proposed legislation provides for the legislative auditor to review each contract and certificate no later than 30 days after receipt. Proposed legislation provides for a post-privatization review process.

EXPENDITURES	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**	**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	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**	**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

The proposed legislation may result in an indeterminable increase in state expenditures. The Legislative Auditor is estimating 300 audit hours per privatization contract reviewed, which equates to approximately $30,000/review. The legislation limits this process to only those privatization contracts of $1 million or more and lease agreements of $500,000 or more. The Legislative Fiscal Office is unable to determine how many privatization contracts will be reviewed as a result of this proposed legislation.

The proposed legislation sets forth an extensive review process by impacted state agencies and the Legislative Auditor for the privatization of state services that have a contract amount of $1 million or more and lease agreements of $500,000 or more. This process provides for the state agency to submit all the required information about the proposed privatization effort to the state agency's appropriate standing committee and to the legislative auditor prior to entering into such an agreement.

To the extent these privatization reviews result in additional legislative standing committee meetings, the legislative member per diem rate is $149 and the mileage reimbursement is $0.565/mile. This bill provides for legislative standing committee approval prior to entering into the privatization contract and further provides for the full legislature to adopt a concurrent resolution before the agency enters into the privatization contract.

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) >= $500,000 Annual Fiscal Cost {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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