

Fiscal Note

BILL # HB 2473

TITLE: firearms; contracts; prohibited practices

SPONSOR: Carroll

STATUS: As Amended by Senate APPROP

PREPARED BY: Rebecca Perrera

Description

The bill prohibits public entities from entering into contracts over \$100,000 for goods and services with a company unless the company provides written certification that they do not discriminate against firearm entities or firearm trade associations. The prohibition is not retroactive to current contracts or contracts within their original extension period. The bill does not apply to sole source contracts or if no responsive bids meet the certification requirement.

Estimated Impact

There are 2 possible fiscal impacts associated with the requirements of the bill: 1) implementation costs at the State Procurement Office (SPO) in the Arizona Department of Administration (ADOA), and 2) costs associated with transferring state contracts to new vendors.

We estimate the cost to implement the certification documentation in the state's online procurement portal to be minimal. The potential costs to transfer services to new contracts cannot be determined in advance because the costs are dependent on the number of current vendors that do not meet the certification requirements and the cost of the new vendors' services.

The State Treasurer has not provided an estimate at the time of publication. The Executive believes that an exact fiscal impact cannot be determined as it will depend on future contracts. The Arizona Board of Regents (ABOR) believes that the bill could raise the cost of its contracts, but they currently have insufficient information to assess any specific impacts.

Analysis

SPO serves as the state's central procurement authority and is responsible managing large statewide contracts and operating the state's online procurement system, the Arizona Procurement Portal (APP). We assume that the APP may need to be updated to include the provisions of the bill but that the cost would be negligible.

We do not know the number of companies that would be unwilling to provide the written certification. Some contracts, such as those for large information technology (IT) systems, have integrations and configurations specific to state agencies and their data and processes. If an agency needs to switch providers due to non-certifications by current providers, they could incur one-time IT costs for conversions. The timing of these transfer costs would be dependent on the current contract or extension period which is generally between 1 and 5 years.

Local Government Impact

Counties and cities may also be affected by the bill requirements and could see impacts similar to that of the state. The League of Cities and Towns (League) reported that they could not quantify the number of potential contracts with companies that had policies against firearm entities. The League reported that the bill could result in higher costs if re-bid contracts have higher fees for goods and services. The County Supervisors Association (CSA) also reported similar potential costs associated with procuring new contracts and higher contract costs due to reduced competition.

4/14/22

