

Fiscal Note & Local Impact Statement

127th General Assembly of Ohio

Ohio Legislative Service Commission
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BILL: **H.B. 126** DATE: **May 24, 2007**
STATUS: **As Introduced** SPONSOR: **Reps. Dyer and J. McGregor**
LOCAL IMPACT STATEMENT REQUIRED: **No — Minimal cost**
CONTENTS: **To require the Department of Administrative Services to maintain a web site database of low bidders who failed to be awarded a contract because they were found not to be responsible**

State Fiscal Highlights

STATE FUND	FY 2008	FY 2009	FUTURE YEARS
DAS General Services Fund (Fund 117)			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Potential increase in costs associated with the creation and maintenance of new contractor database	Potential increase in costs associated with the creation and maintenance of new contractor database	Potential increase in costs associated with the creation and maintenance of new contractor database
Other State Funds – Various Agencies			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Potential increase in costs to conduct investigations as to why contractors are not responsible	Potential increase in costs to conduct investigations as to why contractors are not responsible	Potential increase in costs to conduct investigations as to why contractors are not responsible

Note: The state fiscal year is July 1 through June 30. For example, FY 2007 is July 1, 2006 – June 30, 2007.

- **Creation of contractor database.** The costs of creating the new database required in the bill is unknown, but there presumably would be new costs for the Department of Administrative Services (DAS) in creating this database and other agencies who would need to track "nonresponsible" bidders and send the information to DAS. While DAS already maintains a procurement database, this contains information only for contracts administered by DAS and its Office of Information Technology. However, the bill would apply to many other types of contracts not overseen by DAS. The new costs would hinge on the volume of additional information to be recorded in the database and any new administrative burden on agencies to report this information.
- **State agency investigations.** Requires all state agencies to conduct and complete an investigation before, or within 30 days after finding a low bidder to be not "responsible." The state agency must then submit these findings to the Department of Administrative Services for entry in the database housed on the DAS web site.



Local Fiscal Highlights

LOCAL GOVERNMENT	FY 2007	FY 2008	FUTURE YEARS
Counties and other political subdivisions			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Potential increase in costs to conduct investigations	Potential increase in costs to conduct investigations	Potential increase in costs to conduct investigations

Note: For most local governments, the fiscal year is the calendar year. The school district fiscal year is July 1 through June 30.

- ***Political subdivision investigations.*** Requires all political subdivisions to conduct and complete an investigation before, or within 30 days after finding a low bidder to be not "responsible." The political subdivision must then submit these findings to the Department of Administrative Services for entry on the new web site. LSC cannot estimate the scope of any new costs involved with this provision as of this writing.

Detailed Fiscal Analysis

Nonresponsible bidders database

The bill requires the Department of Administrative Services (DAS) to create a database on the Department's web site that identifies apparent low bidders who have been found not to be responsible bidders on either state contracts or those administered by political subdivisions. The web site must also list the reports and results of the investigations into these not responsible bidders that were conducted by state agencies and political subdivisions. All entries made into this database must be maintained for a period of ten years.

The costs to create and maintain this database are unknown. DAS currently maintains a searchable database of contract information on its "Procurement" home page. However, the information there applies only to contracts administered by DAS or its Office of Information Technology. Therefore, it appears as though there would need to be a large amount of information to be collected from other state agencies who retain independent purchasing authority. There would be new database management costs for DAS, as well as some likely administrative expenses for DAS and other agencies that would be required to provide the information required by the bill.

Required investigations

The bill requires any state agency or political subdivision to conduct an investigation before or within 30 days after finding an apparent low bidder not to be responsible. State agencies or political subdivisions must submit the results of their investigations to DAS so that the information can be posted on the web site described above. There would be some potential administrative costs associated with conducting such investigations, and sending the results to DAS. Presumably, this provision would affect state agencies and political subdivisions that do a great deal of procurement.

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