

# SENATE BILL REPORT

## SB 5110

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As Reported by Senate Committee On:  
Governmental Operations, January 31, 2013

**Title:** An act relating to local government purchasing.

**Brief Description:** Regarding local government purchasing.

**Sponsors:** Senators Tom, Murray, Hill and McAuliffe.

**Brief History:**

**Committee Activity:** Governmental Operations: 1/29/13, 1/31/13 [DPS].

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### SENATE COMMITTEE ON GOVERNMENTAL OPERATIONS

**Majority Report:** That Substitute Senate Bill No. 5110 be substituted therefor, and the substitute bill do pass.

Signed by Senators Roach, Chair; Benton, Vice Chair; Braun, Conway, Fraser, Hasegawa, Ranking Member; Rivers.

**Staff:** Sam Thompson (786-7413)

**Background:** For major purchases from private suppliers, local governments, including counties, cities, towns, and special purpose districts, must generally award contracts to the lowest bidder. However, when seeking to purchase supplies, materials, or equipment, local governments authorized to impose sales and business and occupation taxes may consider the revenue from those taxes that they would receive if they purchased the items from local suppliers. After considering this revenue, the local government must award the contract to the lowest bidder.

**Summary of Bill (Recommended Substitute):** A local government authorized to impose sales and business and occupation taxes may award a contract for supplies, materials, or equipment to a bidder submitting the lowest bid before sales or business and occupation taxes imposed by the local government are applied. The local government must provide notice of its intent to award a contract based on this method prior to bids being submitted.

**EFFECT OF CHANGES MADE BY GOVERNMENTAL OPERATIONS COMMITTEE (Recommended Substitute):** Technical changes are made to clarify language. The title is changed to “An act relating to local government purchasing of

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supplies, materials, or equipment”; the title of the underlying bill is “An act relating to local government purchasing.”

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Committee/Commission/Task Force Created:** No.

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

**Staff Summary of Public Testimony on Original Bill:** PRO: Current restrictions can prevent local governments from awarding contracts to local businesses, which must compete with non-local businesses on sales tax differentials. A local business should have a chance to be awarded a contract if its base price is the same as the base price in a bid from a non-local vendor. This bill appropriately grants permissive flexibility.

**Persons Testifying:** PRO: Senator Tom, prime sponsor; Bob Sternoff, Kirkland City Council; Dave Williams, Assn. of WA Cities.