

SENATE BILL REPORT

ESSB 5110

As Passed Senate, February 8, 2013

Title: An act relating to local government purchasing of supplies, materials, or equipment.

Brief Description: Concerning local government purchasing of supplies, materials, or equipment.

Sponsors: Senate Committee on Governmental Operations (originally sponsored by Senators Tom, Murray, Hill and McAuliffe).

Brief History:

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

Passed Senate: 2/08/13, 48-0.

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 Engrossed Substitute 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 as calculated before the application of local sales and business and occupation taxes. The local government must provide notice of its intent to award a contract based on this method prior to bids being submitted.

Appropriation: None.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

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.