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REVISED FISCAL NOTE

(replaces fiscal note dated February 22, 2019)

Drafting Number: LLS 19-0099 Date: April 10, 2019
Prime Sponsors: Sen. Williams A.; Rodriguez Rep. Buckner; Buentello
Bill Status: Senate Appropriations
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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.

Appropriation Summary: For FY 2019-20, this bill requires an appropriation of \$1.3 million to the Department of Personnel and Administration.

Fiscal Note Status: The revised fiscal note reflects the introduced bill, as amended by the Senate Business, Labor and Technology committee.

Table 1 State Fiscal Impacts Under SB 19-135

Table with 3 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.

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.

Under current law, state procurement rules apply to all executive branch agencies, although higher education institutions may opt out of these rules. The legislative and judicial branches of government, and political subdivisions of the state, may opt in to the rules. Procurement policy and rule-making for participating state agencies is overseen by the DPA.

State Expenditures

This bill increases state expenditures by \$1.3 million in FY 2019-20. These impacts are 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	\$1,300,000	-
Total Cost	\$1,300,000	-

Department of Personnel and Administration. The DPA will incur one-time costs in FY 2019-20 to commission a disparity study. Contracting with a vendor for the study is estimated to cost at least \$1.3 million.

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.

Effective Date

The bill takes effect July 1, 2019.

State Appropriations

For FY 2019-20, this bill requires a General Fund appropriation of \$1,300,000 to the Department of Personnel and Administration.

State and Local Government Contacts

All State Agencies