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FISCAL IMPACT REPORT

SPONSOR Ingle ORIGINAL DATE 02/12/13
LAST UPDATED _____ HB _____
SHORT TITLE Building & Remodel Contract Threshold Amount SB 341
ANALYST Hanika-Ortiz

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY13	FY14	FY15	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		None				

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance and Administration (DFA)

General Services Department (GSD)

SUMMARY

Synopsis of Bill

Senate Bill 341 (SB 341) raises the limit for Board of Finance (BOF) approval of construction contracts for the Property Control Division (PCD) from \$500,000 to \$5,000,000. The bill also eliminates the requirement for the PCD to report to or notify the BOF of executed construction contracts that fall below the new threshold amount.

FISCAL IMPLICATIONS

NFI

SIGNIFICANT ISSUES

The General Services Department (GSD) reports that bids or proposals for construction contracts are only valid for a short period of time. The state BOF meets once a month and not at all in August. The PCD is required to time the submittal of bids with the schedule of the BOF meetings in order to prevent the bids from expiring before a contract can be executed.

The GSD notes that final approval by the BOF seems unnecessary since the legislature has appropriated the money and the Procurement Code was followed to secure the vendor.

Notification to the BOF for construction contracts under \$500,000 requires the same submittal package as the approval request. It takes time away from managing projects in order to provide the documentation for a mere notification of a contract has already been executed.

PERFORMANCE IMPLICATIONS

The BOF consists of seven members; the governor, the lieutenant governor, the state treasurer and four members appointed by the governor with consent of the senate, no more than two of these members from the same political party. The BOF has general supervision of the safekeeping and depositing of all money and securities belonging to or in the custody of the state. The BOF may also make investigations to enable it to perform duties imposed by law and may employ experts, auditors and attorneys as it deems necessary.

ADMINISTRATIVE IMPLICATIONS

The following comments were provided by the Department of Finance and Administration (DFA) in concert with the BOF:

Limiting the number of projects requiring approval by the BOF would reduce review and recommendation responsibilities for the BOF staff, counsel and board members.

Given that the Governor appoints a majority of the Board, it may be duplicative for that Board to oversee contracts entered into by an agency that has management appointed by the Governor.

Since the BOF only meets monthly, allowing smaller contracts to proceed without the BOF approval will eliminate concerns about expiration of bids and proposals.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The BOF will continue to review and approve building and remodeling contracts over \$500,000 that have been entered into by the PCD of the GSD.

AHO/svb