

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 118** SLS 20RS 338
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

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Dept./Agy.: Statewide **Analyst:** Alan M. Boxberger
Subject: Provides relative to the public works law.

PUBLIC CONTRACTS OR SEE FISC NOTE GF EX Page 1 of 1
 Provides relative to the public works law. (1/1/20)

Present law provides that all public work exceeding the "contract limit" of \$150,000 per project, including labor and materials, to be done by a public entity shall be advertised and let by contract to the lowest responsible and responsive bidder who bid according to the bidding documents as advertised. **Present law** provides that beginning on February 1, 2015, and annually on February first of each subsequent year, the office of facility planning and control within the division of administration shall adjust the "contract limit" by an amount not to exceed the annual percentage increase in the Consumer Price Index in the preceding year. **Proposed law** increases the "contract limit" from \$150,000 per project, adjusted annually beginning February 1, 2015, to a new limit of \$250,000 per project, adjusted annually beginning February 1, 2025. **Proposed law** is effective January 1, 2020.

EXPENDITURES	2020-21	2021-22	2022-23	2023-24	2024-25	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	2020-21	2021-22	2022-23	2023-24	2024-25	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

The LFO is unable to estimate if **proposed law** will result in a net impact on state and local expenditures for public works by increasing the ceiling of projects exempted from public bidding to \$250,000. **Proposed law** will allow, but not require, that public works projects of an estimated total cost between *\$161,550 and \$0 250,000, including labor and materials, to be contracted without public bid. The lack of public bids for projects of an estimated cost in this range could impact total project expenditures unfavorably depending on the personnel resources and expertise available to individual public bodies, local material and labor costs, contractor availability, contract negotiations and other factors. Therefore, the net expenditure impact on state and local government is indeterminable.

Advertising Costs

Proposed law will result in a negligible decrease of state expenditures across all means of finance (reflected as SGF in this fiscal note for simplicity) and Local Funds expenditures associated with the cost of advertising public works projects for bids.

The Office of Facility Planning and Control (FP&C) reports that over the past twelve months, a total of eleven (11) projects were advertised for public bid that would not be required to do so under **proposed law**. Thus, FP&C estimates that the net effect of **proposed law** would be to reduce the costs of publicly advertising bids for capital outlay projects by a negligible amount (approximately \$1,000 per year).

Local governing authorities would also realize an indeterminable reduction in Local Funds expenditures by not being required to advertise public works projects estimated between *\$161,550 and \$250,000. The number of such projects that are bid annually is unknown, thus the net effect to local governing authorities is indeterminable.

*NOTE: **Present law** sets the ceiling for public works projects allowed without public bids at \$150,000, but requires that FP&C shall adjust the "contract limit" on February 1, 2015, and annually thereafter, by an amount not to exceed the annual percentage increase of the Consumer Price Index in the preceding year. FP&C reports that the current contract limit has been adjusted incrementally upward to \$161,550 since 2015.

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}

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