

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 800** HLS 20RS 1309  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> May 2, 2020 6:49 AM	<b>Author:</b> DESHOTEL
<b>Dept./Agy.:</b> Statewide	<b>Analyst:</b> Alan M. Boxberger
<b>Subject:</b> Establishes relative to Louisiana price schedule contracts	

PROCUREMENT OR SEE FISC NOTE GF EX Page 1 of 1  
 Establishes requirements and regulations relative to Louisiana price schedule contracts

Present law authorizes multiple different types of procurement contracts. Proposed law requires the Office of State Procurement (OSP) to post on its website a list of all available "price schedule" contracts, grouped by offered good and to identify which holders are based in Louisiana; provides for definitions; requires that any agency wishing to initiate a procurement for which two or more contracts are available for identical or similar goods and the estimated value is more than \$25,000, the agency shall prepare a request for responses describing the nature and volume of goods sought, as well as any other criteria or special requirements; requires the agency to solicit at least three responses from the list of price schedule contracts on the OSP website, if available; provides that at least one of the vendors selected shall be a business domiciled in Louisiana or for whom a majority of ownership is held by residents of Louisiana, if available; provides for evaluation and documentation requirements; provides that the evaluation outcome is a public record; and requires the agency to award to the respondent offering the lowest price, but allows award to another respondent if other legitimate business interests of the agency, or non-price characteristics of the various offers (such as but not limited to product warranties, life cycle costs, maintenance, production capacity and timely delivery), adequately justify award to the alternate responder.

<b>EXPENDITURES</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	SEE BELOW					
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u><b>\$0</b></u>
<b>Annual Total</b>						
<b>REVENUES</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u><b>\$0</b></u>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**EXPENDITURE EXPLANATION**

Proposed law may result in cost savings for state entities and will result in a nominal workload impact for the Office of State Procurement and agencies seeking to initiate certain procurements. Proposed law requires that in any case where multiple existing state contracts are available to meet a need for certain goods, the agency must complete a request-for-response (RFR) process to select from 3 or more of the available contract holders, and provides that at least one of the contract holders must be a Louisiana-based business (or majority owned by Louisiana residents). The outcome of this secondary competition shall be a public record and must provide explanation of the bid award, particularly if not awarded to the lowest bidder. In essence, proposed law creates a second-tier competition between eligible vendors within a Louisiana Price Schedule for procurements anticipated to exceed \$25,000 in value. OSP reports that in practice, this provision will most commonly apply to information technology, infrastructure, heavy equipment and other major acquisition, not consumables.

To the extent that the second-tier competition results in cost savings, or cost avoidance with regard to inferior goods or services, proposed law may result in aggregate cost savings for the state. This impact is noted as SGF for simplicity in this fiscal note, but may affect all means of finance. The potential magnitude of any such savings is indeterminable.

OSP reports that the workload impact precipitated by proposed law should be minimal for agencies currently complying with existing procurement recommendations and rules. Agencies commonly compare vendors and document why one vendor's offering is found superior to others. The inclusion of at least one Louisiana-based or owned business should not create a material workload impact. There are potential instances where an agency may bypass a low-cost local vendor in favor of a familiar national brand for one reason or another, and these agencies may experience additional workload impacts with regard to protests or complaints under the new provisions. OSP anticipates that its workload increase associated with compiling and maintaining the website listing of Louisiana Price Schedule contracts will be minimal, at approximately 50 hours per year, and can likely be absorbed with existing budgetary and personnel resources.

**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}

*Evan Brasseaux*  
**Evan Brasseaux**  
**Staff Director**