

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6752

BILL NUMBER: SB 441

NOTE PREPARED: Dec 29, 2010

BILL AMENDED:

SUBJECT: Public Works Projects Cost Thresholds.

FIRST AUTHOR: Sen. Hershman

FIRST SPONSOR:

BILL STATUS: As Introduced

**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State & Local

Summary of Legislation: This bill increases the cost of projects that the Department of Natural Resources (DNR) may perform without awarding a public works contract from \$75,000 to \$150,000. The bill increases the cost of projects that some political subdivisions may perform without awarding a public works contract from \$100,000 to \$500,000.

Effective Date: July 1, 2011.

Explanation of State Expenditures: Raising the limit to \$150,000 could increase the number and types of projects that the DNR could complete using its own workforce, which could reduce DNR expenditures to the extent that the DNR would not need to contract for additional outside services. DNR's seasonal work cycle would allow staff to complete construction projects during winter months when public visitation to its properties is minimal.

The proposal would not require the DNR to complete all projects under \$150,000, but would provide the DNR with the option to do so.

In 2010, DNR bid 8 projects totaling \$822,618 that were in the cost range of greater than \$75,000 but less than \$150,000. In 2009 DNR bid 6 projects totaling \$648,776 in the same cost range. In 2008 DNR bid 7 projects totaling \$803,675 that were in the cost range.

Explanation of State Revenues:

Explanation of Local Expenditures: Raising the limit to \$500,000 could increase the number and types of

projects that some local units could complete using its own workforce, which could reduce local expenditures to the extent that the local unit would not need to contract for additional outside services. The specific impact is unknown and will vary from unit to unit.

Explanation of Local Revenues:

State Agencies Affected: DNR.

Local Agencies Affected: Units contracting for projects under \$500,000.

Information Sources: Chris Smith, Legislative Liaison, DNR.

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