

SENATE BILL REPORT

SB 5110

As of January 30, 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.

SENATE COMMITTEE ON GOVERNMENTAL OPERATIONS

Staff: Sam Thompson (786-7413)

Background: For private contracting, 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: 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 taxes are applied. The local government must provide notice of its intent to award a contract based on this method prior to bids being submitted.

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: 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

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awarded a contract if its base price is the same as that bid by 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.