

**FISCAL IMPACT OF PROPOSED LEGISLATION**

78th Oregon Legislative Assembly – 2016 Regular Session  
Legislative Fiscal Office

**Measure: HB 4065 - A**

***Only Impacts on Original or Engrossed Versions are Considered Official***

Prepared by: Krista Dauenhauer  
Reviewed by: Daron Hill, John Borden, Doug Wilson  
Date: February 12, 2016

**Measure Description:**

Requires contracting agency to determine whether contractor appears on list of liquidated or delinquent accounts that state agencies assign for collection or failed to make payment for more than 90 days on liquidated or delinquent account that state agency has not assigned for collection.

**Government Unit(s) Affected:**

School Districts, Legislative Fiscal Office (LFO), Statewide, Department of Revenue(DOR)

**Summary of Expenditure Impact:**

See Analysis below.

**Local Government Mandate:**

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

**Analysis:**

This measure would require state contracting agencies, beginning January 1, 2017, to contact the Legislative Fiscal Office (LFO) to determine if potential contractors are on a list of liquidated or delinquent accounts that have been assigned for collection or on a list of contractors who have failed to make payment for more than 90 days on a liquidated or delinquent account. If a contractor appears on one of these lists, the agency must notify the contractor of the situation and provide options, as specified in the measure, to clear the account. Currently, the lists, as outlined in the bill do not exist. Under ORS 293.229, LFO is required to issue an annual report of liquidated or delinquent accounts, but this information does not include individual debtor information that would be needed to implement the measure. In addition, some agencies, such as the Department of Revenue, have specific confidentiality provisions preventing the sharing of individual debtor information. In order to create and accurately maintain lists of the information that is available and provide ongoing consultation to state contracting agencies, it is likely that one or more additional positions would be needed by whatever agency is assigned that work, whether it be the Department of Administrative Services, the Legislative Fiscal Office, or some other entity.

In terms of the cost to agencies to comply with the requirements of the measure, most determined that there would be no, or minimal, costs to implement the measure. In most cases, that is because the agency has a minimal number of contracts that they enter into. A few agencies indicated that they do anticipate that they would incur costs, but are unable to determine the costs because the number of contracts they enter into varies significantly from one biennium to the next.

Five agencies (the Department of Corrections, the Oregon Department of Transportation, the Department of Human Services, the Department of Education, and the Water Resources Department) did estimate costs that would be incurred should the measure become law. The anticipated costs for 2015-17 for these agencies totaled \$237,897 General Fund and \$123,989 Other Funds. The 2017-19 costs would total \$757,770 General Fund and \$316,785 Other Funds and reflect the 2015-17 costs fully phased-in. These costs are largely due to the anticipated need for additional staffing to comply with the measure.