



130th MAINE LEGISLATURE

LD 1633

LR 1397(02)

An Act To Require Responsible Contracting Practices for Public Construction Projects

Fiscal Note for Bill as Amended by Committee Amendment " "

Committee: Labor and Housing

Fiscal Note Required: Yes

Fiscal Note

	FY 2021-22	FY 2022-23	Projections FY 2023-24	Projections FY 2024-25
Net Cost (Savings)				
General Fund	\$437,744	\$447,912	\$458,405	\$469,234
Appropriations/Allocations				
General Fund	\$437,744	\$447,912	\$458,405	\$469,234

Fiscal Detail and Notes

According to the Department of Administrative and Financial Services, Bureau of General Services (BGS), several changes in Part A of the bill will increase the costs of construction projects that receive state funds. Specifically, allowing the public to protest a contractor or subcontractor before a bid is awarded may deter contractors from bidding, reducing competition and raising total bid amounts. The bill also requires the BGS to award a contract to the 2nd best-value bidder or rebid a project if it is found that the original awardee is not qualified, potentially raising costs and increasing the number of times projects must go out to bid. The amount to which bids are expected to increase will depend on how many construction projects are affected in the future and the value of those projects. The BGS estimates a 10% increase in costs per construction project.

The bill includes General Fund appropriations of \$437,744 in fiscal year 2021-22 and \$447,912 in fiscal year 2022-23 to the BGS. Of this total, \$317,744 in fiscal year 2021-22 and \$327,912 in fiscal year 2022-23 is to establish 3 architect positions within the BGS to administer the responsible contractor certification process. The remaining \$120,000 in each fiscal year is for an anticipated increase in fees paid to the Attorney General for any litigation or appeals made under the new selection process.

The requirement in Part B of the bill for the State to use project labor agreements for large-scale construction projects that receive state funds of \$10,000,000 or more could increase State and local costs of major construction projects, including capital school construction and transportation projects, if fewer companies are able to meet the requirements. Whether this turns out to be a significant cost will only become known over time.