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REVISED FISCAL NOTE

(replaces fiscal note dated February 22, 2019)

Drafting Number: LLS 19-0099 Date: April 17, 2019
Prime Sponsors: Sen. Williams A.; Rodriguez Rep. Buckner; Buentello
Bill Status: House Judiciary
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Bill Topic: STATE PROCUREMENT DISPARITY STUDY

- Summary of Fiscal Impact: State Revenue, State Expenditure, State Transfer, TABOR Refund, Local Government, Statutory Public Entity

This bill requires the Department of Personnel and Administration to commission an independent disparity study of the state procurement process involving certain historically underutilized businesses. The study report will include recommendations to address any disparities that are found. This bill will increase state expenditures in FY 2019-20 and FY 2020-21.

Appropriation Summary: For FY 2019-20, this bill requires an appropriation of \$650,000 to the Department of Personnel and Administration.

Fiscal Note Status: The revised fiscal note reflects the reengrossed bill.

Table 1 State Fiscal Impacts Under SB 19-135

Table with 4 columns: Category, FY 2019-20, FY 2020-21. Rows include Revenue, Expenditures (General Fund), Transfers, and TABOR Refund.

Summary of Legislation

This bill requires the Department of Personnel and Administration (DPA) to commission an independent study of the state procurement process to determine whether disparities exist between the participation of historically underutilized businesses and other businesses. The study must be completed by December 1, 2020, and the DPA must include the findings of the study and any additional recommendations in the department's State Measurement for Accountable, Responsive, and Transparent (SMART) Government Act hearing. The bill allows the DPA to spend an appropriation into the next fiscal year.

Background

Historically underutilized businesses are those that are majority owned by one or more individuals that are women; racial or ethnic minorities; members of the lesbian, gay, bisexual, transgender community; or disabled.

State Expenditures

This bill increases state General Fund expenditures by \$650,000 in FY 2019-20 and \$650,000 in FY 2020-21. This expenditure impact is shown in Table 2 and discussed below.

Table 2
Expenditures Under SB 19-135

	FY 2019-20	FY 2020-21
Department of Personnel and Administration		
Vendor Contract Costs	\$650,000	\$650,000
Total Cost	\$650,000	\$650,000

Department of Personnel and Administration. The DPA will incur a cost of \$1.3 million to commission the disparity study required under the bill. The fiscal note assumes that the study will be paid for over two fiscal years and that DPA will contract for the study.

Other state agencies. Executive branch departments and participating state institutions of higher education will be required to provide information during the study process. This increase in workload is achievable within existing appropriations.

Departmental Difference

The DPA estimates that the cost of the disparity study will range from \$1.3 million to \$5.5 million, with costs assumed at the upper range. This estimate is based on the department's initial information requests from vendors. The fiscal note estimates the cost at \$1.3 million, which is consistent with costs for studies similar to this scope.

Effective Date

The bill takes effect July 1, 2019.

State Appropriations

For FY 2019-20, this bill requires a General Fund appropriation of \$650,000 to the Department of Personnel and Administration.

State and Local Government Contacts

All State Agencies