

# HOUSE BILL REPORT

## HB 1653

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### As Reported By House Committee On:

State Government

**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:** Representatives Kenney, Miloscia, Romero, D. Schmidt, Clements and Wolfe; by request of Department of General Administration.

### Brief History:

#### Committee Activity:

State Government: 2/17/99, 3/2/99 [DPS].

#### Brief Summary of Substitute Bill

- The maximum direct-buy dollar figure for state agencies is increased to \$3,000, but may not be increased to more than \$5,000 by inflation adjustments.

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## HOUSE COMMITTEE ON STATE GOVERNMENT

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 8 members: Representatives McMorris, Republican Co-Chair; Romero, Democratic Co-Chair; Campbell, Republican Vice Chair; Miloscia, Democratic Vice Chair; Dunshee; Haigh; Lambert and D. Schmidt.

**Staff:** Scott MacColl (786-7106).

### 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 \$400.
- 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 \$400 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, but the \$400 figure may not be increased to more than \$800.

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.

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**Summary of Substitute 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 \$400 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 \$400 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.

**Substitute Bill Compared to Original Bill:** The \$3,000 figure may not be increased for inflation to more than \$5,000.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

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

**Testimony For:** This will make us more efficient. This is especially important for agencies with offices in rural areas. When we need gravel to finish a highway project many delays arise with a low direct buy dollar value. We generally support this especially if agencies would be required to buy from locally owned businesses.

**Testimony Against:** None.

**Testified:** Pat Kohler, Department of General Administration; Dennis Norton, Department of Transportation; Gary Smith, Individual Business Association; and Carolyn Logue, National Federation of Independent Businesses.