

SESSION OF 2002

**CONFERENCE COMMITTEE REPORT
HOUSE BILL NO. 2719**

As Agreed to May 11, 2002

Brief*

HB 2719 would amend various statutes dealing with bidding and purchasing procedures. The bill would define sealed bids to include electronic forms of bids, leave the threshold at \$5,000 for contracts reported by the Director of Purchases of the Division of Purchases in the Department of Administration, eliminate references to and requirements of the Kansas Performance Review Board, and give the Director of Purchases the option not to proceed with a procurement that fails to meet requirements.

The bill would require the Director of Purchases to prepare a detailed, quarterly report of all contracts over \$5,000 for services, supplies, materials, or equipment purchased through other governmental entities, consortiums, or grants.

The bill also would repeal the Kansas Performance Review Board, which became defunct at the beginning of fiscal year 2002 due to lack of funding.

The bill would require that an on-line notice of a purchase or contract, that exceeds \$100,000 and is entered into without a competitive bid by the head of any state agency or approved by the Director of Purchases, be posted at least seven days before the purchase or contract is awarded. The bill would also require the Director of Purchases to notify the Legislature at the beginning of the calendar year with the Internet address, or URL, of where the competitive purchase and contract information can be found.

*Conference committee summary reports are prepared by the Legislative Research Department and do not express legislative intent. No summary is prepared when the report is an agreement to disagree.

Background

HB 2719 was introduced by the Committee on e-Government at the request of the Department of Administration, in an attempt to clarify current law in allowing electronic notification for requests for proposals or solicitation of bids as a part of the procurement process, in permitting electronic bids, and in posting on the Internet notices for RFPs and bid solicitations. Currently, the Division of Purchases is required to prepare a detailed quarterly report of all contracts over \$5,000 that are entered into without competitive bids. As originally introduced, HB 2719 raised the \$5,000 threshold to \$10,000. However, the House Committee of the Whole amended the bill to keep the threshold amount at \$5,000 instead of raising it to \$10,000.

The Senate Committee amended the bill to require the Director of Purchases to prepare a detailed, quarterly report of all contracts over \$5,000 for services, supplies, materials, or equipment purchased through other governmental entities, consortiums, or grants. The Senate Committee also amended into the bill the content of SB 481 pertaining to the pilot project on the reverse auctioning electronic procurement process and the provision repealing the Kansas Performance Review Board.

The Senate Committee of the Whole amended the bill to require the prior approval of the State Finance Council for any noncompetitive bid in excess of \$100,000 and to allow for certain school district purchases to be made through a reverse auctioning electronic procurement process or an on-line bidding process.

The Conference Committee amended the bill to:

- Eliminate the requirement of the prior approval of the State Finance Council for any noncompetitive bid in excess of \$100,000.
- Require that an on-line notice of a purchase or contract, that exceeds \$100,000 and is entered into without a competitive bid by the head of any state agency or approved by the Director of Purchases, be posted at least seven days before the purchase or contract is awarded.
- Require the Director of Purchases to notify the Legislature at the beginning of the calendar year with the URL of where the competitive purchase and contract information can be found.

- Eliminate redundant provisions between HB 2719 and SB 481.
- Repeal references to statutes dealing with various state purchasing procedures.
- Eliminate sections pertaining to a pilot study utilizing the reverse auctioning electronic procurement process, and to on-line bidding used by the board of education of any school district to purchase goods or services.

The Division of the Budget indicated in a fiscal note that HB 2719, as introduced, would have no fiscal effect on the state. However, the Division of Purchases estimates that some savings (no dollar figure is available) could be realized as a result of increased efficiencies in state agencies in the form of reduced postage costs for vendors and reduced costs for publishing notices.