

February 6, 2012

The Honorable Anthony Brown, Chairperson  
House Committee on Commerce and Economic Development  
Statehouse, Room 151-S  
Topeka, Kansas 66612

Dear Representative Brown:

**SUBJECT:** Fiscal Note for HB 2515 by House Committee on Commerce and Economic Development

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2515 is respectfully submitted to your committee.

HB 2515 would enact the Competitive Bid Protection Act. The act would:

1. Provide for the efficient procurement of goods and services by governmental units;
2. Promote the economical, nondiscriminatory, and efficient administration and completion of state, state-funded, or state-assisted construction projects;
3. Provide for fair and open competition for construction contracts, including construction contracts funded by grants, tax abatements, and tax credits awarded by governmental units;
4. Prohibit requirements for certain terms in construction contracts and construction contracts awarded by governmental units and supported through grants, tax subsidies, and abatements awarded by governmental units;
5. Prohibit the expenditure of public funds under certain conditions;
6. Prohibit certain terms in procurement documents requiring certain expenditures by governmental units involving public facilities; and
7. Provide powers and duties for certain public officers, employees, and contractors.

The act would prohibit public works construction contracts from being subject to pre-hire agreements, project labor agreements, collective bargaining agreements, or other similar agreements with one or more labor organizations on the same or other related construction projects; however, the act would not prohibit a bidder, contractor, subcontractor, or material

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supplier from voluntarily entering into such an agreement. The bill would require any construction contract entered into by a state agency with expenditures of \$100,000 or more to be negotiated by the Department of Administration. Construction contracts of less than \$100,000 would be subject to review and approval by the Department.

The Department of Administration states HB 2515 could increase the volume of projects subject for review and approval by the agency. Costs associated for this process would be passed on to the state agency in the form of a fee. However, the Department is unable to provide a precise estimate of the amount of additional fees associated with the bill. The Kansas Department of Transportation indicates any fiscal effect resulting from the passage of HB 2515 would be negligible. The Board of Regents indicates that enactment of HB 2515 would negate between 1.0 percent and 3.0 percent savings in construction inflation currently realized (those projects using the State Educational Institution Project Delivery Construction Procurement Act) because of the requirement that projects be bid through the Department of Administration. The Kansas Association of Counties and the League of Kansas Municipalities estimate that any fiscal effect resulting from the passage of HB 2515 would be negligible to local governments. Any fiscal effect associated with HB 2515 is not reflected in *The FY 2013 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven J. Anderson". The signature is fluid and cursive, with a long horizontal stroke at the end.

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

cc: Marilyn Jacobson, Administration  
Larry Baer, League of Kansas Municipalities  
Melissa Wangemann, Kansas Association of Counties