

**SENATE APPROPRIATIONS COMMITTEE  
FISCAL NOTE**

**BILL NO.** House Bill 201

**PRINTER'S NO.** 4238

**AMOUNT**

\$20,000

**FUND**

General Fund

**DATE INTRODUCED**

January 22, 2013

**PRIME SPONSOR**

Representative Dunbar

**DESCRIPTION AND PURPOSE OF BILL**

House Bill 201 amends Section 513 (Competitive sealed proposals) and establishes a new Chapter 35 (Iran Free Procurement) in Title 62 (Procurement).

Competitive Sealed Proposals – The bill prohibits an individual employed by an offeror within the preceding two years from participating in the evaluation of a competitive sealed proposal.

Iran Free Procurement – The bill prohibits a person or financial institution engaging in investment activities with Iran from entering into state contracts for goods and services valued at more the \$1 million.

It provides for the Department of General Services to develop a list of persons engaged in investment activities in Iran, update the list every 180 days, post the list on its internet website and upon request provide the list free of charge to the General Assembly or a public entity. The department is required to provide notice to individuals included on the list and an opportunity to comment in writing.

Provides that a person or financial institution engages in investment activities in Iran by doing the following: (1) providing goods or services worth at least \$20 million toward energy related activities, or (2) extending at least \$20 million in credit, for 45 days or more, if used to provide goods or services to the energy sector.

Provides the department may on a case-by-case basis permit a person engaging in investment activities in Iran to enter into a contract with the Commonwealth, if any of the following apply: (1) the investment activities in Iran were made before and were not expanded after July 1, 2015; (2) the person refrains from any future investment activities in Iran; or (3) the department determines that the Commonwealth has no other method of obtaining the goods and services than entering into the contract with the person.

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Requires the department to make a certification form available indicating that a person is not on the list and is eligible to contract with the Commonwealth. Provides a civil penalty for false certification of \$250,000 or twice the amount of the contract, whichever is greater and termination of the existing contract for three (3) years. Requires the department to report the false certification to the Attorney General.

The bill exempts service contracts entered into by the Commonwealth for the management and investment of a fund for which there is a fiduciary responsibility and for which there is compliance with the Protecting Pennsylvania's Investments Act from these provisions.

The provisions contained in the new Chapter 25 (Iran free procurement) take effect July 1, 2015. The provisions amending Section 513 (Competitive sealed proposals) take effect in 60 days.

### **FISCAL IMPACT:**

The Department of General Services has indicated that it estimates the legislation will cost approximately \$20,000 annually for the development and maintenance of the list of persons engaged in investments in Iran.