

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 1133 Governmental Efficiency/Productivity
SPONSOR(S): Davis, D.; Davis, M.
TIED BILLS: None. **IDEN./SIM. BILLS:** None.

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) State Administration		Bond	Everhart
2)			
3)			
4)			
5)			

SUMMARY ANALYSIS

This bill requires the Department of Management Services to contract with a private vendor to conduct a comprehensive review of all state agency service contracts for the periodic repair, maintenance, or enhancement of leased or owned office equipment, office systems, motor vehicles, fixed capital assets, or any other capital assets.

This bill appears to have an unknown nonrecurring fiscal impact in FY 2003-2004. See fiscal comments. This bill does not appear to have a fiscal impact on local governments.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. DOES THE BILL:

- | | | | |
|--------------------------------------|------------------------------|--|---|
| 1. Reduce government? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | N/A <input type="checkbox"/> |
| 2. Lower taxes? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. Expand individual freedom? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. Increase personal responsibility? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. Empower families? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a “no” above, please explain:

This bill requires the Department of Management Services to enter into a contract to perform an additional task that the department does not currently undertake.

B. EFFECT OF PROPOSED CHANGES:

Background

State departments and agencies purchase various goods and services to assist them in their duties. They may, in relation to those purchases, also purchase or contract for maintenance or service contracts. Such contracts offer the department or agency a fixed cost for maintenance and repair of equipment.¹

Currently, the Department of Management Services does not have a contract in place for maintenance and service agreements that would cover all state purchases. However, the Department, through the Division of State Purchasing, has reviewed and researched the benefits of having a state contract for equipment maintenance insurance. The Department anticipates releasing an invitation to negotiate for such services in the next 30 days. The intent of the Department’s current draft is very similar to the intent of the review of the bill, but it goes a step further by including the maintenance and repair insurance in the comprehensive review. If solicited and awarded, the state contract would be in place for each agency to individually purchase the review and insurance product. The Department would not bear the cost for all agencies, nor would it be required to be implemented by all agencies.²

Effect of Bill

This bill makes the legislative finding that “a complete review of state agency service contracts with respect to equipment and capital assets could produce immediate and long-term savings. It is the policy of this state to encourage an agency to invest in all measures that produce a cost savings for the agency and to return these service contract savings to the public treasury.”

This bill requires the Department of Management Services to enter into a contract with an outside vendor to conduct a comprehensive review of all state agency service contracts for the periodic repair, maintenance, or enhancement of leased or owned office equipment, office systems, motor vehicles, fixed capital assets, or any other capital assets.

C. SECTION DIRECTORY:

Section 1 of this bill makes legislative findings.

¹ Probably the most typical of such contracts is a copier maintenance agreement whereby all maintenance and repairs are furnished for a fixed price per month.

² Department of Management Services, analysis of HB 1133, dated March 7, 2003.

Section 2 requires DMS to enter into a contract.

Section 3 provides an effective date of July 1, 2003.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues: None.

2. Expenditures:

The Department of Management Services cannot estimate the cost of the contract study required by this bill. The Department states:

It is important to note that if such a review were to result in a cost savings to the state agencies, such savings would be shared by all agencies. However, the review and contract with the outside vendor is required only for the Department and a funding mechanism has not been identified. It can be assumed that by requiring the Department to pay for the review services for all state agencies, the Department will be carrying the cost for all agencies, yet not sharing in the all the savings.³

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues: None.

2. Expenditures: None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR: None.

D. FISCAL COMMENTS:

This bill requires DMS to enter into a contract for specific services. DMS is concerned that perhaps no responsible or reasonably priced vendor would bid on the contract, yet this bill would require that a contract be entered into anyway. DMS currently intends on utilizing the invitation to negotiate process to perhaps find a responsible and reasonably priced vendor to perform the review contemplated by this bill.

The bill sponsor reports that there is at least one company that will perform the review contemplated by this bill on a contingency fee basis.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision: Not applicable.

2. Other: None.

³ Department of Management Services, analysis of HB 1133, dated March 7, 2003.

B. RULE-MAKING AUTHORITY: None.

C. DRAFTING ISSUES OR OTHER COMMENTS: None.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES

Not applicable.