

# SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

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Prepared By: Ways and Means Committee

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BILL: CS/SB 400

SPONSOR: General Government Appropriations Committee and Senator Clary

SUBJECT: Procurement/Commodities/Contracts

DATE: March 28, 2005

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Faris/Kynoch</u>	<u>Hayes</u>	<u>GA</u>	<u>Fav/CS</u>
2.	<u>Faris/Kynoch</u>	<u>Coburn</u>	<u>WM</u>	<u>Favorable</u>
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

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## I. Summary:

The Committee Substitute for Senate Bill 400 amends section 287.057, F.S., requiring that all fees charged for the use of the State's on-line procurement system shall be collected by the Department of Management Services and deposited into the Grants and Donations Trust Fund. The bill also requires the on-line procurement system provider to report commodity and contractual services transaction data to the department each month in order for the department to determine the amount of fee revenue due to the state from vendors and the amount of compensation due to the provider for services. The bill requires vendors selling commodities and contractual services to the state to remit transaction fees for use of the on-line procurement system within 40 days. Fees not remitted to the state within 40 days will be subject to the interest rate established under s. 55.03(1), F.S.

## II. Present Situation:

The Department of Management Services has contracted with a provider for an on-line procurement system, commonly known as MyFloridaMarketPlace. The operation of the procurement system and the department's program costs are funded by a one percent transaction fee charged to vendors selling commodities or contractual services to the State. Current law permits the department to authorize the procurement system provider to collect the one percent transaction fee and retain a portion of the fee as compensation for services after remitting to the department an amount sufficient to cover the department's program costs. Section 215.31, F.S., requires that all fees received under the authority of state law are to be deposited in the State Treasury. The one percent fee authorized under s. 287.057, F.S., to be charged to vendors for the on-line procurement system is not currently being deposited in the State Treasury.

**III. Effect of Proposed Changes:**

The bill deletes the provision allowing the Department of Management Services to authorize the provider of the on-line procurement system to collect the one percent transaction fee and requires that all fees charged for the on-line procurement system are to be deposited into the Grants and Donations Trust Fund. The bill amends current law to make it clear the department may compensate the provider from the one percent fee after satisfying program costs.

This bill adds a provision requiring the provider to report commodity and contractual services transaction data to the department each month so that the department can determine the amount of fee revenue due to the state from vendors and the amount of compensation due to the provider.

The bill adds a provision requiring vendors selling commodities and contractual services to the state to remit the one percent transaction fee due to the State within 40 days after the receipt of payment for which the fee is due. For fee revenue not remitted timely to the state, the bill provides that interest shall be charged at the rate established under s. 55.03(1), F.S.

**IV. Constitutional Issues:****A. Municipality/County Mandates Restrictions:**

None.

**B. Public Records/Open Meetings Issues:**

None.

**C. Trust Funds Restrictions:**

None.

**V. Economic Impact and Fiscal Note:****A. Tax/Fee Issues:**

None.

**B. Private Sector Impact:**

None.

**C. Government Sector Impact:**

On an annual basis, the Department of Management services will require sufficient budget authority in order to remit payment to the on-line procurement system provider. For Fiscal Year 2003-2004, approximately \$13.5 million in one percent transaction fee revenue was collected by the provider. The department's program costs were approximately \$8 million. Compensation received by the provider was approximately

\$5.5 million. Based on the actual Fiscal Year 2003-2004 data, the department would have required \$5.5 million in budget authority from the Grants and Donations Trust Fund to remit payment to the on-line procurement system provider. The General Government Appropriations Committee Fiscal Year 2005-2006 Committee Bill provides \$4.5 million in authority from the Grants and Donations Trust Fund for the department to remit payment to the on-line procurement system provider.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

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This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.

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## **VIII. Summary of Amendments:**

None.

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