

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 245** HLS 19RS 548
 Bill Text Version: **ENROLLED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: June 5, 2019	4:00 PM	Author: HODGES
Dept./Agy.: Statewide		Analyst: Alan M. Boxberger
Subject: Authorizes rejection of lowest bid of certain vendors		

PROCUREMENT EN SEE FISC NOTE GF EX See Note Page 1 of 1
 Authorizes a public entity to reject the lowest bid on a procurement contract when a vendor engages in a boycott of Israel

Proposed law authorizes a state entity to reject the lowest bid from a vendor who engages in a boycott, divestment, or sanctions campaign against Israel and further authorizes a state entity to terminate a contract with a vendor who engages in the same actions during the duration of the contract; provides for rule making by the commissioner of administration; provides for exemptions; and provides for waiver of provisions of **proposed law** if deemed by the commissioner of administration to be in the best interests of the state or if compliance is not practical.

EXPENDITURES	2019-20	2020-21	2021-22	2022-23	2023-24	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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Annual Total						
REVENUES	2019-20	2020-21	2021-22	2022-23	2023-24	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>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

Proposed law is not anticipated to create a direct material change in state expenditures, but in certain very limited circumstances the provisions allowing the rejection of a lowest bid submitted by a vendor, or cancellation of a contract with a vendor, who engages in a boycott, divestment, or sanctions (BDS) campaign against Israel could result in higher expenditures across multiple means of finance (designated as SGF in this fiscal note for simplicity).

Proposed law authorizes state agencies to reject bids and/or terminate contracts with specified vendors in certain circumstances. The projected impact is minimal for the state because most of its potential impact is already applicable in the form of Executive Order 2018-15, which directs state agencies to disqualify bids from, and cancel contracts with, vendors engaged in BDS activities. Consistent with JBE 2018-15, **proposed law** applies only to bids and contracts with a total value more than \$100,000 and for vendors with five or more employees.

In cases where state entities may exercise statutory authority to reject a lowest bid or cancel an existing contract, the possibility exists that the state may realize increased expenditures. Any such impact is anticipated to be nominal and the Office of State Purchasing reports the workload impact could be absorbed with existing resources and amendments to boilerplate contracting language currently in existence.

NOTE: While **proposed law** does not extend provisions to local governing authorities under Title 38, a limited number of local governing authorities are believed to have adopted the Title 39 State procurement code. In these situations, Local Funds expenditures may be impacted in the same manner as described above for state entities.

REVENUE EXPLANATION

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

<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}

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