

Department of Planning and Budget 2012 Fiscal Impact Statement

1. Bill Number: SB250S1

House of Origin ☐ Introduced ☒ Substitute ☐ Engrossed
Second House ☐ In Committee ☒ Substitute ☐ Enrolled

2. Patron: Obenshain

3. Committee: General Laws and Technology

4. Title: Department of Minority Business Enterprise; enhancement or remedial measures.

5. Summary: Requires state contracts awarded pursuant to enhancement or remedial measures implemented to enhance participation by small, women-owned, and minority-owned businesses to include a requirement that no more than 60 percent of the work be subcontracted to another contractor except under certain circumstances. The bill authorizes the Department of Minority Business Enterprise (DMBE) to investigate complaints that the business has violated the contract provision and authorizes the director to revoke the business's certification as a small, women-owned, or minority-owned business for a period of one year upon determination that the contract provision has been violated. The bill also provides that any enhancement or remedial measure require the state agency to solicit bids from all qualified vendors and not be limited to bids submitted by small, women-owned, and minority-owned businesses. Under the bill, any enhancement or remedial measure cannot exceed three percent of the total value of all vendor contracts calculated against the costs of accepting the lowest competent and qualifying bids.

6. Budget Amendment Necessary: Yes, Item 86, HB30

7. Fiscal Impact Estimates: Final, see item 8

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2012	0	0	General Fund
2013	519,000	5	General Fund
2014	449,000	0	General Fund
2015	449,000	0	General Fund
2016	449,000	0	General Fund
2017	449,000	0	General Fund
2018	449,000	0	General Fund

8. Fiscal Implications: To implement this legislation, the agency's database and Expenditure Tracking system will need to be enhanced and the agency will require additional IT equipment, i.e., laptops, Blackberries, printers, monitors, and wireless internet cards. These one-

time costs will total approximately \$70,000. Ongoing costs are estimated to be \$449,000 annually for five positions (\$410,000); five leased automobiles (\$24,000); system maintenance (\$5,000); and telecommunications, VITA, and equipment charges (\$10,000).

If this bill passes, the requirement that no more than 60% of the work be sub-contracted to another contractor may reduce competition for some procurement, such as construction. Reduced competition among the vendor community may result in increased cost for goods and services purchased by state agencies and some institutions of higher education. Any such fiscal impact is indeterminate.

9. Specific Agency or Political Subdivisions Affected: DMBE

10. Technical Amendment Necessary: No

11. Other Comments: N/A

Date: 3/5/2012