

# HOUSE BILL REPORT

## ESHB 1847

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### As Passed Legislature

**Title:** An act relating to bid limits.

**Brief Description:** Regarding bid limits.

**Sponsors:** House Committee on State Government & Tribal Affairs (originally sponsored by Representative Haigh).

#### **Brief History:**

##### **Committee Activity:**

State Government & Tribal Affairs: 2/20/09 [DPS].

##### **Floor Activity**

Passed House: 3/4/09, 89-6.

Passed Senate: 4/15/09, 39-7.

Passed Legislature.

#### **Brief Summary of Engrossed Substitute Bill**

- Increases bid limits for public works and purchases of materials, supplies, or equipment.

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### HOUSE COMMITTEE ON STATE GOVERNMENT & TRIBAL AFFAIRS

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Hunt, Chair; Appleton, Vice Chair; Armstrong, Ranking Minority Member; Alexander, Flannigan, Hurst and Miloscia.

**Staff:** Marsha Reilly (786-7135)

#### **Background:**

Most public entities are required to use a competitive bid process for public works projects and purchases estimated to cost above a certain dollar figure. Public works projects estimated to cost below an established dollar limit may be performed by in-house staff or contracted without a competitive bid. An alternative process for competitive bidding for public works is provided through the small works roster process. Under that process, a

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public entity may secure bids from five or more contractors that are on the roster without advertising.

As with public works, purchases estimated to cost below an established dollar limit may be purchased without a competitive bid. Municipalities are offered an alternative process for competitive bidding of purchases through a vendor list process. The process may be used only by those municipalities that have statutory authorization. Statutes governing which municipalities may use the process must include the maximum dollar thresholds for contracts awarded under the process. Contracts awarded using this process do not need to be advertised.

Different public entities have different dollar limits triggering a competitive bid. The basic proposition of competitive bidding procedures is that the contract is awarded to the lowest responsible bidder.

### **Summary of Engrossed Substitute Bill:**

Bid limits for public works and purchases of materials, supplies, or equipment are increased.

Public works bid limits for higher education, first class cities, and counties with a population over 400,000 are raised to \$45,000 if only one trade or craft is involved, and \$90,000 if two or more trades are involved. For second class cities and towns and code cities, the limits are raised to \$40,000 for one trade, and \$65,000 for two or more trades. Bid limits for counties with a population of 400,000 and under are raised from \$10,000 to \$40,000 regardless of the number of trades involved. Bid limits for hospital districts are raised from \$50,000 to \$75,000. For metropolitan park districts (MPDs), fire protection districts, and water sewer districts bid limits are raised to \$20,000, regardless of the number of trades involved.

Requirements are added to allow MPDs to purchase materials, supplies, or equipment estimated to cost less than \$40,000 without competitive bidding. Purchases estimated in excess of \$40,000 must be made by competitive bid, and purchases less than \$50,000 must be made using the vendor list process. Authority is given to MPDs to let contracts for purchases of materials, supplies, or equipment with suppliers designated on current state agency, county, city, or town purchasing rosters when the roster has been established in accordance with the competitive bidding law for that state agency, county, city, or town. The price and terms for purchases shall be as prescribed on the applicable roster.

The dollar amount for purchases that must be made by competitive contract is increased from \$10,000 to \$40,000 for water and sewer districts.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

None.

**Persons Testifying:** None.

**Persons Signed In To Testify But Not Testifying:** None.