



HB 2556 – SB 2616

June 9, 2010

SUMMARY OF AMENDMENTS (019372, 019591): 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 019591 transfers all positions, resources, and functions of the Governor's Office of Diversity Business Enterprise (GoDBE) from the Department of General Services to the Procurement Office on October 1, 2011. Redefines "small business" as "Tennessee small business" to mean independent businesses that employ 30 or fewer people on a full-time basis and have a total gross receipts of no more than \$10 million average over a three-year period. Requires each state agency to designate a staff person as a small business liaison representative to the GoDBE. Authorizes the Procurement Commission to adopt rules and regulations establishing the criteria and standards for minority owned, woman owned, and Tennessee small businesses that are eligible for certification and requires any business desiring certification to apply with the GoDBE. Requires the Chief Procurement Officer to study opportunities available to Tennessee small businesses and diversity business enterprises in state contracting and the potential effect of enhancing those opportunities through utilization of monetary allowances. Effective October 2, 2011, the Comptroller of the Treasury is authorized, pursuant to the policies, standards, rules, regulations, and guidelines approved by the Procurement Commission, to examine and approve any procurements, contracts, grants, or other documents that serve to incur financial obligations against the state.

Requires the Small Business Advocate within the Office of the Comptroller to be qualified by training or relevant and recent experience in administering programs to encourage and enhance economic opportunities for small, woman owned, and minority owned businesses. Initial qualification requirements will be waived when the position is appointed from reassigning a current employee with the Comptroller's Office. Requires the Advocate to attend annual

training or other specialized instruction as provided by GoDBE in the normal course of business as part of the regular training program for state agencies.

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

Other Fiscal Impact – There will be a transfer of approximately \$835,400 in FY11-12 from the Department of General Services to the Procurement Office for the staff and resources of the Governor’s Office of Diversity Business Enterprise. This shift in allocation will not result in any increase in state expenditures.

Assumptions applied to amendments:

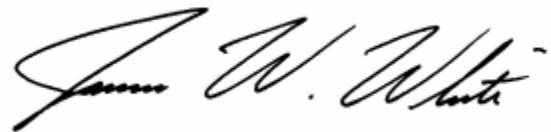
- The state share of the BEP formula in FY10-11 and subsequent fiscal years will not include growth in capital outlay that otherwise would have occurred. According to the Department of Education, this will result in a cost avoidance of \$29,600,000. The state share is approximately 50 percent of the 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.
- Currently, GoDBE is housed within the Department of General Services. There will be a transfer of approximately \$835,373 from General Services to the Procurement Office that was created with the passage of HB 3353 / SB 3598 of 2010. This shift will occur in FY11-12 and will not result in any increase in state expenditures.
- The provisions of the amendment do not change the current practices and procedures of GoDBE. There will not be a significant increase in expenditures to GoDBE.
- The Chief Procurement Officer (CPO) will be appointed in March 2011 pursuant to the passage of HB 3353 / SB 3598 of 2010. The CPO will not incur a significant increase in expenditures to complete the required study.
- The Small Business Advocate position within the Comptroller's Office was created with the passage of HB 2885 / SB 3484 of 2010. A current employee within the Comptroller's Office will be reassigned to the Small Business Advocate position and no additional resources will be required to meet qualification requirements.
- There will not be an increase in expenditures for the Small Business Advocate to attend training that is currently provided by GoDBE.

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

/kml