

NOTE: As provided in LFC policy, this report is intended for use by the standing finance committees of the legislature. The Legislative Finance Committee does not assume responsibility for the accuracy of the information in this report when used in any other situation.

Only the most recent FIR version, excluding attachments, is available on the Intranet. Previously issued FIRs and attachments may be obtained from the LFC office in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR: Varela DATE TYPED: 03/13/01 HB 88/aHGUAC/aHAFC/aSFC
 SHORT TITLE: Amend Procurement Code SB _____
 ANALYST: Carrillo

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
		See Fiscal Implications			

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB 89, Resident Contractor defined.

SOURCES OF INFORMATION

LFC Files
 General Services Department (GSD)
 State Highway and Transportation Department (SHTD)
 Office of the Attorney General (AG)

No Response
 Department of Finance and Administration (DFA)

SUMMARY

Synopsis of SFC Amendment

The Senate Finance Committee amendment to House Bill 88/a makes the small purchase limit consistent throughout the legislation at \$1,500 and strikes the provision requiring procurement practices that maximize value for purchases exempt from the Procurement Code.

Synopsis of the HAFC Amendment

House Appropriations and Finance Committee's amendment to HB88/aHGUAC increases the value of services, construction or tangible personal property a State agency or local public body may procure from \$1,000 to \$1,500.

Synopsis of the HGUAC Amendment

The HGUAC amendment to HB 88 changes the language to permit an invitation to bid or a notice thereof to be published electronically in addition to at least three newspapers of general circulation.

Synopsis of Original Bill

House Bill 88 proposes to:

- Raise the limit for small purchases from \$500 to \$1,000;
- Defines and authorizes the use of electronic bidding and e-commerce;
- Exempts purchases of art for public places from the Procurement Code; and
- Requires procurement practices that maximize value for purchases exempt from the Procurement Code.

Significant Issues

The amendments and additions regarding electronic medica resulted, in part, from recommendations made by the Statewide Accounting Task Force (task force). According to the State Purchasing Division (SPD), the capability to accept bids and/or proposals electronically is an important piece of the overall “Statewide Financial Systems Network” recommended by the task force. As the State continues to move in the direction of an integrated statewide accounting system, a purchasing module which includes the function to accept bids and proposals electronically will likely be part of the overall system. SPD intends to move slowly and carefully into a complete electronic end-to-end process because according to The Public Purchaser, no state or local government entity has yet implemented the complete process. Some states are moving forward in that direction with pilot projects and their progress will be monitored.

The state purchasing agent’s statutory requirement for publication in at least three newspapers of general circulation will be reduced to publication in one newspaper of general circulation if the invitation or notice is published electronically.

The Art in Public Places Act (Section 13-4A-1 through 13-4A-11 NMSA 1978) authorizes the Arts Division (Office of Cultural Affairs) to administer the Art in Public Places Fund and the establish rules and regulations for the selection, execution, placement, and acceptance of works of art for a construction project. The exemption was added because the buying works of art generally do not lend themselves to the competitive bidding or request for proposals process.

FISCAL IMPLICATIONS

According to General Services Department (GSD) and State Highway and Transportation Department (SHTD) staffs, authorizing electronic bidding would significantly reduce expenditures for bidders and offerors. The reductions in processing costs will result in an increased proportion of expenditures being spent on program instead of administration.

CONFLICT/DUPLICATION/COMPANIONSHIP/RELATIONSHIP

HB88 relates to HB 89 (Resident Contractor Defined).

TECHNICAL ISSUES

These changes, unlike other sections of the Procurement Code, do not clearly distinguish the duties of the central purchasing office and the State Purchasing Office.

WJC/njw/sb:ar:njw