

# OFFICE OF FISCAL ANALYSIS

Legislative Office Building, Room 5200  
Hartford, CT 06106 ◊ (860) 240-0200  
<http://www.cga.ct.gov/ofa>

sHB-5495

AN ACT REESTABLISHING THE LEGISLATIVE PROGRAM REVIEW AND INVESTIGATIONS COMMITTEE AND CONCERNING STATE CONTRACTOR PREQUALIFICATION AND REAL ESTATE ACQUISITIONS OF THE UNIVERSITY OF CONNECTICUT.

## **OFA Fiscal Note**

### **State Impact:**

Agency Affected	Fund-Effect	FY 23 \$	FY 24 \$
Legislative Mgmt.	GF - Cost	1,040,247	1,040,247
State Comptroller - Fringe Benefits <sup>1</sup>	GF - Cost	421,612	421,612
Various State Agencies	Various - Potential Cost	See Below	See Below
UConn	Various - See Below	See Below	See Below

Note: Various=Various; GF=General Fund

**Municipal Impact:** None

### **Explanation**

The bill re-establishes a bipartisan legislative committee, makes changes to certain state contracting prequalification requirements, and adds new approvals required for certain real estate transactions planned by the University of Connecticut. The bill results in costs and potential costs, beginning in FY 23, as described below.

**Sections 1-10** re-establish the Legislative Program Review and

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<sup>1</sup>The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 40.53% of payroll in FY 23.

Investigations (PRI) committee. The PRI committee must report by February 15<sup>th</sup> annually to the General Assembly. To meet the requirements in this bill, the PRI committee will need to hire up to 11 staff which will result in an annual cost of approximately \$1,040,246 and associated fringe benefits of \$421,612, beginning in FY 23. These staff will include one Administrative Analyst 2, one Associate Legislative Analyst, six Principal Legislative Analysts, two Chief Legislative Analysts, and one Director.

The bill allows the PRI committee to cite agencies for various deficiencies and requires cited agencies to take necessary action. This may result in potential cost for state agencies depending on the nature of the citation and corrective actions.

**Sections 11, 12 and 16** expand: 1) the information that applicants must disclose when seeking state contractor prequalification from the Department of Administrative Services (DAS), and 2) the reasons for which the DAS commissioner must deny or revoke a contractor's or subcontractor's prequalification. This is not anticipated to have a fiscal impact to the state or municipalities.

**Section 14** requires University of Connecticut (UConn) planned land or land interest purchases or acquisitions to be approved (before execution) by the Office of Policy and Management secretary, the State Properties Review Board, and the Attorney General. These new steps will delay each purchase or acquisition by the length of time it will take for the proposed transactions to be approved by the three entities. If during the delays, there are real estate market changes, the cost of the transaction could be affected. Additionally, if there is construction planned on the property, then those costs may also be affected; typically construction costs rise and so the bill may increase those costs.

In 2021, UConn had two property transactions that would have been subject to the bill, and four additional transactions are anticipated in 2022. Any of the four planned transactions that are not finalized by October 1, 2022 will be affected by the bill. The projected costs of these acquisitions have not yet been determined.

***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

*Sources: Core-CT Financial Accounting System*