

STATE OF OKLAHOMA

1st Session of the 45th Legislature (1995)

CONFERENCE COMMITTEE SUBSTITUTE

FOR ENGROSSED

SENATE BILL NO. 332

By: Leftwich of the Senate

and

Paulk and Cox of the
House

CONFERENCE COMMITTEE SUBSTITUTE

An Act relating to state government; creating the Oklahoma Privatization Functions Act; stating short title; stating purpose; defining terms; stating what shall not be considered a privatization contract; requiring state agencies to meet certain criteria before privatization; requiring state agencies to prepare statement of proposed privatization contract; requiring state agencies to solicit certain bids; requiring proposed statement of privatization contract be public record; requiring certain statement be filed in the Office of the Governor; requiring state agencies to transmit certain statement to the Governor; stating requirements to be met prior to privatization contract; stating term of contract; requiring privatization contract include certain wage rate; stating contents of contract; requiring privatization contract to specify if certain benefits are provided; requiring certain provisions in every privatization contract; requiring state agencies to prepare certain estimates; requiring estimate to remain confidential for certain time period; requiring state agencies to file estimate in the Office of the Governor; stating provisions for rejection of privatization contract; allowing privatization contract to be rebid under certain conditions; requiring state agencies to provide certain resources to state employees; requiring state agencies to consider employee bids; allowing employee bids to be made as joint venture; requiring state agencies to publicly designate awarded bids; requiring state agencies to prepare written analysis of privatization contract; requiring contract cost be increased under certain circumstances; requiring state agencies certify that certain information in writing; prohibiting privatization contracts if the Governor notifies objection; stating contents of objection; providing for codification; and providing an effective date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 595 of Title 74, unless there is created a duplication in numbering, reads as follows:

This act shall be known and may be cited as the "Oklahoma Privatization Functions Act".

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 595.1 of Title 74, unless there is created a duplication in numbering, reads as follows:

It is hereby declared that the purpose of this act is to set guidelines for the purposes of privatization of state services and contracts and to ensure that, if approved, privatization is cost effective and in the best interest of the citizens of this state.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 595.2 of Title 74, unless there is created a duplication in numbering, reads as follows:

A. As used in the Oklahoma Privatization Functions Act:

1. "Agency" means any executive office, department, division, board, commission or other officer or office in the executive branch of this state;

2. "Business entity" means individuals, partnerships, business trusts, cooperatives, associates, corporations or any other firm, group or concern which functions as a separate entity for business purposes;

3. "Dependent" means the spouse and children of an employee if such persons would qualify for dependent status under the Internal Revenue Code or for whom a support order has been or could be granted under Oklahoma law; and

4. "Privatization contract" means an agreement or combination or series of agreements by which a nongovernmental person or business entity agrees with an agency to provide services, valued at Sixty Thousand Dollars (\$60,000.00) or more, which are substantially similar to and in lieu of, services presently provided, in whole or in part, by regular employees of any agency.

B. Any subsequent agreement, including any agreement resulting from a rebidding of previously privatized service, or

any agreement renewing or extending a privatization contract, shall not be considered a privatization contract. An agreement solely to provide legal, management consulting, planning, engineering or design services, except services provided to the Department of Transportation, shall not be considered a privatization contract.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 595.3 of Title 74, unless there is created a duplication in numbering, reads as follows:

A. No agency shall make any privatization contract and no such contract shall be valid unless the agency first complies with each of the following requirements:

1. The agency shall prepare a specific written statement of the services proposed to be the subject of the privatization contract, including the specific quantity and standard of quality of the subject services which shall be of public record;

2. The agency shall solicit competitive sealed bids for privatization contracts pursuant to Section 85.1 et seq. of Title 74 of the Oklahoma Statutes;

3. The agency shall designate a day in which it will accept sealed bids, which shall be the same day for all parties which shall be filed in the agency and in the Office of the Governor;

4. The agency shall transmit the written statement referred to in paragraph 1 of this subsection to the Governor for review pursuant to Section 9 of this act.

B. The term of any privatization contract shall not exceed one (1) year. For each position in which a bidder will employ any person pursuant to a privatization contract and for which the duties are substantially similar to the duties performed by a regular agency employee or employees, the contract shall include a statement of the minimum wage rate to be paid for the position.

C. Every bid for a privatization contract and every privatization contract shall include provisions specifically establishing the wage rate for each position, which shall not be less than the federal minimum wage rate. Every bid and contract

shall also specify whether the contractor will provide health, retirement, vacation or other benefits.

D. Every privatization contract shall contain provisions requiring the contractor to offer available employee positions pursuant to the contract to qualified regular employees of the agency whose state employment is terminated because of the privatization contract and who satisfy the hiring criteria of the contractor. Every contract shall also contain provisions requiring the contractor to comply with a policy of nondiscrimination and equal opportunity for all persons, and to take affirmative steps to provide equal opportunity for all persons pursuant to Section 841.10 of Title 74 of the Oklahoma Statutes.

SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 595.4 of Title 74, unless there is created a duplication in numbering, reads as follows:

A. Every agency which is considering privatizing some of its functions shall prepare a comprehensive written estimate of the costs of regular agency employees providing the subject services in the most cost-efficient manner. The estimate shall include all direct and indirect costs of regular agency employees' providing the subject services, including, but not limited to, pension, insurance and other employee benefit costs.

B. The estimate shall remain confidential until after the final day for the agency to receive sealed bids for the privatization contract pursuant to this act, at which time the estimate shall become public record, and the agency shall file a copy of the estimate in the Office of State Finance.

C. If the comprehensive written estimate prepared by the agency, referred to in paragraph A of this section is less than the lowest sealed bid for the privatization contract, all bids shall be rejected. Bids may be resubmitted at a later date according to the procedures required for the original sealed bids. Provided, however, the agency shall not be required to prepare a second written estimate if bids are resubmitted within six (6) months of the original designated date for the receipt of bids.

SECTION 6. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 595.5 of Title 74, unless there is created a duplication in numbering, reads as follows:

After consulting any relevant employees organization, the agency shall provide adequate resources for the purpose of encouraging and assisting present agency employees to organize and submit a bid to provide the subject services. The agency shall consider any employee bid on the same basis as all other bids. An employee bid may be made as a joint venture with other persons pursuant to the Oklahoma Central Purchasing Act, Section 85.1 et seq. of Title 74 of the Oklahoma Statutes.

SECTION 7. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 595.6 of Title 74, unless there is created a duplication in numbering, reads as follows:

After soliciting and receiving bids, the agency shall, if it decides to enter into a privatization contract, select the lowest and best bid and shall publicly designate the bidder to which it proposes to award the contract. The agency shall prepare a comprehensive written analysis of the contract cost based upon the designated bid, specifically including the costs of transition from public to private operation, of additional unemployment and retirement benefits, if any, and of monitoring and otherwise administering contract performance. If the designated bidder proposes to perform any or all of the contract outside the boundaries of this state, the contract cost estimate shall be increased by the amount of income tax revenue, if any, which will be lost to this state by the corresponding elimination of agency employees, as determined by the Oklahoma Tax Commission to the extent that it is able to do so.

SECTION 8. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 595.7 of Title 74, unless there is created a duplication in numbering, reads as follows:

A. Each agency proposing to privatize shall certify in writing to the Governor that:

1. The provisions of this act and all other applicable laws have been complied with;

2. The quality of the services to be provided by the designated bidder is likely to satisfy the quality requirements which equal or exceed the quality of services which could be provided by regular agency employees;

3. The contract cost will be less than the estimated cost, taking into account all comparable types of costs;

4. The designated bidder and the supervisory employees, while in the employ of the designated bidder, have no adjudicated record of substantial or repeated willful noncompliance with any relevant federal or state regulatory statute including, but not limited to, occupational health and safety, nondiscrimination and affirmative action, environmental protection and conflicts of interest; and

5. That the proposed privatization contract is otherwise in the best interest of the public.

B. A copy of the proposed privatization contract shall accompany the certificate transmitted to the Governor and a copy shall be available at the agency for public inspection.

SECTION 9. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 595.8 of Title 74, unless there is created a duplication in numbering, reads as follows:

No state agency shall award a privatization contract, and no contract already awarded shall be valid, if within thirty (30) days after receiving the certificate of privatization contract, the Governor notifies the agency, in writing, of an objection. The objection shall be based on the Governor's independent review of all relevant facts. Any contract that is awarded shall contain a provision requiring the contractor to surrender any and all equipment, purchased pursuant to the contract, to the state if the contract is not completed for any reason.

SECTION 10. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 595.9 of Title 74, unless there is created a duplication in numbering, reads as follows:

Any present or former state employee involved in awarding the contract is prohibited, for a period of one (1) year from the date that employment with the state is terminated, from becoming an

officer or employee of a business organization which is a party to any privatization contract with the state agency in which the present or former state employee is or was employed.

SECTION 11. This act shall become effective December 1, 1995.

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