



HOUSE COMMITTEE ON APPROPRIATIONS  
2009-10 Legislative Session

**FISCAL NOTE**

HOUSE BILL: 2195

PRINTER'S NO: 3701

PRIME SPONSOR: Bradford

FISCAL IMPACT SUMMARY	FY 2009/10	FY 2010/11
<b>Expenditure Increase/(Decrease):</b>		
General Fund	\$0	\$0

**OVERVIEW:**

House Bill 2195 amends Title 62 (Procurement) further providing for supplies manufactured and services performed by persons with disabilities, for definitions and for cooperative purchasing.

This act shall take effect 30 days from enactment.

**ANALYSIS:**

House Bill 2195 provides that a central nonprofit agency will facilitate the distribution of orders for supplies manufactured or packaged by or services performed by persons with disabilities among agencies for persons with disabilities. Current law provides that the Department of Public Welfare (DPW) or a nonprofit agency approved by DPW shall facilitate this distribution.

Under House Bill 2195, the Department of General Services (DGS) may, in its discretion, review any contract or purchase order awarded. DGS must compile a list of all contracts and purchase orders with a cost exceeding \$500,000 per year and conduct rotating reviews of the listed contracts and purchase orders to confirm compliance. DGS must review at least three listed contracts or purchase orders each year. The review shall include, but not be limited to, an assessment of all requirements related to appreciable contribution. Current law provides that when a contract for supplies manufactured by and services performed by persons with disabilities exceeds \$300,000 per year, DGS must conduct an annual review to ensure that all requirements are met with relation to appreciable contribution.

Under HB 2195, 75% of the "net amount" paid by the Commonwealth agency for the supply or the service must: (1) cover payment of wages and salaries to persons with disabilities and (2) cover other actual manufacturing costs incurred by the agency for persons with disabilities in manufacturing of a supply. The "net amount" is computed by subtracting allowable non-labor costs the agency for persons with disabilities has incurred from the total amount paid. "Allowable non-labor costs" include real estate expenses, insurance and bond costs, raw materials costs, equipment and tools costs and other non-labor costs the agency for persons with disabilities actually incurs in manufacturing or packaging a supply or performing a service as approved by the department.

The enactment of House Bill 2195 is not expected to have an adverse fiscal impact on Commonwealth funds.

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**DATE:** June 14, 2010

**General Note and Disclaimer:** *This Fiscal Note was prepared pursuant to House Rule 19(a), and the elements considered and reported above are required by Section 5 of the rule. Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*