

HOUSE BILL REPORT

HB 2815

As Reported By House Committee On:
State Government

Title: An act relating to reforming state procurement practices.

Brief Description: Reforming state procurement practices.

Sponsors: Representatives Anderson, Veloria, Caver, Wolfe, Romero, Reams, Bray, Ballard, Pruitt, Jones and Quall; by request of Department of General Administration.

Brief History:

Reported by House Committee on:
State Government, February 2, 1994, DPS.

HOUSE COMMITTEE ON STATE GOVERNMENT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Anderson, Chair; Veloria, Vice Chair; Reams, Ranking Minority Member; L. Thomas, Assistant Ranking Minority Member; Campbell; Conway; Dyer; King and Pruitt.

Staff: Bonnie Austin (786-7135).

Background: State procurement contracts cover a wide variety of goods and services, ranging from office supplies and equipment to prescription drugs for state institutions and repairs of mechanical equipment. Under current law, formal sealed bid procedures are not required for state purchases of \$5,000 or less. The Office of Financial Management is authorized to adjust that limit to reflect changes in the Consumer Price Index. The limit is currently at \$6,000. For purchases of \$400 to \$6,000, agencies are required to secure enough quotations to ensure a competitive price. Quotations may be obtained by telephone as well as in writing.

For institutions of higher education, the sealed bid limit is currently \$15,000. For purchases between \$2,500 and \$15,000, institutions are required to secure enough quotations to secure a competitive price, and a record of competition must be documented.

Under current law, agency solicitation of bids must be by mail or in person. The electronic solicitation of bids is not authorized.

Summary of Substitute Bill: The sealed bid limit for state agency and higher education procurement contracts is raised to \$100,000. For purchases of \$100,000 or less, the agency or institution of higher education is required to invite at least one quotation each from a certified minority and a certified women-owned contractor. Bids may be solicited by electronic transmission.

Substitute Bill Compared to Original Bill: The sealed bid limit for institutions of higher education is raised from \$15,000 to \$100,000. Institutions of higher education are required to invite the participation of minority and women-owned contractors.

Fiscal Note: Available.

Effective Date of Substitute Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: Contracts with relatively small dollar value are subject to the same formal bid process as multi-million dollar contracts. This is unduly burdensome for state agencies and suppliers alike. The use of more flexible competitive techniques for contracts below \$100,000 will make the process more appropriate to the specifications of goods or services sought. This change will make the bid process more efficient, more responsive, more timely and more appropriately scaled to the size of the contract.

Institutions of higher education should also be included in the bill. For the same reasons as cited above, our sealed bid limit should be raised to \$100,000.

Testimony Against: None.

Witnesses: John Franklin, Director of Department of General Administration (pro); and John Pettit, University of Washington (pro).