

HOUSE BILL REPORT

SB 6025

As Reported By House Committee On:

Higher Education

Title: An act relating to purchases for resale by institutions of higher education.

Brief Description: Allowing purchases for resale by institutions of higher education without using the competitive bid process.

Sponsors: Senators Bauer, Horn and Patterson; by request of State Board for Community and Technical Colleges.

Brief History:

Committee Activity:

Higher Education: 3/26/99, 4/2/99 [DPA].

Brief Summary of Bill

(As Amended by House Committee)

- Until December 31, institutions of higher education are allowed to purchase goods for resale without a competitive bid process if the purchases are to support instructional programs.

HOUSE COMMITTEE ON HIGHER EDUCATION

Majority Report: Do pass as amended. Signed by 8 members: Representatives Carlson, Republican Co-Chair; Kenney, Democratic Co-Chair; Lantz, Democratic Vice Chair; Radcliff, Republican Vice Chair; Dunn; Edmonds; Esser and Gombosky.

Staff: Sherie Story (786-7120).

Background:

Colleges purchase goods for resale to support a variety of instructional programs and college enterprise activities. In instructional programs, these goods are used to provide training for students and service to the public. In some programs the purchasing process is a part of the learning process.

For a number of years, higher education institutions have operated as though exempt from compliance with the competitive bid requirements that apply to purchases of goods for resale.

A question from the State Auditor's Office prompted a review of the statutes. As a result of that review, it was determined that these purchases are not currently exempt from competitive bid requirements.

Summary of Amended Bill:

Until December 31, institutions of higher education are allowed to purchase goods for resale without a competitive bid process if the purchases are to support instructional programs.

Amended Bill Compared to Original Bill: The new authority to purchase goods for resale without a competitive bid process expires on December 31, 2000. The authority is limited to those purchases that are for the express purpose of supporting instructional programs.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: The exemption that colleges had been assuming was determined by the auditor's office to not be in statute. Clark College has never received a complaint about its resale program. Using a competitive bid process is a problem because of time and cost. For example, at Clark College a competitive process was established for produce for the Culinary Arts program. It was time-consuming and did not yield cost savings as the price of produce varies with the market conditions.

Testimony Against: Small employers are put at the most disadvantage by this bill. Not all institutions coordinate with their chambers the way Clark College does with the Vancouver chamber. Buying products for courses is acceptable and selling to students is okay. It is selling to the community that is a problem. The last few years, the institutions have become more aggressive in competing with the private sector. The concern is with the resale of goods for other than to meet instructional needs « such things as computer software and household goods.

Testified: (In Support) Scott Morgan, State Board for Community and Technical Colleges; and Tony Birch, Clark Community College.

(Opposed) Amber Balch, Association of Washington Business; and Jan Gee, Washington Retail Association.