
Local Government Committee

HB 2957

Brief Description: Authorizing local preferences in purchases by local governments.

Sponsors: Representatives Linville, Grant and Conway.

| Brief Summary of Bill |
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| <ul style="list-style-type: none">• Allows a local government to give preferential treatment to local suppliers by implementing a "local supplier purchase credit" when considering bids solicited for the purchase of goods or materials. |
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Hearing Date: 2/4/04

Staff: Thamas Osborn (786-7129).

Background:

State law provides a variety of regulations governing the means by which a county, city, town, or other local governmental entity can contract with suppliers in order to procure goods and materials. The applicable regulations vary, depending on the value of the contract and the type of local governmental entity involved. In many cases, procurement contracts can be awarded only through a formal process of competitive, sealed bidding that must be conducted in accordance with specified procedural requirements.

Uniform procurement process without sealed bids. State law includes a uniform process for awarding procurement contracts in those instances where formal, sealed bidding is not required. Under this process, a county or municipality must publish a notice in a local newspaper informing the public of the existence of a vendor list and must solicit the names of vendors to be added to the list. Before awarding a contract, a local governmental entity must obtain price quotations from at least three of the vendors and then award the contract to the vendor offering the lowest price. Counties may use this process for purchases of \$25,000 or less.

Preferential treatment of local suppliers via tax revenue credit. Local governmental entities are also provided with a means by which they may give preferential treatment to local suppliers when comparing bids or prices. When considering a bid or price offered by a supplier located within its jurisdictional boundaries, a local government may take into consideration the tax revenue it would receive as the result of purchasing the goods or materials from such supplier. By factoring-in this tax revenue, a local government can provide local suppliers with a competitive advantage over non-local suppliers.

Summary of Bill:

A local government may, at its option, give preferential treatment to local suppliers by implementing a "local supplier purchase credit" of up to 5% of the bid amount or price, when considering bids or prices solicited for the purchase of goods or materials. The application of this local supplier purchase credit allows a local government to consider the bids or prices supplied by local suppliers as being up to 5% less than the face amount of the bid or price. A local government must choose whether to apply either this local supplier purchase credit or the tax revenue credit when considering bids or prices provided by suppliers located within its jurisdictional boundaries.

"Local supplier purchase credit" is defined as a credit applied for the benefit of a supplier located within the boundaries of a local unit of government and which allows such government, for purposes of comparison to other bids or sale prices received from nonlocal suppliers, to treat a bid or sale price as being of a lesser amount than the actual dollar amount of the bid or sale price.

Appropriation: None.

Fiscal Note: Requested on January 30, 2004.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.