

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 1653

Chapter 106, Laws of 1999

56th Legislature
1999 Regular Session

COMPETITIVE BID EXCEPTIONS

EFFECTIVE DATE: 7/25/99

Passed by the House March 12, 1999
Yeas 95 Nays 0

CLYDE BALLARD
**Speaker of the House of
Representatives**

FRANK CHOPP
**Speaker of the House of
Representatives**

Passed by the Senate April 8, 1999
Yeas 44 Nays 1

BRAD OWEN
President of the Senate

Approved April 23, 1999

GARY LOCKE
Governor of the State of Washington

CERTIFICATE

We, Dean R. Foster and Timothy A. Martin, Co-Chief Clerks of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 1653** as passed by the House of Representatives and the Senate on the dates hereon set forth.

DEAN R. FOSTER
Chief Clerk

TIMOTHY A. MARTIN
Chief Clerk

FILED

April 23, 1999 - 3:24 p.m.

**Secretary of State
State of Washington**

SUBSTITUTE HOUSE BILL 1653

Passed Legislature - 1999 Regular Session

State of Washington

56th Legislature

1999 Regular Session

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

Read first time 03/02/1999.

1 AN ACT Relating to the dollar limit under which competitive
2 acquisition is not required; and amending RCW 43.19.1906.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 43.19.1906 and 1995 c 269 s 1404 are each amended to
5 read as follows:

6 Insofar as practicable, all purchases and sales shall be based on
7 competitive bids, and a formal sealed bid procedure shall be used as
8 standard procedure for all purchases and contracts for purchases and
9 sales executed by the state purchasing and material control director
10 and under the powers granted by RCW 43.19.190 through 43.19.1939. This
11 requirement also applies to purchases and contracts for purchases and
12 sales executed by agencies, including educational institutions, under
13 delegated authority granted in accordance with provisions of RCW
14 43.19.190 or under RCW 28B.10.029. However, formal sealed bidding is
15 not necessary for:

16 (1) Emergency purchases made pursuant to RCW 43.19.200 if the
17 sealed bidding procedure would prevent or hinder the emergency from
18 being met appropriately;

1 (2) Purchases not exceeding thirty-five thousand dollars, or
2 subsequent limits as calculated by the office of financial management:
3 PROVIDED, That the state director of general administration shall
4 establish procedures to assure that purchases made by or on behalf of
5 the various state agencies shall not be made so as to avoid the thirty-
6 five thousand dollar bid limitation, or subsequent bid limitations as
7 calculated by the office of financial management: PROVIDED FURTHER,
8 That the state purchasing and material control director is authorized
9 to reduce the formal sealed bid limits of thirty-five thousand dollars,
10 or subsequent limits as calculated by the office of financial
11 management, to a lower dollar amount for purchases by individual state
12 agencies if considered necessary to maintain full disclosure of
13 competitive procurement or otherwise to achieve overall state
14 efficiency and economy in purchasing and material control. Quotations
15 from (~~four hundred~~) three thousand dollars to thirty-five thousand
16 dollars, or subsequent limits as calculated by the office of financial
17 management, shall be secured from at least three vendors to assure
18 establishment of a competitive price and may be obtained by telephone
19 or written quotations, or both. The agency shall invite at least one
20 quotation each from a certified minority and a certified women-owned
21 vendor who shall otherwise qualify to perform such work. Immediately
22 after the award is made, the bid quotations obtained shall be recorded
23 and open to public inspection and shall be available by telephone
24 inquiry. A record of competition for all such purchases from (~~four~~
25 ~~hundred~~) three thousand dollars to thirty-five thousand dollars, or
26 subsequent limits as calculated by the office of financial management,
27 shall be documented for audit purposes. Purchases up to (~~four~~
28 ~~hundred~~) three thousand dollars may be made without competitive bids
29 based on buyer experience and knowledge of the market in achieving
30 maximum quality at minimum cost(~~(:—PROVIDED, That this four hundred~~
31 ~~dollar direct buy limit without competitive bids may be increased~~
32 ~~incrementally as required to a maximum of eight hundred dollars, if~~
33 ~~warranted by increases in purchasing costs due to inflationary~~
34 ~~trends));~~

35 (3) Purchases which are clearly and legitimately limited to a
36 single source of supply and purchases involving special facilities,
37 services, or market conditions, in which instances the purchase price
38 may be best established by direct negotiation;

1 (4) Purchases of insurance and bonds by the risk management office
2 under RCW 43.19.1935;

3 (5) Purchases and contracts for vocational rehabilitation clients
4 of the department of social and health services: PROVIDED, That this
5 exemption is effective only when the state purchasing and material
6 control director, after consultation with the director of the division
7 of vocational rehabilitation and appropriate department of social and
8 health services procurement personnel, declares that such purchases may
9 be best executed through direct negotiation with one or more suppliers
10 in order to expeditiously meet the special needs of the state's
11 vocational rehabilitation clients;

12 (6) Purchases by universities for hospital operation or biomedical
13 teaching or research purposes and by the state purchasing and material
14 control director, as the agent for state hospitals as defined in RCW
15 72.23.010, and for health care programs provided in state correctional
16 institutions as defined in RCW 72.65.010(3) and veterans' institutions
17 as defined in RCW 72.36.010 and 72.36.070, made by participating in
18 contracts for materials, supplies, and equipment entered into by
19 nonprofit cooperative hospital group purchasing organizations;

20 (7) Purchases by institutions of higher education not exceeding
21 thirty-five thousand dollars: PROVIDED, That for purchases between
22 ~~((two))~~ three thousand ~~((five hundred))~~ dollars and thirty-five
23 thousand dollars quotations shall be secured from at least three
24 vendors to assure establishment of a competitive price and may be
25 obtained by telephone or written quotations, or both. For purchases
26 between ~~((two))~~ three thousand ~~((five hundred))~~ dollars and thirty-five
27 thousand dollars, each institution of higher education shall invite at
28 least one quotation each from a certified minority and a certified
29 women-owned vendor who shall otherwise qualify to perform such work.
30 A record of competition for all such purchases made from ~~((two))~~ three
31 thousand ~~((five hundred))~~ to thirty-five thousand dollars shall be
32 documented for audit purposes; and

33 (8) Beginning on July 1, 1995, and on July 1 of each succeeding
34 odd-numbered year, the dollar limits specified in this section shall be
35 adjusted as follows: The office of financial management shall
36 calculate such limits by adjusting the previous biennium's limits by
37 the appropriate federal inflationary index reflecting the rate of
38 inflation for the previous biennium. Such amounts shall be rounded to
39 the nearest one hundred dollars. However, the three thousand dollar

1 figure in subsections (2) and (7) of this section may not be adjusted
2 to exceed five thousand dollars.

Passed the House March 12, 1999.

Passed the Senate April 8, 1999.

Approved by the Governor April 23, 1999.

Filed in Office of Secretary of State April 23, 1999.