

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1329 - SB 1420

April 5, 2019

**SUMMARY OF BILL:** Requires all professional or technical service contracts greater than \$100,000 entered into by any department, agency, or political subdivision of the state to include a provision requiring the contracted business to use an approved software enabling the agency to verify billed work hours through screen captures and real-time communication. Requires such contracts to clarify the agency will not pay for hours worked on a computer unless those hours are recorded on software with specific parameters; and prohibits the business from charging the agency for use of the software or any data. Requires the contracted business to retain data collected by the software for seven years. Requires the contracted business to procure the software from an independent entity.

**ESTIMATED FISCAL IMPACT:**

**Other Fiscal Impact – A recurring increase in state expenditures; the extent and timing of which cannot be determined for they are dependent upon several unknown factors.**

Assumptions:

- The proposed legislation states these regulations would affect contracts entered into or renewed after becoming a law; contracts established prior to the effective date would not be altered.
- According to the Department of General Services (DGS), there are currently 578 active professional or technical service contracts greater than \$100,000.
- The proposed legislation is presumed to result in a substantial decrease in competition for professional or technical service contracts, as contractors would be subject to increased expenditures for the monitoring software, data storage, and insurance premiums to house confidential data.
- It is estimated that contractors who choose to adhere to the proposed legislation and renew contracts with any state agency will increase the price of services by more than the amount of additional expenses incurred.
- To the extent businesses adhere to the proposed legislation, state agencies procuring professional or technical service contracts would require system module updates in order to communicate with the software. Additional staff may be necessary to review the work verification data provided by the software if the department or agency has a high volume of affected contracts.

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- The increase in professional or technical service contract prices for state agencies due to decreased competition, monitoring software, data storage, and insurance premiums on behalf of the contracted businesses cannot be estimated with any reasonable certainty.

**CERTIFICATION:**

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

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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