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FISCAL IMPACT REPORT

ORIGINAL DATE 02/05/18

SPONSOR Dodge LAST UPDATED _____ HB 187

SHORT TITLE Extend Certain Multi-Term Contract Terms SB _____

ANALYST Hanika-Ortiz

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY18	FY19	FY20	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		See Fiscal Implications	See Fiscal Implications			various

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Office of the State Auditor (OSA)
 General Services Department (GSD)
 Department of Transportation (DOT)

SUMMARY

Synopsis of Bill

House Bill 187 amends Section 13-1-150 of the Procurement Code to extend from eight years to ten years the term of a multi-year contract of \$25 thousand or more for personal property, construction or services, subject to the availability and appropriation of funds therefor.

FISCAL IMPLICATIONS

GSD reports the bill could result in better pricing terms for the State, especially for IT projects.

Multi-year cooperative contracts are getting an increasing share of government contract dollars. According to the National Institute of Governmental Purchasing, agency spending through cooperative contracts has grown to 20 percent, in part due to contracts with online retailers.

SIGNIFICANT ISSUES

GSD reports the bill aligns cooperative and GSA contracts with jurisdictions that have a 10 year maximum duration. If the State Purchasing Division cannot adopt the cooperative purchasing contract's duration in its entirety, a new solicitation must be conducted for the gap in time

between the cooperative contract's term length and the term length of a New Mexico contract.

DOT reports it does not typically enter into 8-year term contracts for such property or services; however, if HB 187 is enacted and signed into law, it could benefit the department.

OTHER SUBSTANTIVE ISSUES

Agencies that responded did not discuss the impact, if any, on small businesses in New Mexico.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Multi-year contracts for \$25 thousand or more will continue to have a maximum term of 8 years.

AHO/sb/jle