



HB 2556 – SB 2616

June 4, 2010

SUMMARY OF AMENDMENTS (019372, 019425): Amendment 019372 deletes the language of the original bill. Reduces the capital outlay component of the Basic Education Program (BEP) formula by \$14 per square foot for K-4 classrooms and by \$12 per square foot for other classrooms in FY10-11 and subsequent years with the intent that the state share of the BEP formula not include growth in capital outlay. These provisions will not preclude the appropriation of non-recurring funds to the BEP for distribution to local education agencies through the BEP formula. Prohibits records or materials received, developed, generated, ascertained or discovered during the course of fulfilling a grant agreement between a public higher education institution and the Department of Economic and Community Development from being public records. Increases from 11 to 13 the members of the Douglas Henry State Museum Commission and includes the Senate and House Finance, Ways, and Means Committee Chairs. Changes the state employer matching of contributions to the plan permitted under 401(k) of the Internal Revenue Code in FY10-11 and FY11-12 to an amount, if any that is specifically prescribed in the general appropriations act of each year.

Amendment 019425, establishes the “Tennessee Small Business and Diversity Business Enterprise Procurement and Contracting Opportunity Act” (Act). Adds the definitions of “good faith effort” and “other small business” to the Act and redefines “small business” to mean independent businesses that employ 30 or fewer people and have a total gross receipts of less than \$10 million. Includes state departments, agencies, commissions, boards, State Building Commission, higher education, and the Board of Regents in the definition of “state agency” and requires the Governor’s Office of Diversity Business Enterprise (GoDBE) to work with each state agency to establish participation goals, ensure compliance with program requirements, and assist in the evaluation of proposals to determine if good faith efforts and a reasonable amount of participation are achieved. Requires the Commissioner of General Services to promulgate rules to establish certification eligibility, to establish goals for all state agencies, to establish bid solicitation and request for proposal processes to assist state agencies in achieving participation goals, and to establish criteria for good faith efforts. Requires each state agency to report participation data to GoDBE on a monthly basis and requires the Commissioner to report annual participation data to the Governor and the members of the General Assembly by December 31 of each year. Authorizes and directs the Department to identify Tennessee small businesses and to develop and provide training. Requires any corporation relocating to Tennessee as a result of the Department of Economic and Community Development’s Fast Track program to strive to achieve small business participation in their procurements and to provide a quarterly report of contracts awarded to small and diversity businesses to GoDBE.

Requires the Department of General Services to study the opportunities available to Tennessee small businesses in state contracting and the potential effect of enhancing such

opportunities through monetary allowances based on a sliding scale. Any findings and recommendations shall be provided in the first annual report following the completion of the study.

FISCAL IMPACT OF ORIGINAL BILL:

Decrease State Revenue – Net Impact - \$45,048,600

Decrease Local Revenue – \$2,168,400

Other Fiscal Impact – Beginning in FY11-12, there will be additional forgone revenue to state and local governments due to the natural growth of taxable food sales. As taxable food sales grow each year, forgone sales tax revenue will increase. Assuming taxable food sales grow by 2.0 percent from FY10-11 to FY11-12, total forgone sales tax revenue for FY11-12 would be approximately \$944,400. Of this amount, the state would forgo approximately \$901,000, and local governments would forgo approximately \$43,400 as a result of state-shared sales tax apportionment. These forgone amounts will increase each subsequent year by the rate at which taxable food sales grow in the future.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

Increase State Expenditures - \$700 Each One-Day Meeting
State Expenditures – Cost Avoidance - \$29,600,000/General Fund

Local Expenditures – Cost Avoidance - \$29,600,000/Permissive

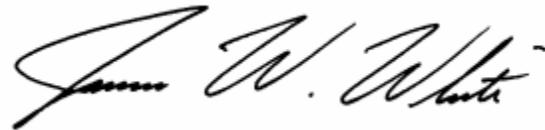
Assumptions applied to amendments:

- The state share of the BEP formula in FY10-11 and subsequent fiscal years will not include growth in capital outlay that otherwise would have occurred. According to the Department of Education, this will result in a cost avoidance of \$29,600,000. The state share is approximately 50 percent of the total non-classroom components of the BEP. Therefore, this would result in a cost avoidance of \$29,600,000 in permissive local expenditures.
- There will not be a significant increase in expenditures to ensure that records or materials received, developed, generated, ascertained, or discovered during the course of fulfilling a grant agreement between a public higher education institution and the Department of Economic and Community Development are not public records.
- The Chairs of the Senate and House Finance, Ways, and Means Committees will serve as voting members of the Douglas Henry State Museum Commission. Travel and per diem expenses for two legislative members of \$679 per meeting (\$185 per diem plus \$154.44 mileage for each member).

- The state employer match will remain at 100 percent of the amount contributed by each eligible employee to the 401(k) plan per month up to a maximum of \$40. This will not result in an increase or decrease in state funds for this program. The estimated cost to continue this at the current level is \$12,250,600.
- According to DGS, the provisions of the bill will codify Executive Order 14 which created the GoDBE and was signed by Governor Bredesen on December 8, 2003. There will not be a significant change to the current practices of the Department and the GoDBE.
- There will be additional reporting duties required of DGS and GoDBE. These requirements will not have a significant impact on the Department or GoDBE. Any cost can be accommodated within existing resources without an increased appropriation or reduced reversion.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

/rnc