



House of Representatives

File No. 612

General Assembly

February Session, 2012 (Reprint of File No. 295)

House Bill No. 5397
As Amended by House Amendment
Schedule "A"

Approved by the Legislative Commissioner
May 2, 2012

AN ACT CONCERNING THE MAXIMUM AMOUNT FOR PURCHASES USING THE P-CARD.

Be it enacted by the Senate and House of Representatives in General
Assembly convened:

1 Section 1. Subsection (c) of section 4-98 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective July*
3 *1, 2012*):

4 (c) Notwithstanding the provisions of subsection (a) or (b) of this
5 section, the Comptroller may allow budgeted agencies to use
6 purchasing cards for purchases [of ten thousand dollars or less.] not
7 exceeding two hundred fifty thousand dollars, unless such agency
8 receives written approval from the Comptroller and the Commissioner
9 of Administrative Services to exceed such amount. No budgeted
10 agency, or any official, employee or agent of a budgeted agency, shall
11 incur any obligation using such a card, except in accordance with
12 procedures established by the Comptroller.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2012</i>	4-98(c)

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 13 \$	FY 14 \$
Various State Agencies	Various Appropriated Funds - Revenue Gain & Savings	Potential	Potential

Municipal Impact:

Municipalities	Effect	FY 13 \$	FY 14 \$
Various Municipalities	Revenue Gain & Savings	Potential	Potential

Explanation

The bill is anticipated to result in increased revenue in the form of vendor rebates and administrative savings¹ to the state and certain municipalities. The bill raises the current \$10,000 limit on state agency p-card transactions and purchases to \$250,000. P-card purchases above the new limit would require written approval from the Comptroller and Commissioner of Administrative Services. By increasing the purchase limit, the ability for agencies to utilize the p-card for larger and/or bulk purchases will enable the state and participating municipalities to further maximize potential rebates. Actual savings would depend upon the volume of purchases made using a purchasing card (p-card).²

The formula used to determine the state's reimbursement from the p-card vendor is on a sliding scale based on the annual purchase

¹ Includes savings associated with paper stock, printing and postage.

² There are currently 1,406 p-cards issued to state agencies.

volume for all programs using the state's contract³, with additional rebate incentives (0.01% per day) for payment prior to the 25-day grace period. In May 2011, the state received a rebate of \$205,863 based on calendar year 2010 purchases. Municipalities piggy-backing off of the state's p-card contract received a total of \$87,000 in rebates last year.

In addition, utilizing p-cards reduces agency staff time as compared to the traditional purchasing process of purchase order and check issuance. Additional savings may be achieved to the extent that processing efficiencies lead to lower staffing levels over time.⁴

House "A" mitigates the potential revenue gain and savings attributed to the underlying bill as it limits p-card purchases and transactions to \$250,000 unless written approval is obtained from the Comptroller and Commissioner of Administrative Services.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation and any future changes in the state's rebate formula.

Sources: Department of Administrative Services

³ This includes agencies centrally managed by DAS as well as independently operated "addendum agencies."

⁴ Due to the Revised 2011 SEBAC Agreement, job security provisions through FY 16 would limit staff reductions to voluntary attrition, retirement, etc.

OLR Bill Analysis**HB 5397 (as amended by House "A")*****AN ACT CONCERNING THE MAXIMUM AMOUNT FOR PURCHASES USING THE P-CARD.****SUMMARY:**

This bill raises, from \$10,000 to \$250,000, the limit on state agency purchasing card (P-Card) transactions and purchases. It authorizes agencies to exceed this limit if they receive written approval from the comptroller and Department of Administrative Services (DAS) commissioner. By law, the comptroller may allow budgeted state agencies to use P-Cards instead of separate purchase orders for approved state purchases.

*House Amendment "A" reestablishes a limit on P-Card transactions and purchases, which the original bill eliminated, and authorizes agencies to exceed it with written approval.

EFFECTIVE DATE: July 1, 2012

BACKGROUND***P-Card Program***

The P-Card program is a credit card program that DAS and the Office of the State Comptroller co-sponsor. Each agency and state employee receiving a P-Card is bound by the limits, policies, and procedures outlined in *The State of Connecticut Purchasing Card Program Cardholder Work Rules* and the *Agency Purchasing Card Coordinator Manual*. Under the program, individual agencies prescribe approved state purchases and are liable for all authorized charges made by its employees. Individuals are responsible for repaying improper charges and are personally liable for card misuse.

COMMITTEE ACTION

Government Administration and Elections Committee

Joint Favorable

Yea 15 Nay 0 (03/21/2012)