Summary

This bill establishes a privatization initiative panel to consider government priorities by determining what activities are inherently governmental and which could be more efficiently provided by a private source. The process should bring a decrease in the number of goods and services delivered by the government while ensuring that those goods and services are still available. If done prudently, privatization has the potential to increase efficiency, effectiveness, and reduce the tax burden. (An example of this bill is New York SB #8774, 1992)

Model Legislation

[Title, enacting clause, etc]

Section 1. {Short Title.}

This Act may be cited as the Privatization Initiative Panel Act

Section 2. {Privatization initiative panel.}

(A) There is hereby established a privatization initiative panel. The members of the panel shall analyze and recommend privatization opportunities for [state].

(B) The panel shall consist of three members appointed by the temporary president of the senate, three members appointed by the speaker of the assembly, one member appointed by the minority leader of the senate and one member appointed by the minority leader of the assembly, and a chairperson and six additional members, appointed by the governor. Of the members appointed by the governor, the temporary president of the senate and the speaker of the assembly: at least one from each designating authority shall represent the interests of private industry, at least one from each designating authority shall represent the interests of state employees, and at least one from each designating authority shall represent the interests of local governments.

(C) The panel shall meet at the call of the chair.

(D) Members of the panel shall serve without compensation; provided, however, that such members shall be allowed their actual and necessary expenses.

(E) The division of the budget shall assign to the panel such employees as shall be necessary to perform the duties of the panel and shall fix the compensation of such employees within the limits of the moneys appropriated therefore.
Members of the panel shall review and recommend opportunities for privatization initiatives including, but not limited to, the following kinds:

1. "Competitive contracting" is the provision of a public service through a competitively awarded contract. The public agency chooses what services to competitively contract and chooses the private providers from which it purchases services. Competitive contracting involves a synthesis of public and private roles. The public sector decides what services should be contracted and what specifications should apply to the service. The competitive market responds to the invitation of the public agency, and one or more producer is selected to provide a specific service for a period of time. The public sector retains policy control over the service, while the competitive market produces the service under public scrutiny.

2. "Vouchers," which for the purpose of this act shall mean the provision of financial assistance to allow private citizens to choose whether to purchase a service from a public or commercial source;

3. "Volunteers," which for the purpose of this act shall mean the utilization of free services provided by individuals to public agencies;

4. "Deregulation," which for the purposes of this act shall mean the use of regulatory powers by government to encourage competition among commercial sources in providing services, and the relaxation of regulatory requirements which discourage such competition;

5. "Service Shedding," for the purposes of this act shall mean the process of finding commercial sources willing to take over specified service heretofore provided by agencies;

6. "Asset Sales," for the purpose of this act shall mean the selling of properties or enterprises to commercial entities by an agency;

7. "Public-private partnerships," for the purpose of this act shall mean cooperative ventures between agencies and commercial sources; and

8. "Private donations," which for the purposes of this act shall mean the loan or donation of personnel, facilities, or equipment by commercial sources or private individuals to agencies.

9. "Franchising", which for the purpose of this act shall mean permitting commercial sources to exclusively or non-exclusively provide a service within geographical areas;

10. "Competitively Awarded Grants and subsidies", which for the purpose of this act shall mean the provision of government financial assistance to commercial sources to promote the provision of specified services as an alternative to government provision of the same service;

(G). The division of the budget shall receive members' recommendations; review them and shall make recommendations to the governor, affected agencies and public benefit corporations concerning their implementation within ninety days of receiving the members' recommendations.

Section 3. (Severability clause.)

Section 4. (Repeals.)

Section 5. (Effective date.)

Adopted by ALEC's Tax and Fiscal Policy Task Force and Approved by full ALEC Board of Directors January 1995.
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