

BILL SUMMARY
2nd Session of the 57th Legislature

Bill No.:	HB 4050
Version:	Introduced
Request Number:	9582
Author:	Speaker McCall
Date:	3/3/2020
Impact:	See Below

Research Analysis

HB4050, as introduced, requires the Office of Management and Enterprise Services to bill state agencies for services provided at their actual costs, which may not include costs related to administration, overhead, insurance or any other additional costs indirectly related to the services provided. The measure also designates the State Auditor and Inspector as the arbitrator for disputes if a state agency disagrees with a charge for services provided by OMES.

Prepared By: Quyen Do

Fiscal Analysis

HB 4050 in its current form limits the charges the Office of Management and Enterprise Services (OMES) may charge state agencies. The measure specifically prohibits OMES from including costs related to administration, overhead, insurance and indirect services, in the rates OMES charges agencies.

Officials for OMES estimate that by modifying their current rate setting models to conform to the provisions of HB 4050, the following OMES divisions will see reductions to revenues in amounts as follows:

Information Services	\$31.2 Million
Risk Management	\$17.9 Million
State Buildings	\$13.7 Million
Fleet Management	\$7.8 Million
State Surplus Management	\$1.1 Million
Central Printing	\$1 Million
Other	\$1.5 Million

The goal of HB 4050 appears to be for OMES to shift to a direct cost of service model in their billing, with the costs of overhead and administration covered by direct appropriations to OMES. To achieve this goal, corresponding cuts will need to be made to agency appropriations and dedicated funding streams, to remove funding currently being used by agencies to cover the costs of overhead and administration included in the current OMES rate models. These funds would then need to be reallocated to OMES's legislative appropriation.

Prepared By: John McPhetridge

Other Considerations

None.

