

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 797** HLS 24RS 1662

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 5, 2024	11:17 AM	Author: COATES
Dept./Agy.: Hospital Service Districts		Analyst: Chris Henry
Subject: Construction Management at Risk Projects		

PUBLIC CONTRACT/BIDS OR NO IMPACT See Note Page 1 of 1
Prohibits a hospital service district from using "construction management at risk" for projects estimated to cost less than two million dollars

Current law prohibits the use of construction management at risk (CMAR) as a project delivery method for any project under an estimated cost of \$5 M. Proposed law would create an exclusion to current law that prohibits projects with estimated costs under \$2 M that are undertaken by a Hospital Service District from using CMAR. A Hospital Service District would be allowed to utilize CMAR for projects between \$2 M and \$15 M with the approval of the House and Senate transportation, highways, and public works committees and for projects over \$15 M at its discretion.

EXPENDITURES	2024-25	2025-26	2026-27	2027-28	2028-29	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

REVENUES	2024-25	2025-26	2026-27	2027-28	2028-29	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

There is no anticipated direct material effect on governmental expenditures as a result of this measure. The proposed law would allow Hospital Service Districts to utilize the construction management at risk (CMAR) delivery method for a project estimated to have costs exceeding \$2 M, as opposed to the \$5 M threshold in current law. The CMAR method offers potential advantages compared to traditional procurement methods including expedited timing, contractor qualifications playing a more prominent role, cost transparency, and risk shifted from the owner to the contractor.

REVENUE EXPLANATION

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

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}


Patrice Thomas
Deputy Fiscal Officer