

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6305

BILL NUMBER: SB 99

NOTE PREPARED: Dec 9, 2010

BILL AMENDED:

SUBJECT: State Contractor Accountability.

FIRST AUTHOR: Sen. Lanane

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: *Contractor Registration:* The bill provides that persons who have contracts with state government or who bid on contracts with state government and certain persons affiliated with the contractors and bidders may not make political contributions to an individual who holds a state office or is a candidate for a state office.

It requires persons who have contracts with state government or who bid on contracts with state government to register with the Department of Administration (IDOA). It also requires the IDOA to make the information provided by registrants available to the agency maintaining the Indiana Transparency Portal in a searchable data base on the state's web site.

The bill requires registrants to notify their affiliated persons that they are registered.

Civil Penalties: It provides civil penalties for violations. The bill also provides that, for the violation of a requirement or prohibition, a bidder may be found nonresponsible and the contract of a contractor may be voided.

Soliciting Political Contributions: The bill provides that state employees in the executive branch who have purchasing or procurement authority may not solicit political contributions unless the soliciting individual is a candidate for public office.

Effective Date: July 1, 2011.

Explanation of State Expenditures: *State Contractor Registration:* The Indiana Department of

Administration is required to provide electronic registration certificates to state contractors that are required to register under this bill, and must make them accessible online. This information would then be available in a searchable database on the Indiana Transparency Portal website. The provisions of this bill relating to state contractor registration and the creation of a searchable database will likely increase costs for the IDOA and the Office of Technology, but it is unknown to what extent. As a point of reference, the IDOA currently has a searchable database for state contracts. Initial costs for this database were approximately \$85,000.

Civil Penalties - Awarded Contracts: The bill would have indeterminate costs on reissuing a contract to the extent that a contractor knowingly or intentionally fails to register or fails to disclose material information and the original contract is voided, either by decision of the contract officer or by operation of law for persons with multiple violations.

Explanation of State Revenues: *Civil Penalties - Contributions from Prohibited Persons:* The Campaign Finance Enforcement Account may receive deposits if a candidate or candidate's committee received a contribution from a prohibited person. The amount of money transferred to the Election Division by a candidate or candidate's committee is indeterminate and may vary from year to year. [The Campaign Finance Enforcement Account is used for the enforcement of campaign laws and creating and operating a campaign finance computer system, including the investment in technology to expand the capabilities of the computer system. The Campaign Finance Enforcement Account received \$24,352 in revenue in FY 2010.]

Criminal Penalty: There are no data available to indicate how many more offenders may be convicted of a Class B misdemeanor under IC 3-14-1-14 for failing to file a report with the proper office as required by IC 3-9, if additional filing requirements are added by the bill.

If additional court cases occur and fines are collected, revenue to both the Common School Fund (from fines) and the state General Fund (from court fees) would increase. The maximum fine for a Class B misdemeanor is \$1,000.

Explanation of Local Expenditures: *Criminal Penalty:* A Class B misdemeanor is punishable by up to 180 days in jail.

Explanation of Local Revenues: *Criminal Penalty:* If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from court fees. However, any change in revenue would likely be small.

State Agencies Affected: IDOA; Office of Technology.

Local Agencies Affected: Trial courts; local law enforcement agencies.

Information Sources: Rob Wynkoop, IDOA, 317-232-3114; Kim Hollowell-Williams, Indiana Election Division, 317-232-3939.

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