

Amendment 54

Colorado Legislative Council Staff
FISCAL IMPACT STATEMENT

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BALLOT TITLE: CAMPAIGN CONTRIBUTIONS FROM CERTAIN GOVERNMENT CONTRACTORS

Fiscal Impact Summary	FY 2008-2009	FY 2009-2010	FY 2010-2011
State Revenue		\$0	\$0
State Expenditures*			
General Fund	\$277,000	\$85,000	\$85,000
FTE Position Change	0.5 FTE	1.0 FTE	0.0 FTE
Local Government Impact: See Local Government Impact Section			

* Numbers are rounded.

Summary of Measure

Amendment 54 changes the state constitution to prohibit sole-source government contractors from contributing to a political party or candidate for the contract's duration and two years after. The amendment also prohibits contributors to ballot issue campaigns from entering into sole-source government contracts relating to the issue. Sole-source government contracts are defined as any state or local government contract with a value of more than \$100,000, and one that does not use a public and competitive bidding process where at least three bids are solicited. Sole-source government contracts also include collective bargaining agreements with labor organizations.

The Department of Personnel and Administration is required to publish and maintain a summary of each sole-source government contract issued by the state or a local government. Contractors must prepare and deliver contract summaries to the department. The summaries are to identify names and addresses of contract holders, describe the nature of the contract, disclose the start and end date of the contract, and the contract payment schedule.

Finally, the amendment specifies that a contract holder in violation of the above prohibitions is ineligible to hold a government contract, or public employment with the state or a local government for three years. Knowing violation of these provisions by an elected official is grounds for removal from office, and constitutes misconduct or malfeasance.

State Expenditures

Department of Personnel and Administration -- \$277,000 in budget year 2009 and \$85,000 in budget years 2010 and 2011. The department will incur additional expenses to develop the required database of sole-source contractors for state and local governments. Additional expenses for administering the database will be incurred on an on-going basis.

Developing the Contractor Database. The department will incur expenses of \$234,000 related to developing the database of sole-source government contractors for state and local governments. These expenses are based on the following assumptions:

- every political subdivision in Colorado would be affected;
- about 4,000 contractors would submit contract information to the DPA annually;
- access to the system will be controlled;
- the database system will not send/receive data from any other computer system; and
- database development will require 1,050 hours of contract services.

Administering the Contractor Database. To operate the database, the department will require one full-time staff person at \$73,000 annually to manage communications and username/password administration with the reporting entities. In addition, there will be technical hosting and maintenance costs of \$12,000 annually. Administrative costs for budget year 2009 will be for six months only.

Local Government Impact

Local governments in both metropolitan and rural areas may incur new costs. The prohibitions included in this measure may serve to limit bidding on projects, thereby increasing costs. This could be especially true in rural areas, where the number of potential contractors is already limited. Projects may be delayed, further driving up costs.