

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based only on the provisions contained in the legislation as of the latest date listed below.)

BILL: SB 2472

SPONSOR: Senator Latvala

SUBJECT: Financial Matters

DATE: April 4, 2000 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Wilson</u>	<u>Wilson</u>	<u>GO</u>	<u>Favorable</u>
2.	_____	_____	<u>JU</u>	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

I. Summary:

The bill expands the acceptance of credit and debit cards to payment for goods and information services when there is substantiated benefit to the public and the agency. The State Technology Office, in lieu of the Governor’s Office of Planning and Budgeting, shall provide a review and recommendation to the Treasurer, and develop a cost-benefit methodology for state agency use when Internet procurement of such goods or service is effected.

This bill amends section 215.322, Florida Statutes.

II. Present Situation:

Section 215.322, F.S., authorizes agencies of the executive and judicial branch, and local governments, to use alternate payment systems for the procurement of goods and services. The pervasive use of technology in public agencies has challenged many of the conventional methods of property acquisition. Most procurements are effected through the provisions of chs. 255 and 287, F.S., and require the posting of notices, the development of product or service criteria, and the prequalification of bidders through paper-intensive means.

The Department of Management Services (DMS), along with other state agencies, has begun the reformatting of its internal legacy systems to become more technologically sensitive to alternative means of purchasing needed public services on behalf of constituent customers. The DMS has developed a website presence through which all public agencies in Florida, and their contract vendors, may negotiate for the purchase of common commodities through remote access and expedited delivery. Part of this process includes the use of a state purchasing card. Some 11,200 unique customers may use this debit card for the acquisition of state contract approved items from participating contract vendors to reduce the float time from execution to payment.

III. Effect of Proposed Changes:

Section 1. The bill extends to goods and information services the authorization for the use of electronic debit and credit payment systems by public agencies. It also permits the State Technology Office, renamed in Senate Bill 2474, to substitute for the Governor's Office of Planning and Budgeting as the designated reviewing and recommending authority when Internet collection means are used for electronic procurement.

The Treasurer is also directed to undertaken completion of a cost-benefit methodology to be used by state agencies for the assessment of the quantifiable and nonquantifiable benefits of alternative procurement and payment means to the public and affected individuals and businesses.

Section 2. The bill is effective upon becoming a law.

IV. Constitutional Issues:**A. Municipality/County Mandates Restrictions:**

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:**A. Tax/Fee Issues:**

The use of convenience fees, either explicitly listed as a supplemental charge or included in the bundled cost of the acquisition, will provide additional income to the financial intermediary.

B. Private Sector Impact:

Electronic payment systems inherently reduce the float associated between the time of execution and the receipt of payment from a few weeks to a few days. This reduces the costs of capital to a particular merchant whose credit line may be obligated for a shorter period, thus reducing interest expense.

C. Government Sector Impact:

The assessment of convenience fees, if any, will have to be weighed against the additional economies of scale resulting from greater purchasing power achievable through the consolidated purchasing power of the DMS. Rebuilding of the State of Florida's internal financial management system is the subject of a separate study in which alternative procurement plays a major role.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.
