

### Fiscal Estimate - 2011 Session

Original     Updated     Corrected     Supplemental

<b>LRB Number</b> <b>11-3834/1</b>	<b>Introduction Number</b> <b>AB-0570</b>
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**Description**  
Investment activities in Iran, state procurement and construction contracts, and providing penalties

**Fiscal Effect**

**State:**

<input type="checkbox"/> No State Fiscal Effect		
<input type="checkbox"/> Indeterminate		
<input type="checkbox"/> Increase Existing Appropriations	<input type="checkbox"/> Increase Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input type="checkbox"/> Decrease Existing Appropriations	<input type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<input type="checkbox"/> Create New Appropriations		<input type="checkbox"/> Decrease Costs

**Local:**

<input type="checkbox"/> No Local Government Costs			
<input type="checkbox"/> Indeterminate			
1. <input type="checkbox"/> Increase Costs	3. <input type="checkbox"/> Increase Revenue	<b>5.Types of Local Government Units Affected</b>	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue		<input type="checkbox"/> Counties <input type="checkbox"/> Others
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts

<b>Fund Sources Affected</b>	<b>Affected Ch. 20 Appropriations</b>
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input checked="" type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS s. 20.505(1)(kf)	

<b>Agency/Prepared By</b> DOA/ Cathleen Connolly (608) 261-2292	<b>Authorized Signature</b> Jana Steinmetz (608) 266-1359	<b>Date</b> 3/21/2012
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## Fiscal Estimate Narratives

DOA 3/21/2012

LRB Number	11-3834/1	Introduction Number	AB-0570	Estimate Type	Original
<b>Description</b> Investment activities in Iran, state procurement and construction contracts, and providing penalties					

### Assumptions Used in Arriving at Fiscal Estimate

Assembly Bill (AB) 570 creates an exception to lowest bidder provisions. The exception provides that if a vendor purchases or provides goods or services to an entity in Iran the state cannot enter into a procurement agreement with that vendor. The bill also requires vendors to file a certification with any bid submitted to the state that the vendor is not engaging in any prohibited activities under the bill. AB570 creates a forfeiture penalty for any vendor that provides a false or misleading certification. The bill also requires DOA to maintain a list of entities that have engaged in an activity prohibited under the bill and to update that list every ninety days. Finally, DOA is required to notify any entity that will be placed on the list of vendors and give the vendor 30 days to appeal DOA's decision to place it on the list.

The Department of Administration anticipates a need for 2.0 FTE contract specialist positions and 0.50 FTE program assistant position at a total estimated cost of \$174,950 for salaries, fringe and supplies and services to: maintain the certifications; review and process certifications and determine whether valid or in violation; maintain a database; publish reports and lists of prohibited vendors and other information for agencies, and interested parties; inform and train the vendor community; and conduct hearings and appeals for aggrieved bidders and vendors. The cost of these positions is itemized below:

The Department further anticipates that there would be an increase in the workload of the Division of Legal Services as a result of the vendor appeal process. The amount of increase is difficult to determine without implementation of the proposed changes.

Finally the Department anticipates that there will be IT development costs in order to create a database or modify the existing purchasing database to comply with the requirements of the proposed legislation.

### Long-Range Fiscal Implications

Increase in costs to the Department of Administration.

## Fiscal Estimate Worksheet - 2011 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

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<b>Description</b> Investment activities in Iran, state procurement and construction contracts, and providing penalties		
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>  Database development costs, indeterminate.		
<b>II. Annualized Costs:</b>		
	<b>Annualized Fiscal Impact on funds from:</b>	
	Increased Costs      Decreased Costs	
<b>A. State Costs by Category</b>		
State Operations - Salaries and Fringes	\$146,700	\$
(FTE Position Changes)	(2.5 FTE)	
State Operations - Other Costs	28,250	
Local Assistance		
Aids to Individuals or Organizations		
<b>TOTAL State Costs by Category</b>	<b>\$174,950</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>		
GPR		
FED		
PRO/PRS (20.505(1)(kf))	174,950	
SEG/SEG-S		
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$174,950	\$
NET CHANGE IN REVENUE	\$	\$
<b>Agency/Prepared By</b>		
<b>Authorized Signature</b>		<b>Date</b>
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		3/21/2012