

1 State of Arkansas
2 80th General Assembly
3 Regular Session, 1995
4 By: Representative Argue

A Bill

HOUSE BILL 1692

For An Act To Be Entitled

"AN ACT REQUIRING A STATE AGENCY, INSTITUTION, BOARD, OR
COMMISSION TO PROVIDE THE LEGISLATIVE COUNCIL WITH AN
ECONOMIC IMPACT STATEMENT BEFORE CONTRACTING WITH A
PRIVATE ENTITY TO PROVIDE A SERVICE TRADITIONALLY
PERFORMED BY A STATE AGENCY; TO DECLARE AN EMERGENCY; AND
FOR OTHER PURPOSES."

Subtitle

"REQUIRING ECONOMIC IMPACT STATEMENTS
BEFORE STATE AGENCIES CAN CONTRACT WITH
PRIVATE ENTITIES TO PROVIDE A SERVICE
TRADITIONALLY PERFORMED BY A STATE
AGENCY."

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. (a) When a state agency, institution, board, or commission considers contracting with a non-public entity to provide a service or program which is currently provided at that location by employees of the agency, institution, board, or commission, the public entity shall prepare an economic impact statement comparing the costs of the State of Arkansas continuing to provide the service with the cost of contracting with a non-public entity to provide the same service.

(b) The economic impact statement shall be prepared using professionally accepted methodology, with quantification of data to the extent practicable, giving effect to both short and long-term consequences. Provided, however, that this act shall not apply to any action of the Arkansas Highway and Transportation Department.

1 (c) The economic impact statement shall include the following
2 information:

3 (1) A description of the proposed action, the purpose of the
4 action, the legal authority for the action, and the plan for implementing the
5 action;

6 (2) A determination that the action is the least-cost method for
7 achieving the stated purpose;

8 (3) A comparison of the cost-benefit relation of the action to
9 nonaction;

10 (4) A determination that the action represents the most
11 efficient allocation of public and private resources;

12 (5) A determination of the effect of the action on competition;

13 (6) A determination of the effect of the action on the cost of
14 living in the geographical area in which the action would occur;

15 (7) A determination of the effect of the action on employment in
16 the geographical area in which the action would occur;

17 (8) The source of revenue to be used for the action;

18 (9) A determination of the number of private sector jobs that
19 will be created and the number of public sector jobs that will be eliminated;
20 and

21 (10) A conclusion as to the economic impact upon all persons
22 substantially affected by the action, including an analysis containing a
23 description as to which persons will bear the costs of the action and which
24 persons will benefit directly and indirectly from the action.

25 (11) *The state agency, institution, board, or commission shall*
26 *consider the quality of service currently provided and the quality of that*
27 *service provided by the non-public entity in other public sectors before*
28 *making a decision to contract with a non-public entity.*

29 (d) If, during the course of an action by a state agency, institution,
30 board, or commission, any information required by the economic impact
31 statement materially changes, the state agency, institution, board, or
32 commission shall amend the statement with the correct information.

33 (e) The state agency, institution, board, or commission shall submit
34 the economic impact statement to the Arkansas Legislative Council for review
35 before taking the proposed action.

1 (f) The following actions by a state agency, institution, board, or
2 commission are exempt from the provisions of this act:

3 (1) The collection and payment of social security funds,
4 retirement funds, or employee benefit funds;

5 (2) Participation in any federal programs if, under federal law,
6 compliance with this act would prevent such participation;

7 (3) All legislative actions;

8 (4) *Services provided through a professional services contract*
9 *on June 30, 1995.*

10 SECTION 2. All provisions of this act of a general and permanent
11 nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas
12 Code Revision Commission shall incorporate the same in the Code.

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14 SECTION 3. If any provision of this act or the application thereof to
15 any person or circumstance is held invalid, such invalidity shall not affect
16 other provisions or applications of the act which can be given effect without
17 the invalid provision or application, and to this end the provisions of this
18 act are declared to be severable.

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20 SECTION 4. All laws and parts of laws in conflict with this act are
21 hereby repealed.

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23 SECTION 5. EMERGENCY. It is hereby found and determined by the
24 Eightieth General Assembly that requiring economic impact statements prior to
25 any state agency, institution, board, or commission transferring a service to
26 a non-public entity is essential to the sound fiscal operations of State
27 government. Therefore, an emergency is hereby declared to exist, and this
28 act being necessary for the preservation of the public peace, health and
29 safety shall be in full force and effect from and after its passage and
30 approval.

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/s/Rep. Argue

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As Engrossed: 3/2/95 3/3/95

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