

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 558** HLS 16RS 437
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 3, 2016	8:56 AM	Author: MORRIS
Dept./Agy.: Legislature		Analyst: Willie Marie Scott
Subject: Fiscal Controls		

FISCAL CONTROL RE INCREASE GF EX See Note Page 1 of 2

Requires certain contracting entities to submit information to the legislative auditor prior to contracting with a state agency or receiving state monies.

The proposed legislation requires any contracting entity to electronically submit information and documentation to the Legislative Auditor (LLA) prior to entering into or renewing a contract valued at \$10,000 or less with a state agency; and resubmit the information at least once every 2 years. The information and documents required to be submitted include: official name and address; list of owners, board of directors or equivalent governing body, and officers; a certification certifying all payroll taxes have been paid and Form 990 (nonprofit entity) was filed with the IRS; copy of a recent Form 990; information indicating the type or nature of the contract with the state agency, including whether the contract was publicly bid, competitively bid or negotiated, or let through a noncompetitive process, value of the contract, the name of each state agency which is or would be a party to the contract, and the percentage of minority, women, veteran, and Louisiana-based ownership of the entity; and the names and addresses of all registered lobbyists lobbying on behalf of the contracting entity. It further provides that the LLA shall compile the information submitted pursuant to the proposed **(Continued on Page 2)**

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

EXPENDITURE EXPLANATION

The LLA reports a projected increase in expenditures of \$121,071 in FY 17 and \$92,142 for salary (\$60,000) and related benefits (\$32,142) for one position in subsequent fiscal years. FY 17 includes one-time funding of \$75,000 for IT infrastructure for maintaining the list and information. The additional position in the LLA will be responsible for maintaining the system as well as reviewing the information for completeness and accuracy. Due to the effective date of January 1, 2017, the FY 17 fiscal impact related to this position will be for 6 months, or \$46,071. To the extent that the workload related to this legislation is greater than anticipated, an additional position may be necessary in future fiscal years.

The Division of Administration (DOA) reports a projected increase of expenditures totaling approximately \$160,000 for salaries and related benefits for 2 positions (\$80,000 salary and related benefits) as a result of increased workload created by the proposed legislation. The DOA indicates contractor profile data would have to be integrated with LaTrac, and the state's procurement and payment processes would have to include a check of the approved vendor list. Given the current expenditure reductions reflected in the executive budget recommendation (HB 1 Original), which if not offset with sufficient expenditure authority and revenues to make whole the existing staff resources of the DOA, the LFO believes it is likely that DOA would require additional expenditure authority and possibly an increase in authorized positions. However, if funding is restored to the DOA's budget appropriation throughout the legislative session, the LFO feels there are likely alternative means to accomplish these expenses that could partially or mostly offset the stated expenditure increase requirement indicated by DOA.

Note: Based on information from the Office of State Procurement Professional Service Contracts 2014 - 2015 Annual Report there were 4,017 professional, personal, consulting, social services, interagency, intergovernmental, and cooperative endeavor agreement contracts approved in FY 15. Another 3,906 contacts were approved by state agencies under their delegated authority of approving contracts equal to or less than \$20,000 (RS 39:1566). To the extent these entities want to renew their existing state contract, the LLA will be required to review the accuracy and completeness of all the required documentation identified within this bill and post this information online.

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 checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | <input checked="" 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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Staff Director

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CONTINUED EXPLANATION from page one:

legislation. If the information submitted is complete, the Legislative Auditor shall immediately place the name of the contracting entity on a list of approved contracting entities. The list shall be posted and updated on the LLA's website. If a contracting entity fails to resubmit the information every 2 years as required, the LLA shall remove the contracting entity from the list of approved contracting entities. Any contracting entity that does not appear on the list of approved contracting entities on the website will be ineligible to request or receive state monies.

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}

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