

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 1880 - SB 2032**

March 13, 2014

**SUMMARY OF BILL:** Adds the purchase of an insurance product offered by a private insurance company or agent to the list of contracts for which counties, cities, metropolitan governments, town, utility districts, and other public corporations of the state shall not be based on competitive solicitations but awarded on the basis of recognized competence and integrity.

**ESTIMATED FISCAL IMPACT:**

**Other Fiscal Impact – Due to multiple unknown variables, a precise fiscal impact to local government cannot reasonably be determined.**

Assumptions:

- Under current law, contracts by local governments and public corporations of the state for legal services, fiscal agent, financial advisor or advisory services, education consultant services, and similar services by professional persons or groups of high ethical standards are not based on competitive solicitations but are awarded on the basis of recognized competence and integrity.
- According to the Department of Commerce & Insurance and the Department of Treasury, the provisions of the bill will not result in any significant impact to either agency.
- According to information provided by the County Technical Assistance Service (CTAS) and the Municipal Technical Advisory Service (MTAS), the bill may reduce local government expenditures associated with the competitive bid process; however any such decrease cannot reasonably be determined.
- CTAS estimates costs for insurance may increase due to the removal of the competitive bid process; however any such increase in local government expenditures cannot reasonably be determined.
- Due to multiple unknown variables, such as which local government entities will be purchasing insurance from a private insurance company or agent, the cost of any premiums or coverage offered by such company or agent, the extent of any fluctuation in expenditures from previous insurance coverage, and the extent of any fluctuation in local expenditures associated with the bidding process, a precise fiscal impact to local government cannot reasonably be determined.

**CERTIFICATION:**

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



Lucian D. Geise, Executive Director

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