



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **HB 431** HLS 23RS 501
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 12, 2023 2:00 PM	Author: DESHOTEL
Dept./Agy.: Office of Technology Services	Analyst: Garrett Ordner
Subject: Information Technology Procurement	

PROCUREMENT RE SEE FISC NOTE EX Page 1 of 1
 Provides relative to procurement of information technology

Proposed law adds the invitation to negotiate to the list of procurement methods allowed by law. Proposed law expands the list of allowed procurement methods when entering into contracts to procure information technology (IT) systems or services, as well as IT-related professional services and consulting services contracts ("covered procurements"). Proposed law provides criteria under which an invitation to negotiate may be utilized for covered procurements. Proposed law provides that a report of all multiyear contracts for the covered procurements shall be provided to the Joint Legislative Committee on Technology and Cybersecurity (JLCTC) within 90 days of the end of each fiscal year, and that the JLCTC shall review any such contract entered into for a period of more than three years and with a cost of more than \$2 M. Proposed law provides that the JLCTC shall review all contracts for covered procurements which are obtained through an invitation to negotiate. Proposed law provides that contracts for electronic benefits issuance system services may be entered into for periods of up to ten years consisting of any initial term of six years with the state having options for up to two two-year extensions.

EXPENDITURES	2023-24	2024-25	2025-26	2026-27	2027-28	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						
REVENUES	2023-24	2024-25	2025-26	2026-27	2027-28	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

Proposed law allows the use of certain additional procurement methods currently listed in the procurement code (competitive sealed bids, competitive sealed proposals, reverse auction, and cooperative purchasing) as well as the invitation to negotiate when entering into contracts for the covered procurements. The Division of Administration (DOA) indicates that utilization of the invitation to negotiate may result in a decrease to the cost of state contracts for covered procurements; however, any such impact is indeterminable.

The proposed law defines "invitation to negotiate" as a written or electronically posted solicitation for competitive sealed replies to select one or more vendors with which to commence negotiations for the procurement of commodities or contractual services. The Office of State Procurement (OSP) reports that any additional workload for developing templates and procedures associated with the invitation to negotiate process, as well as providing relevant training to OSP and agency staff, will be accomplished with existing staff and resources. In addition, if OSP determines that it needs to contract with a consultant to provide this training, the cost will be less than \$20,000 and absorbed into the existing budget.

In addition, the proposed law provides that no award of any contract for the covered procurements which is entered into for a period of more than three years and with a cost greater than \$2 M, or any extension thereof, shall be made until reviewed by the JLCTC and approved by the Joint Legislative Committee on the Budget (JLCB). Present law only requires JLCB approval of these contracts. The proposed law also provides that no award of any contract for the covered procurements which is entered into through an invitation to negotiate shall be made until reviewed by the JLCTC.

To the extent that the new requirement increases the frequency with which the JLCTC meets, there will be increased costs for per diem and travel allowances for committee members. The JLCTC has not held a meeting since November 18, 2021. OTS reports that if the proposed law requires the JLCTC to review any contract for the covered procurements before the contract can take effect, then the bill may lead to delays or gaps in implementing critical state services.

REVENUE EXPLANATION

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

Senate <u>Dual Referral Rules</u> <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H} <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}	House <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}
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Evan Brasseaux
 Interim Deputy Fiscal Officer