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## FISCAL IMPACT REPORT

ORIGINAL DATE 3-15-09  
 LAST UPDATED 3-16-09      HM 106/aHJC

SPONSOR Varela

SHORT TITLE Review and Improve State Contract Process      SB \_\_\_\_\_

ANALYST Ortiz

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
NFI	NFI		

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to HB836

### SOURCES OF INFORMATION

LFC Files

#### No Responses Received From

Attorney General's Office (AGO)  
 General Services Department (GSD)  
 Department of Finance and Administration (DFA)

### SUMMARY

#### Synopsis of HJC Amendment

The House Judiciary Committee amendment to House Memorial 106 clarifies the historical recount of the contract review process and states that the Attorney General's Office formerly reviewed contracts.

#### Synopsis of Original Bill

House Memorial 106 proposes that the Attorney General's Office, General Services Department, Department of Finance and Administration and other state agencies actively involved in the processing of state contracts meet to review issues related to the oversight and review of state contracts and make recommendations to the legislature on how best to proceed to protect the integrity of the state contract process.

**SIGNIFICANT ISSUES**

In light of recent scandals over “pay to play”, this memorial seeks to address problems surrounding the inappropriate awarding of contracts--especially sole source contracts. Previously there was a system of independent review of Executive procurement activity that worked efficiently and collegially. As noted by the Attorney General’s Office, “pay to play” undermines the quality and integrity of the procurement system and negatively impact the purchasing value of public funds by creating an atmosphere where contracts are awarded based on undue influence. Even where these awards of contracts are not illegal, there is still an appearance of impropriety that would be dissipated if the AGO reviewed these contracts before they became effective. Thus, this memorial seeks recommendations that protect against the evils of favoritism, collusion, fraud, and corruption in the award of public contracts.

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

House Bill 836 amends the Procurement Code by requiring the Attorney General to approve contracts in excess of \$1 million.

EO/mt:mc