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F I S C A L I M P A C T R E P O R T

SPONSOR:	Altamirano	DATE TYPED:	01/26/00	HB	
SHORT TITLE:		Study State's Purchasing Process		SB	SJM 3
					ANALYST: Carrillo

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY00	FY01	FY00	FY01		
		*	*		

(Parenthesis () Indicate Expenditure Decreases)

*See Fiscal Impact Section.

Duplicates/Conflicts with/Companion to/Relates to

SOURCES OF INFORMATION

LFC Files

General Services Department

Corrections Department

Department of Agriculture

Synopsis of Bill

Senate Joint Memorial 3 requests the Legislative Finance Committee (LFC) and the Department of Finance and Administration (DFA) study the State's purchasing and contracting process.

Significant Issues

The request for the study is the result of: the size and services rendered by government and the demand for safeguards and greater accountability of public funds. The State's obligation to the public, to the services rendered by state and local government agencies, to the business community, and specifically to overall economy for the taxpayer are also contributing factors for the requested study.

The study is to include a review of other states' purchasing and contracting statutes, the New Mexico Procurement Code, state agency procedures and the DFA rules and regulations. The study will also consider the appropriateness of exempting certain state agencies from central purchasing through the State Purchasing Office.

An interim report is due to the LFC by September 2000 and a final report to the legislature is due by January 2001. Recommendations from the study may include modifications to the Procurement Code, DFA statutory responsibility, performance standards, additional accountability, and stronger oversight by the legislature.

FISCAL IMPLICATIONS

The study will require staff and resources from the LFC, DFA and other agencies invited to participate. The impact is projected to be minimal and absorbed through the respective agency budgets.

ADMINISTRATIVE IMPLICATIONS

Staff time will be required of the LFC, DFA, the General Services Department (GSD), the Office of the Attorney General (AG), and the Legislative Council Service (LCS). Other agencies that may be impacted include: the Department of Health (DOH), the Human Services Department (HSD), Corrections Department (CD), the State Highway and Transportation Department (SHTD), and the Taxation and Revenue Department (TRD).

RELATIONSHIP

SJM 3 relates to House Bill 40 (Review Professional Service Contracts) and Senate Bill 80 (SHTD Contract Review).

OTHER SUBSTANTIVE ISSUES

The GSD staff notes Senate Memorial 18 was passed during the 1994 legislature. Briefly, the memorial requested the GSD secretary to assemble a task force to review and propose revisions to the State's Procurement Code for the purpose of incorporating necessary updates and amendments needed to address the North American Free Trade Agreement (NAFTA) and the General Agreement on Tariff and Trade (GATT). Additionally, the Procurement Re-engineering Project (PREP) task force was established in 1997 and lead by the Chief Information Officer (CIO). The PREP task force was to provide continued evaluation and assessment of potential improvements to the State's procurement process. Many of the findings and

recommendations of these two task forces have not been acted upon, and may be appropriate for inclusion of the SJM 3 requested study.

WJC/njw