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FISCAL IMPACT REPORT

SPONSOR Rodella **DATE TYPED** 2/23/05 **HB** HJM 64

SHORT TITLE Late State Payment of Utility Bills **SB** _____

ANALYST Geisler

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
			Minimal	Recurring	General, Other State Funds

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

General Services Department (GSD)

SUMMARY

Synopsis of Bill

House Joint Memorial 64 requires the State Purchasing Agent to evaluate the means to allow state and political subdivisions to pay utility invoices, currently exempt from the Procurement Code, within the 45-day period currently allowed for all other invoices prior to late charges being assessed. In addition, the State Purchasing Agent would report recommendations to the legislature prior to the beginning of the 2006 session.

Significant Issues

While the State can take up to 45 days in which to pay a bill, this time frame does not apply to utility bills. As a consequence, the state has paid late charges to investor owned public utilities, customer owned utilities such as rural electric cooperatives, and municipal utilities based on the utilities established payment due date. These due dates typically range from 2 to 4 weeks after the date of the utility bill.

FISCAL IMPLICATIONS

Eventually reduction in the frequency of utility late fees as sought by HJM 64 will likely save the state money, most likely under \$100 thousand per year. However, these savings could be meaningful for smaller agencies.

ADMINISTRATIVE IMPLICATIONS

The State Purchasing Agent and/or staff would have to research and recommend a method to allow utility invoices to be covered by the Procurement Code.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL?

Payment of utility invoices would continue to be exempt from the Procurement Code.

EM/yr:rs