

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 1621 S HB	<b>Title:</b> Local government procurement
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## Estimated Cash Receipts

Agency Name	2023-25			2025-27			2027-29		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Office of State Auditor	Non-zero but indeterminate cost and/or savings. Please see discussion.								
<b>Total \$</b>	0	0	0	0	0	0	0	0	0

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other	No fiscal impact					
Local Gov. Total						

## Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Office of State Auditor	.0	0	0	0	.0	0	0	0	.0	0	0	0
<b>Total \$</b>	0.0	0	0	0	0.0	0	0	0	0.0	0	0	0

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	No fiscal impact								
Local Gov. Total									

## Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of State Auditor	.0	0	0	.0	0	0	.0	0	0
<b>Total \$</b>	0.0	0	0	0.0	0	0	0.0	0	0

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	No fiscal impact								
Local Gov. Total									

# Estimated Capital Budget Breakout

NONE

<b>Prepared by:</b> Amy Hatfield, OFM	<b>Phone:</b> (360) 280-7584	<b>Date Published:</b> Final 3/12/2023
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# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1621 S HB	<b>Title:</b> Local government procurement	<b>Agency:</b> 095-Office of State Auditor
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## Part I: Estimates

No Fiscal Impact

**Estimated Cash Receipts to:**

**Non-zero but indeterminate cost and/or savings. Please see discussion.**

**Estimated Operating Expenditures from:**

NONE

**Estimated Capital Budget Impact:**

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Karen Epps	Phone: 360-786-7424	Date: 03/07/2023
Agency Preparation: Charleen Patten	Phone: 564-999-0941	Date: 03/09/2023
Agency Approval: Janel Roper	Phone: 564-999-0820	Date: 03/09/2023
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 03/10/2023

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

The following sections within this bill may result in adjustments being made to the State Auditor's Office audits of local governments.

Section 1 (8) Provides a standard definition of "lowest responsible bidder" for public utility districts, cities, towns, water-sewer districts, and fire protection districts.

Section 2 (1) Increases contract limits that need competitive bidding to \$150,000 with two trades or crafts involved (Stays the same for single crafts).

Section 2 (7) Increased purchase limits for supplies, materials, etc.

Section 2 and Section 3 Allows certain employees of first-class cities, second-class cities, water/sewer districts, and fire protection districts to do work under \$300,000 without a contract.

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

Based on the language in the bill the State Auditor's Office is unable to determine with any certainty the actual impact on audit effort. Audit work required would be dependent on the size of the local government's procurement project(s) and the applicable compliance areas. Further, the number of governments that would have applicable procurement projects that would require additional audit work is unknown.

Any additional work related to this legislation would be billed as part of our scheduled audits, to the applicable local government using the current local hourly billing rate.

### II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

NONE

### III. B - Expenditures by Object Or Purpose

NONE

**III. C - Operating FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

### III. D - Expenditures By Program (optional)

NONE

## **Part IV: Capital Budget Impact**

### **IV. A - Capital Budget Expenditures**

NONE

### **IV. B - Expenditures by Object Or Purpose**

NONE

### **IV. C - Capital Budget Breakout**

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

### **IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

## **Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

# LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

**Bill Number:** 1621 S HB

**Title:** Local government procurement

## Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

### Legislation Impacts:

- Cities: First and second class cities
- Counties:
- Special Districts: Water-sewer districts, fire protection districts
- Specific jurisdictions only:
- Variance occurs due to:

## Part II: Estimates

- No fiscal impacts.
- Expenditures represent one-time costs:
- Legislation provides local option:
- Key variables cannot be estimated with certainty at this time:

### Estimated revenue impacts to:

None

### Estimated expenditure impacts to:

None

## Part III: Preparation and Approval

Fiscal Note Analyst: Kristine Williams	Phone: (564) 669-3002	Date: 03/10/2023
Leg. Committee Contact: Karen Epps	Phone: 360-786-7424	Date: 03/07/2023
Agency Approval: Alice Zillah	Phone: 360-725-5035	Date: 03/10/2023
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 03/12/2023

## **Part IV: Analysis**

### **A. SUMMARY OF BILL**

*Description of the bill with an emphasis on how it impacts local government.*

#### **CHANGES BETWEEN THIS VERSION AND THE PREVIOUS BILL VERSION:**

This substitute version of the bill reorganizes subsections which do not change the intent of the bill. These changes include

Sec.2 (1) of 35.23.352 RCW is amended to allow a second-class city or town to use its employees to perform work under \$300,000 in value without a contract if doing so is accepted industry practice. This limit does not include the value of individual items of equipment, as defined in the section. This provision was moved from Sec.2 (15) in the prior bill version.

Sec.3 (3) of 35.22.620 RCW is amended to allow a first-class city to use its employees to perform work under \$300,000 in value without a contract if doing so is accepted industry practice. This limit does not include the value of individual items of equipment, as defined in the section. This provision was moved from Sec.4 (12) in the prior bill version.

These changes do not affect the fiscal impacts discussed below.

#### **SUMMARY OF CURRENT BILL:**

This legislation increases the limit for contracts that require competitive bidding and allows local governments to perform work under \$300,000 in value without a contract if doing so is accepted industry practice. The legislation provides a standard definition of “lowest responsible bidder” for cities, towns, special purpose districts, and public utility districts. This legislation has no impact on local governments.

### **B. SUMMARY OF EXPENDITURE IMPACTS**

*Expenditure impacts of the legislation on local governments with the expenditure provisions identified by section number and when appropriate, the detail of expenditures. Delineated between city, county and special district impacts.*

This legislation would have no impact on local government expenditures.

The proposed amendments would provide consistency in the procurement rules that are used by first-class, second-class, public utility, and special purpose districts.

### **C. SUMMARY OF REVENUE IMPACTS**

*Revenue impacts of the legislation on local governments, with the revenue provisions identified by section number, and when appropriate, the detail of revenue sources. Delineated between city, county and special district impacts.*

This legislation would have no impact on local government revenues.