TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE

FISCAL NOTE

HB 2822 - SB 2839

February 4, 2010

SUMMARY OF BILL: Changes current law where Commissioner of Finance and Administration gives preference to bidders for state contracts involving call centers located in the United States to a prohibition of future state contracts with any vendor whose call center is located outside the United States. Prohibits local governments from entering into a contract for any services generally performed by call centers with vendors who use persons residing in a foreign country. Defines call center as a business entity that performs services, including but not limited to, data entry services, electronic governmental transfers, or other electronic, telephone and telecommunications services.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – Exceeds $100,000/Over Time

Increase Local Expenditures – Exceeds $50,000/Over Time*

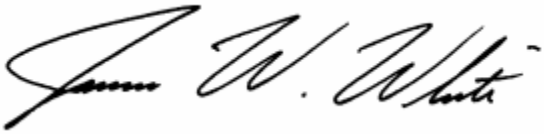
Assumptions:

- According to the Department of General Services (DGS), contracts for these services are processed by RFP under the rules of Finance and Administration and are not bid by the DGS.
- According to the Department of Finance and Administration (F&A), it is reasonable to conclude that this bill will reduce the number of vendors bidding on contracts for telecommunication services, financial services and data entry since many companies have call centers located outside the United States. F&A further indicates that such reduced competition could lead to higher contract costs over the long-term.
- The fiscal impact of this bill is dependent on several unknown factors such as the number of entities who will be ineligible to provide services, the number of entities who will remain eligible to provide services, the change in the number of bids actually received when an RFP is issued, and the extent of any changes to prospective proposals as a result of fewer competing bids.
- Given the extent of unknown variables, determining a precise fiscal impact for this bill is difficult. Further, it is reasonable to expect that state and local government expenditures to acquire these services in the future will increase due to reduced competition. As a result, the increase to state and local government expenditures are projected to increase over time by unknown amounts exceeding $100,000 and $50,000.

*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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