

# SENATE BILL REPORT

## SHB 1653

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As Reported By Senate Committee On:  
State & Local Government, March 31, 1999

**Title:** An act relating to the dollar limit under which competitive acquisition is not required.

**Brief Description:** Raising the limit on agency direct buy authority without competitive bids.

**Sponsors:** House Committee on State Government (originally sponsored by Representatives Kenney, Miloscia, Romero, D. Schmidt, Clements and Wolfe; by request of Department of General Administration).

**Brief History:**

**Committee Activity:** State & Local Government: 3/31/99 [DP].

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### SENATE COMMITTEE ON STATE & LOCAL GOVERNMENT

**Majority Report:** Do pass.

Signed by Senators Patterson, Chair; Gardner, Vice Chair; Hale, Haugen, Horn and Kline.

**Staff:** Diane Smith (786-7410)

**Background:** State agencies and institutions purchase personal property following three different procedures, depending on the value of the items that are purchased, as follows:

- Small-valued purchases may be made without competitive bids based upon buyer experience and knowledge of the market in achieving maximum quality at minimum cost, if the value of items purchased does not exceed \$800.
- Medium-valued purchases may be made using an informal competitive procedure where telephone or written quotations are secured from at least three vendors. At least one quotation must be solicited from a certified minority and a certified women-owned vendor. This procedure may be used by state agencies when the value of the items that are purchased are from \$800 to \$35,000 and may be used by institutions of higher education for purchases between \$2,500 and \$35,000.
- High-valued purchases of items must be made using a formal sealed bidding procedure. This procedure must be used by state agencies for purchasing items with a value of more than \$35,000 and by institutions of higher education for purchasing items with a value of \$35,000 or more.

These dollar figures have been adjusted for inflation by the Office of Financial Management since July 1, 1995, putting the \$800 figure to its maximum amount.

Certain exceptions are made from these purchasing procedures, such as emergency purchases, purchases clearly and legitimately limited to a single source of supply, purchases involving special facilities, services, or market conditions.

**Summary of Bill:** The direct buy minimum dollar value of purchases that may be made by state agencies and institutions of higher education, without using any procedure, is increased from \$800 to \$3,000, and the limitation on how much this minimum figure may be adjusted for inflation is eliminated.

The minimum dollar value of a purchase that may be made using the informal competitive bidding procedure, where at least three quotations must be solicited from vendors, is increased from \$800 to \$3,000 for state agencies and from more than \$2,500 to more than \$3,000 for institutions of higher education.

The \$3,000 figure may not be increased for inflation to more than \$5,000.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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

**Testimony For:** This bill frees staff time to be focused on more complex procurements. It provides the flexibility to buy locally and support small businesses which is especially important in rural areas. It improves the efficiency of state agency procurement.

**Testimony Against:** None.

**Testified:** PRO: Pat Kohler, Department of General Administration; Dennis Norton, Department of Transportation.