

April 15, 2013

The Honorable Ralph Ostmeyer, Chairperson
Senate Committee on Federal and State Affairs
Statehouse, Room 136-E
Topeka, Kansas 66612

Dear Senator Ostmeyer:

SUBJECT: Fiscal Note for SB 209 by Senate Committee on Ways and Means

In accordance with KSA 75-3715a, the following fiscal note concerning SB 209 is respectfully submitted to your committee.

SB 209 would require all bid requests from governmental agencies or the Director of Purchases of the Department of Administration and bids received for construction, goods, and services involving the expenditures of any state or local government funds in excess of \$100,000 to be considered a public good and be published by the Director of Administration. These bids would be considered a public record. The bids would be published on the state's website for at least 20 days before the winning bid is determined. The 20 days would restart if a bid was amended or reissued. The accepted bid would be updated on the state's website and would remain published for at least 30 days from acceptance along with the non-winning bids.

The bill would preclude governmental agencies from requiring contractors, subcontractors, and suppliers to enter into agreements that would give preferences based on unlawful discriminatory practices as defined in state law; prohibit governmental agencies from giving preferences based upon unlawful discriminatory practices; and prohibit governmental agencies from requiring agreements for compensation above state and federal law minimum wage requirements.

Estimated State Fiscal Effect				
	FY 2013 SGF	FY 2013 All Funds	FY 2014 SGF	FY 2014 All Funds
Revenue	--	--	--	--
Expenditure	--	--	\$168,930	\$168,930
FTE Pos.	--	--	--	4.00

The Kansas Department of Transportation (KDOT) states the agency has several types of contracts that it puts out to bid including contracts for building and material purchases, highway construction contracts, contracts for engineering services, and emergency contracts. In addition,

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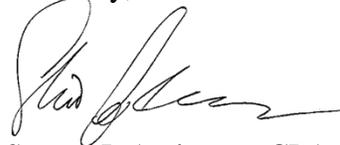
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KDOT engages in negotiated procurements. According to KDOT, SB 209 would affect the contracts for building and material purchases as well as the highway construction contracts, but the agency states it is unclear if it would apply to negotiated procurements, contracts for engineering services, and emergency contracts.

The Department of Administration estimates the bill would affect over 1,000 governmental agencies, other than agencies of the State of Kansas. This includes approximately 700 cities, 290 school districts, and 105 counties. During FY 2012, the Department combined for approximately 200 bid requests involving an amount over \$100,000, which does not include KDOT construction bids or bids from the Board of Regents. If each governmental agency averaged one bid of over \$100,000 per year, this would provide a minimum of 1,200 bids per year that would have to be listed on the state's website. The bids would have to be updated with bid submission information and award information. The Department states it is not currently staffed to handle this type of activity and estimates it would need 3.00 additional FTE support staff positions whose responsibility it would be to make sure all information submitted by governmental agencies is processed as specified in the bill. Further, the Department indicates it would need an additional 1.00 FTE position to serve in a management capacity. The total amount for salaries and wages for the additional 4.00 FTE positions is estimated by the Department at \$152,154 in FY 2014 and subsequent fiscal years. Additional expenditures estimated by the Department include \$2,976 for telecommunication expenses, \$7,800 for leasing expenditures, and a one-time cost of \$6,000 for computers and other office supplies. All expenditures would require appropriations from the State General Fund.

The League of Kansas Municipalities states that cities would be mandated to submit and file information with the state that they are not now required to do. In some circumstances, this may require additional staff to meet and maintain this filing requirement for bid requests and bid receipts, according to the League. Further, the League states that the provisions in the bill regarding bargaining agreements and hiring agreements may have an effect on the types of bids that are received. Because there are a number of elements in the bill that have the potential to affect cities and cities may be affected differently by each element, it is not possible for the League to provide an accurate fiscal effect upon Kansas cities. Any fiscal effect associated with SB 209 is not reflected in *The FY 2014 Governor's Budget Report*.

Sincerely,



Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Pam Fink, Administration
Ben Cleaves, Transportation
Kelly Oliver, Board of Regents
Larry Baer, League of Kansas Municipalities
Melissa Wangemann, Kansas Association of Counties