HOUSE BILL 39

Introduced by Orr

12/01	Introduced
12/01	Fiscal Note Requested
12/01	Referred to Appropriations
12/01	First Reading
12/06	Hearing
12/06	Fiscal Note Received
12/06	Fiscal Note Printed
12/08	Tabled in Committee
12/14	Taken from the Table
12/14	Committee Report--Bill Passed as Amended
12/14	Revised Fiscal Note Requested
12/14	Revised Fiscal Note Received
12/14	Revised Fiscal Note Printed
12/16	2nd Reading Passed
12/16	3rd Reading Passed
	Transmitted to Senate
12/17	First Reading
12/17	Referred to Finance & Claims
12/18	Hearing
12/18	Tabled in Committee

House BILL NO. 39

INTRODUCED BY ORR

A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING A PILOT PROGRAM TO LEASE FROM THE PRIVATE SECTOR PASSENGER VEHICLES THAT ARE REQUIRED TO CONDUCT STATE BUSINESS; PROVIDING THAT THE GOVERNOR MAY TERMINATE OR EXPAND THE PILOT PROGRAM; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

STATEMENT OF INTENT

A statement of intent is required for this bill because [section 5] gives the departments of administration and transportation rulemaking authority to implement the provisions of [sections 1 through 5]. It is the intent of the legislature to establish a pilot program that could lead to the state leasing rather than owning passenger vehicles if leasing proves to be in the state's best financial interest. Legislative intent is further set forth in [section 2].

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. **Section 1. Short title.** [Sections 1 through 5] may be cited as the "State Motor Vehicle Privatization Act".

NEW SECTION. **Section 2. Purpose.** (1) The purpose of

[sections 1 through 5] is to establish a pilot program to determine the desirability of leasing rather than owning passenger vehicles that are required to conduct state business.

(2) It is the intent of the legislature that the department of administration negotiate the best possible contract packages for the state to lease passenger vehicles that are required to conduct state business.

(3) It is further the intent of the legislature that if the pilot program established in [section 3] fails to indicate a potential for savings from privatizing the state's passenger vehicles, then further privatization of state vehicles will not be pursued and the state will reestablish the state motor pool.

(4) If, however, results of the pilot program established in [section 3] indicate a potential for savings from privatization, it is the intent of the legislature that the governor shall, consistent with the governor's current authority, liquidate a portion or all of the state's remaining inventory of passenger vehicles and direct the department of administration to negotiate lease agreements with private contractors for passenger vehicles that are required to conduct state business.

NEW SECTION. **Section 3. Privatization of state-owned vehicles -- pilot program -- report.** (1) The department of administration shall establish a pilot program to privatize the state-owned vehicles currently in the state motor pool and that are used primarily to carry passengers or that have a rated capacity of 1 ton or less. The pilot program must continue for at least 3 fiscal years.

(2) Unless otherwise provided by law, the department of transportation shall liquidate its current inventory of state-owned passenger vehicles in the state motor pool. Proceeds from the liquidation must be deposited in an account in the state treasury to be used by the department of administration for contracts for the lease of passenger vehicles that are required to conduct state business.

(3) The department of administration shall negotiate appropriate vehicle lease agreements with one or more private contractors who offer the most competitive contract package or packages.

(4) Six months after the contract award, the department of administration shall prepare a report for the governor and the appropriate senate and house committees on the progress of the pilot program and the advantages and disadvantages of the state pursuing the further liquidation of state passenger vehicle inventories in favor of leasing agreements with private contractors.

NEW SECTION. **Section 4.** **Governor's authority.** At any time, based on the progress or results of the pilot program

established in [section 3], the governor may:

(1) subject to [section 3], terminate the pilot program if the governor is satisfied that privatizing state-owned passenger vehicles is not in the best financial interest of the state; or

(2) further liquidate a portion or all of the state's remaining inventory of passenger vehicles and direct the department of administration to negotiate lease agreements with private contractors for passenger vehicles that are required to conduct state business.

NEW SECTION. **Section 5.** **Rulemaking authority.** The departments of administration and transportation may adopt rules to implement the provisions of [sections 1 through 5].

NEW SECTION. **Section 6.** **Codification instruction.** [Sections 1 through 5] are intended to be codified as an integral part of Title 2, chapter 17, and the provisions of Title 2, chapter 17, apply to [sections 1 through 5].

NEW SECTION. **Section 7.** **Effective date.** [This act] is effective on passage and approval.

-End-

STATE OF MONTANA - FISCAL NOTE
Form BD-15
In compliance with a written request, there is hereby submitted a Fiscal Note for HB0039, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:
An act establishing a pilot program to lease from the private sector passenger vehicles that are required to conduct state business; providing that the governor may terminate or expand the pilot program; and providing an immediate effective date.

ASSUMPTIONS:
1. The present Motor Pool budget represents the majority of vehicle travel costs by Helena area state government employees and by large agencies with significant field staff, for example, Department of Family Services and Corrections & Human Services. The fiscal impact of the proposed legislation would not be reflected in a single budget, but would appear in the budgets of all agencies that currently rent and/or lease vehicles from the motor pool. However, for purposes of this fiscal note, the aggregate impact is reflected as the net impact in proprietary operations of the Departments of Administration and Transportation. Information to reflect the impact by fund type is not currently available.
2. For purposes of this fiscal note, it is assumed that the motor pool will be completely privatized. There may be various components of the motor pool for which privatization may have differing fiscal impacts.
3. The vendor(s) will be responsible for all fleet operations such as dispatch, repair, service, insurance, fuel, accident damage, maintenance of a modern fleet, etc.
4. All operating costs, including profit, will be billed as a "cost per mile" for each class of vehicle operated.
5. The Department of Administration, as owners of the current motor pool office building, and the Department of Transportation, as owners of the current motor pool lot, are entitled to reasonable lease rates for the facilities, estimated at $16,000 per year.
6. The Department of Administration will be responsible for securing the bid for the actual privatization, conducting the auction to dispose of the vehicles, and administering the contract. 1.00 FTE will be required for contract administration.
7. Liquidation of the current fleet is estimated to net $1.5 million. An undetermined amount of these proceeds will have to be returned to the federal government and will not be available to offset the cost of administering the contract. For purposes of this analysis, 50% of the estimated proceeds of the sale are assumed to be due to the federal government.
8. For purposes of this fiscal note, proceeds from liquidating the existing motor pool fleet would be used to offset the mileage rate paid by state agencies.
9. The lease program would not be in place until July 1, 1994.
10. In 1990, the former Department of Highways solicited a Request For Information (RFI) from vendors for considering the cost effectiveness of privatizing the motor pool. The department sent the RFI to 19 in-state vendors with known sales, service and leasing experience. Legal advertisements were also placed in newspapers in 4 cities. Two responses were received; one stated that the service could not be provided for less money by private industry, and the other provided cost information that could be used to make cost comparisons. The cost comparison in this fiscal note uses 1990 mileage rates applied to FY93 usage data.

(continued)

David Lewis 12-4
DAVID LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

12-6-93
SCOTT J. ORR, PRIMARY SPONSOR DATE
Fiscal Note for HB0039, as introduced

HB 39

Fiscal Note Request, HB0039, as introduced
Form BD-15 page 2
(continued)

FISCAL IMPACT:

Mileage Rates:

Class	FY93 Miles	Motor Pool 1990 Cost per Mile	Motor Pool Total Cost	Vendor 1990 Cost per Mile	Vendor Total Cost	Difference
Utility 4x4	237,723	$0.3013	71,626	$0.6100	145,011	73,385
Compact Car	314,540	$0.2205	69,356	$0.4400	138,397	69,041
Mid-Size Car	2,867,453	$0.2365	678,153	$0.4100	1,175,655	497,503
1/2 Ton Pickup	176,311	$0.2551	44,977	$0.5800	102,260	57,283
12-Pass. Van	283,431	$0.3556	100,788	$0.6300	178,561	77,773
Total	3,879,458	$0.2487	964,900	$0.4485	1,739,886	774,986

Expenditures:	FY '94			FY '95		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
DoT Motor Pool						
FTE	5.00	5.00	0.00	5.00	0.00	-5.00
Personal Services	155,349	155,349	0	159,869	0	(159,869)
Operating Expenses	287,401	287,401	0	317,428	0	(317,428)
Equipment	443,300	443,300	0	284,800	0	(284,800)
Total Costs (proprietary)	886,050	886,050	0	762,097	0	(762,097)
DoA-Procurement & Printing						
FTE	55.17	55.17	0.00	59.17	60.17	1.00
Personal Services	1,561,660	1,561,660	0	1,679,860	1,711,860	32,000
Operating Expenses	9,487,460	9,487,460	0	9,945,625	11,701,512	1,755,887
Equipment	151,500	151,500	0	122,683	122,683	0
Debt Service	44,200	44,200	0	44,200	44,200	0
Total Costs	11,244,820	11,244,820	0	11,792,368	13,580,255	1,787,887
General Fund	407,034	407,034	0	413,692	413,692	0
Proprietary Fund	10,837,786	10,837,786	0	11,378,676	13,166,563	1,787,887
Total Funding	11,244,820	11,244,820	0	11,792,368	13,580,255	1,787,887

(continued)

FISCAL IMPACT: (continued)

Revenues:	FY '94			FY '95		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
DoT/DoA Proprietary Account						
Vehicle Rental	952,000	952,000	0	916,500	1,037,887	121,387
Sale of Equipment	84,500	84,500	0	84,500	750,000	665,500
Total	1,036,500	1,036,500	0	1,001,000	1,787,887	786,887

Net Impact:
Based on the assumptions stated above, the cost to agencies for their FY95 vehicle rental travel costs would increase by approximately $121,000. In subsequent years, the cost to agencies would be increased by approximately $825,000 per year.

An actual Request for Proposal may indicate substantially different costs or savings of privatization. However, the following factors suggest that privatization may be more costly than a state-operated motor pool:

a. State government, through quantity purchasing by pooling all state agencies in one bid, buys vehicles cheaper than what a dealer normally pays.
b. State government does not pay registration or license fees, vehicle taxes, or federal excise tax.
c. The state is self-insured resulting in reduced insurance costs.
d. The current Motor Pool lot is owned by the Department of Transportation. Only capital improvement costs, such as paving, are recovered.
e. State term contracts for fuel, oil and other lubricants result in prices substantially less than those of private industry.

LONG RANGE EFFECTS OF PROPOSED LEGISLATION:
If the privatization effort fails, the cost to replace the motor pool fleet is estimated at approximately $2.6 million.

STATE OF MONTANA - FISCAL NOTE
Form BD-15
In compliance with a written request, there is hereby submitted a Fiscal Note for HB0039, as amended.

DESCRIPTION OF PROPOSED LEGISLATION:
An act establishing a pilot program to lease from the private sector passenger vehicles that are required to conduct state business; providing that the Governor may terminate or expand the pilot program; and providing an immediate effective date.

ASSUMPTIONS:
1. The present motor pool budget represents the majority of vehicle travel costs by Helena area state government employees and by large agencies with significant field staff, for example, Departments of Family Services and Corrections & Human Services. The fiscal impact of the proposed legislation would not be reflected in a single budget, but would appear in the budgets of all agencies that currently rent and/or lease vehicles from the motor pool. Information to reflect the potential impact by fund type is not currently available.
2. The Department of Administration will issue a request for proposals, (RFP) allowing vendors to bid for all or a portion of current motor pool services.
3. The Department of Administration will determine, based on responses to the RFP, whether privatization of the motor pool, in part or in whole, is likely to be cost effective for the state agencies which use motor pool services in the long term.
4. If the Department of Administration determines that it is likely to be cost effective in the long term for state agencies which currently use motor pool services, the motor pool will be privatized. If not, the motor pool will continue operation.

FISCAL IMPACT:
Insofar as the pilot project is implemented only if determined to be cost effective, the net fiscal impact of this legislation is either budget neutral or will produce savings. Whether the RFP process will indicate potential savings is unknown at this time.

Dave Lewis 12-14
DAVID LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

S. J. Orr 12-14-93
SCOTT J. ORR, PRIMARY SPONSOR DATE
Fiscal Note for HB0039, as amended

HB 39

APPROVED BY COMMITTEE
ON APPROPRIATIONS

HOUSE BILL NO. 39

INTRODUCED BY ORR

A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING A PILOT PROGRAM TO LEASE FROM THE PRIVATE SECTOR PASSENGER VEHICLES THAT ARE REQUIRED TO CONDUCT STATE BUSINESS; PROVIDING THAT THE GOVERNOR MAY TERMINATE OR EXPAND THE PILOT PROGRAM; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

STATEMENT OF INTENT

A statement of intent is required for this bill because [section 5] gives the departments of administration and transportation rulemaking authority to implement the provisions of [sections 1 through 5]. It is the intent of the legislature to establish a pilot program that could lead to the state leasing rather than owning passenger vehicles if leasing proves to be in the state's best financial interest. Legislative intent is further set forth in [section 2].

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. **Section 1. Short title.** [Sections 1 through 5] may be cited as the "State Motor Vehicle Privatization Act".

NEW SECTION. **Section 2. Purpose.** (1) The purpose of

[sections 1 through 5] is to establish, IF IT IS DETERMINED TO BE POTENTIALLY COST-EFFECTIVE THROUGH A REQUEST FOR PROPOSALS PROCESS, a pilot program to ~~determine---the desirability---of--leasing~~ LEASE rather than ~~owning~~ OWN passenger vehicles that are required to conduct state business.

(2) It is the intent of the legislature that the department of administration ~~negotiate--the-best-possible contract-packages~~ DETERMINE, THROUGH A FORMAL REQUEST FOR PROPOSALS PROCESS, THE MOST COST-EFFECTIVE MEANS for the state to ~~lease~~ PROVIDE passenger vehicles that are required to conduct state business. IF THE DEPARTMENT DETERMINES THAT THERE IS A POTENTIAL FOR SAVINGS BY PRIVATIZING THE STATE PASSENGER VEHICLE FLEET, THE DEPARTMENT SHALL ESTABLISH THE PILOT PROGRAM PROVIDED FOR IN [SECTION 3].

(3) It is further the intent of the legislature that if the pilot program established in [section 3] fails to indicate a potential for savings from privatizing the state's passenger vehicles, then further privatization of state vehicles will not be pursued and the state will reestablish the state motor pool.

(4) If, however, results of the pilot program established in [section 3] indicate a potential for savings from privatization, it is the intent of the legislature that the ~~governor-shall;-consistent-with-the--governor's--current~~

SECOND READING

~~authority,~~ DEPARTMENT OF ADMINISTRATION SHALL liquidate, PURSUANT TO TITLE 18, a portion or all of the state's remaining inventory of passenger vehicles ~~and direct the department of administration to negotiate lease agreements with private contractors for passenger vehicles that are required to conduct state business~~ DETERMINED TO BE SURPLUS.

NEW SECTION. **Section 3. Privatization of state-owned vehicles -- pilot program -- report.** (1) The department of administration shall ~~establish a pilot program~~ ISSUE A FORMAL REQUEST FOR PROPOSALS to privatize the state-owned vehicles currently in the state motor pool ~~and~~ that are used primarily to carry passengers or that have a rated capacity of 1 ton or less. ~~The pilot program must continue for at least 3 fiscal years.~~

~~(2) Unless otherwise provided by law, the department of transportation shall liquidate its current inventory of state-owned passenger vehicles in the state motor pool. Proceeds from the liquidation must be deposited in an account in the state treasury to be used by the department of administration for contracts for the lease of passenger vehicles that are required to conduct state business.~~

(2) (A) IF THE RESULTS OF THE REQUEST FOR PROPOSALS ISSUED UNDER SUBSECTION (1) SHOW THAT PRIVATIZATION OF THE STATE PASSENGER VEHICLE FLEET MAY BE COST-EFFECTIVE FOR STATE AGENCIES IN THE LONG TERM, THE DEPARTMENT OF

ADMINISTRATION SHALL ESTABLISH A PILOT PROGRAM TO PRIVATIZE THE OPERATION OF THE STATE MOTOR POOL. THE PILOT PROGRAM MUST CONTINUE FOR AT LEAST 3 FISCAL YEARS.

(B) THE DEPARTMENT OF TRANSPORTATION IS AUTHORIZED TO DECLARE AS SURPLUS PROPERTY ANY PASSENGER VEHICLES IN ITS FLEET AND OTHER ASSETS OF THE MOTOR POOL DETERMINED TO BE EXCESS. PROCEEDS FROM THE LIQUIDATION OR PRIVATIZATION OF MOTOR POOL ASSETS MUST BE DEPOSITED IN THE DEPARTMENT OF TRANSPORTATION MOTOR POOL ACCOUNT. FUNDS IN THIS ACCOUNT MAY BE USED FOR ANY OF THE FOLLOWING PURPOSES:

(I) THE REESTABLISHMENT OF THE STATE MOTOR POOL;

(II) THE PRO RATA DISTRIBUTION TO STATE AGENCY ACCOUNTS THAT PAID REPLACEMENT COSTS; OR

(III) THE TRANSFER TO AN ACCOUNT FOR USE BY THE DEPARTMENT OF ADMINISTRATION TO DEFRAY THE COSTS OF CONTRACTS FOR THE LEASE OF PASSENGER VEHICLES THAT ARE REQUIRED TO CONDUCT STATE BUSINESS.

(3) ~~The~~ IF DETERMINED TO BE COST-EFFECTIVE, THE department of administration shall negotiate appropriate vehicle lease agreements with one or more private contractors who offer the most competitive contract package or packages THAT WILL PROVIDE REQUIRED SERVICES.

(4) Six months after the contract award, the department of administration shall prepare a report for the governor and the appropriate senate and house committees on the

progress of the pilot program and the advantages and disadvantages of the state pursuing the further liquidation of state passenger vehicle inventories in favor of leasing agreements with private contractors.

NEW SECTION. **Section 4.** **Governor's authority.** At any time, based on the progress or results of the pilot program established in [section 3], the governor may:

(1) subject to [section 3], terminate the pilot program if the governor is satisfied that privatizing state-owned passenger vehicles is not in the best financial interest of the state; or

(2) further liquidate a portion or all of the state's remaining inventory of passenger vehicles and direct the department of administration to negotiate lease agreements with private contractors for passenger vehicles that are required to conduct state business.

NEW SECTION. **Section 5.** **Rulemaking authority.** The departments of administration and transportation may adopt rules to implement the provisions of [sections 1 through 5].

NEW SECTION. **Section 6.** **Codification instruction.** [Sections 1 through 5] are intended to be codified as an integral part of Title 2, chapter 17, and the provisions of Title 2, chapter 17, apply to [sections 1 through 5].

NEW SECTION. **Section 7.** **Effective date.** [This act] is effective on passage and approval.

-End-

HOUSE BILL NO. 39

INTRODUCED BY ORR

A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING A PILOT PROGRAM TO LEASE FROM THE PRIVATE SECTOR PASSENGER VEHICLES THAT ARE REQUIRED TO CONDUCT STATE BUSINESS; PROVIDING THAT THE GOVERNOR MAY TERMINATE OR EXPAND THE PILOT PROGRAM; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

STATEMENT OF INTENT

A statement of intent is required for this bill because [section 5] gives the departments of administration and transportation rulemaking authority to implement the provisions of [sections 1 through 5]. It is the intent of the legislature to establish a pilot program that could lead to the state leasing rather than owning passenger vehicles if leasing proves to be in the state's best financial interest. Legislative intent is further set forth in [section 2].

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. **Section 1. Short title.** [Sections 1 through 5] may be cited as the "State Motor Vehicle Privatization Act".

NEW SECTION. **Section 2. Purpose.** (1) The purpose of

[sections 1 through 5] is to establish, IF IT IS DETERMINED TO BE POTENTIALLY COST-EFFECTIVE THROUGH A REQUEST FOR PROPOSALS PROCESS, a pilot program to ~~determine---the desirability---of--leasing~~ LEASE rather than ~~owning~~ OWN passenger vehicles that are required to conduct state business.

(2) It is the intent of the legislature that the department of administration ~~negotiate--the-best-possible contract-packages~~ DETERMINE, THROUGH A FORMAL REQUEST FOR PROPOSALS PROCESS, THE MOST COST-EFFECTIVE MEANS for the state to ~~lease~~ PROVIDE passenger vehicles that are required to conduct state business. IF THE DEPARTMENT DETERMINES THAT THERE IS A POTENTIAL FOR SAVINGS BY PRIVATIZING THE STATE PASSENGER VEHICLE FLEET, THE DEPARTMENT SHALL ESTABLISH THE PILOT PROGRAM PROVIDED FOR IN [SECTION 3].

(3) It is further the intent of the legislature that if the pilot program established in [section 3] fails to indicate a potential for savings from privatizing the state's passenger vehicles, then further privatization of state vehicles will not be pursued and the state will reestablish the state motor pool.

(4) If, however, results of the pilot program established in [section 3] indicate a potential for savings from privatization, it is the intent of the legislature that the ~~governor-shall,-consistent-with-the--governor's--current~~

THIRD READING

~~authority,~~ DEPARTMENT OF ADMINISTRATION SHALL liquidate, PURSUANT TO TITLE 18, a portion or all of the state's remaining inventory of passenger vehicles ~~and direct the department of administration to negotiate lease agreements with private contractors for passenger vehicles that are required to conduct state business~~ DETERMINED TO BE SURPLUS.

NEW SECTION. **Section 3. Privatization of state-owned vehicles -- pilot program -- report.** (1) The department of administration shall ~~establish a pilot program~~ ISSUE A FORMAL REQUEST FOR PROPOSALS to privatize the state-owned vehicles currently in the state motor pool and that are used primarily to carry passengers or that have a rated capacity of 1 ton or less. ~~The pilot program must continue for at least 3 fiscal years.~~

~~(2) Unless otherwise provided by law, the department of transportation shall liquidate its current inventory of state-owned passenger vehicles in the state motor pool. Proceeds from the liquidation must be deposited in an account in the state treasury to be used by the department of administration for contracts for the lease of passenger vehicles that are required to conduct state business.~~

(2) (A) IF THE RESULTS OF THE REQUEST FOR PROPOSALS ISSUED UNDER SUBSECTION (1) SHOW THAT PRIVATIZATION OF THE STATE PASSENGER VEHICLE FLEET MAY BE COST-EFFECTIVE FOR STATE AGENCIES IN THE LONG TERM, THE DEPARTMENT OF

ADMINISTRATION SHALL ESTABLISH A PILOT PROGRAM TO PRIVATIZE THE OPERATION OF THE STATE MOTOR POOL. THE PILOT PROGRAM MUST CONTINUE FOR AT LEAST 3 FISCAL YEARS.

(B) THE DEPARTMENT OF TRANSPORTATION IS AUTHORIZED TO DECLARE AS SURPLUS PROPERTY ANY PASSENGER VEHICLES IN ITS FLEET AND OTHER ASSETS OF THE MOTOR POOL DETERMINED TO BE EXCESS. PROCEEDS FROM THE LIQUIDATION OR PRIVATIZATION OF MOTOR POOL ASSETS MUST BE DEPOSITED IN THE DEPARTMENT OF TRANSPORTATION MOTOR POOL ACCOUNT. FUNDS IN THIS ACCOUNT MAY BE USED FOR ANY OF THE FOLLOWING PURPOSES:

(I) THE REESTABLISHMENT OF THE STATE MOTOR POOL;

(II) THE PRO RATA DISTRIBUTION TO STATE AGENCY ACCOUNTS THAT PAID REPLACEMENT COSTS; OR

(III) THE TRANSFER TO AN ACCOUNT FOR USE BY THE DEPARTMENT OF ADMINISTRATION TO DEFRAY THE COSTS OF CONTRACTS FOR THE LEASE OF PASSENGER VEHICLES THAT ARE REQUIRED TO CONDUCT STATE BUSINESS.

(3) ~~The~~ IF DETERMINED TO BE COST-EFFECTIVE, THE department of administration shall negotiate appropriate vehicle lease agreements with one or more private contractors who offer the most competitive contract package or packages THAT WILL PROVIDE REQUIRED SERVICES.

(4) Six months after the contract award, the department of administration shall prepare a report for the governor and the appropriate senate and house committees on the

progress of the pilot program and the advantages and disadvantages of the state pursuing the further liquidation of state passenger vehicle inventories in favor of leasing agreements with private contractors.

NEW SECTION. **Section 4. Governor's authority.** At any time, based on the progress or results of the pilot program established in [section 3], the governor may:

(1) subject to [section 3], terminate the pilot program if the governor is satisfied that privatizing state-owned passenger vehicles is not in the best financial interest of the state; or

(2) further liquidate a portion or all of the state's remaining inventory of passenger vehicles and direct the department of administration to negotiate lease agreements with private contractors for passenger vehicles that are required to conduct state business.

NEW SECTION. **Section 5. Rulemaking authority.** The departments of administration and transportation may adopt rules to implement the provisions of [sections 1 through 5].

NEW SECTION. **Section 6. Codification instruction.** [Sections 1 through 5] are intended to be codified as an integral part of Title 2, chapter 17, and the provisions of Title 2, chapter 17, apply to [sections 1 through 5].

NEW SECTION. **Section 7. Effective date.** [This act] is effective on passage and approval.

-End-